

Princess Anne Hospital: Provider Collaboration

Michael K. Kerner, CEO, Bon Secours
Hampton Roads Health System

Stephen Porter, VP/Administrator, Sentara
Bayside Hospital/ Princess Anne Campus



BON SECOURS HEALTH SYSTEM



SENTARA®

Discussion Points

- Healthcare finance
- Healthcare challenges
- Unlikely partners



BON SECOURS HEALTH SYSTEM



SENTARA®

Health Care-A Complex Business

“Today’s hospital is the most complex human organization ever attempted....

Moreover, the hospital has become the most capital intensive of all institutions, requiring more investment per ‘customer’ than any other kind of business”.

Peter F. Drucker
February 1991



BON SECOURS HEALTH SYSTEM



SENTARA®

Payor Pricing

Government payors dictate prices.

Private health plans negotiate prices.

Uninsured predominantly do not pay.



BON SECOURS HEALTH SYSTEM



SENTARA®

Health Care Delivery System



Providers

- Hospitals
- Physicians



Payors

- Insurance
- Government

t



Patients



Purchasers

- Employers
- Individuals
- Taxpayers



BON SECOURS HEALTH SYSTEM



SENTARA®

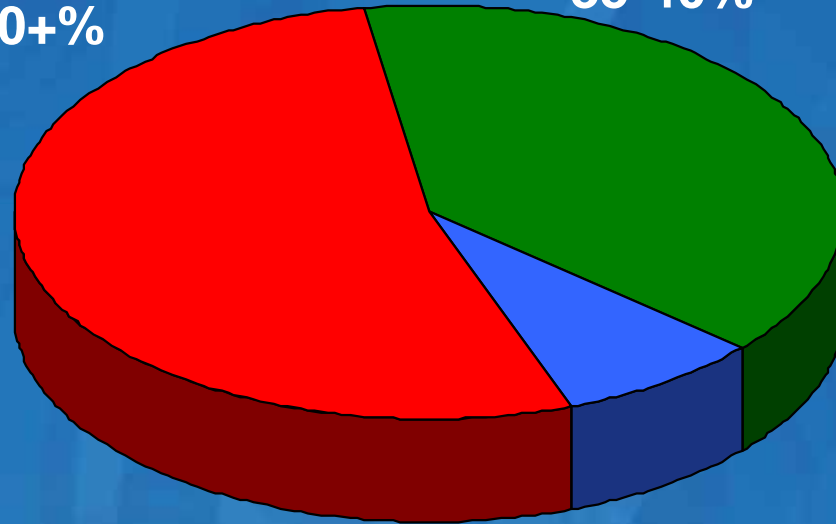
Payor Mix

Hampton Roads' Hospitals (on average)

**Government:
50+%**

**Private Health Plans:
35-40%**

**Uninsured:
5-10%**

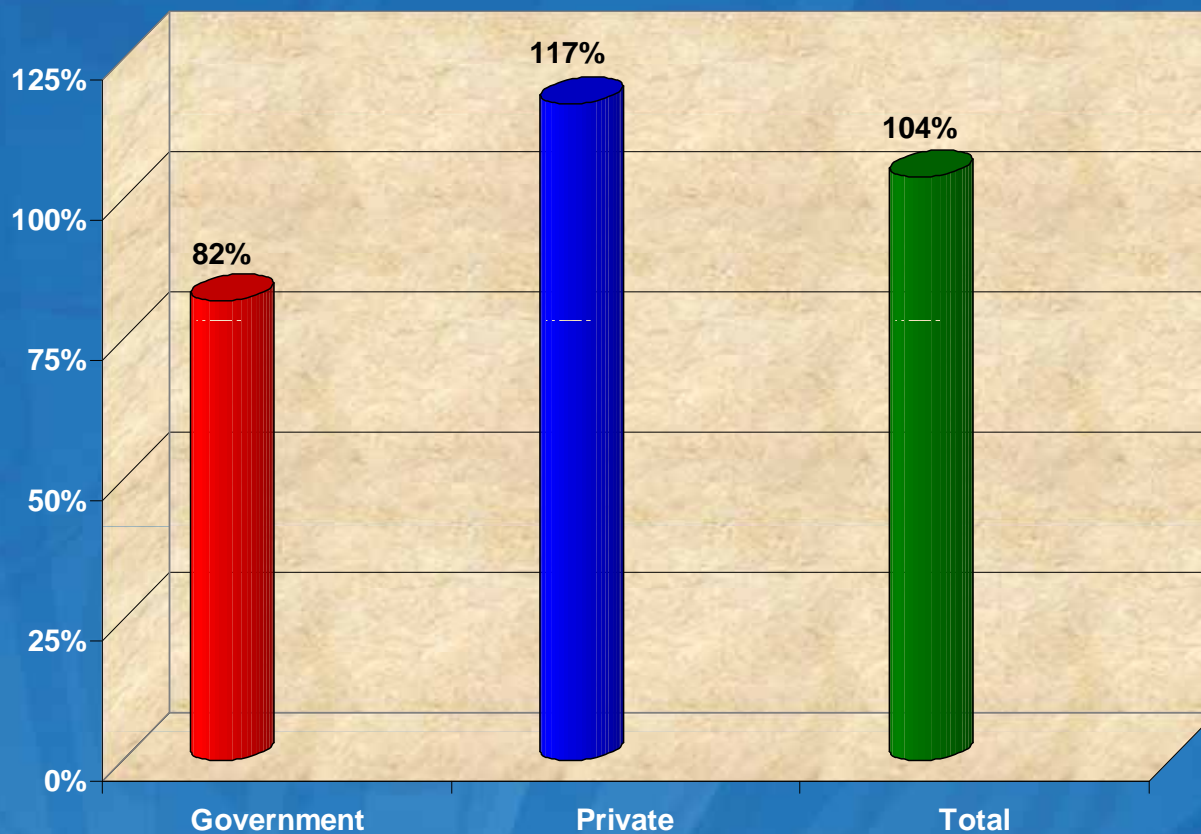


BON SECOURS HEALTH SYSTEM



SENTARA®

Who Pays for the Costs of Care?



Government Payors



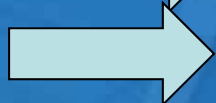
Federal:

Medicare



Elderly & Disabled

TriCare



Active & Retired Military

State:

Medicaid



Poverty level households
(especially women, children & disabled)



BON SECOURS HEALTH SYSTEM



SENTARA®

Health Care Coverage

- Nearly 90% of the population has health care coverage.
- The uninsured are not a static population; 45% are uninsured for less than 4 months; many qualify for Medicaid or charity care; most seek all levels of care through the Emergency Department



Uninsured Demographics

Households with income > \$75,000	9.7 million
Households with income > \$50,000 < \$75,000	8.0 million
Medicaid or SCHIP eligible but have not applied	11.0 million
Undocumented immigrants	9.5 million
Indigent & chronically uninsured	<u>8.8 million</u>
	47.0 million

U.S. Census Bureau 2008



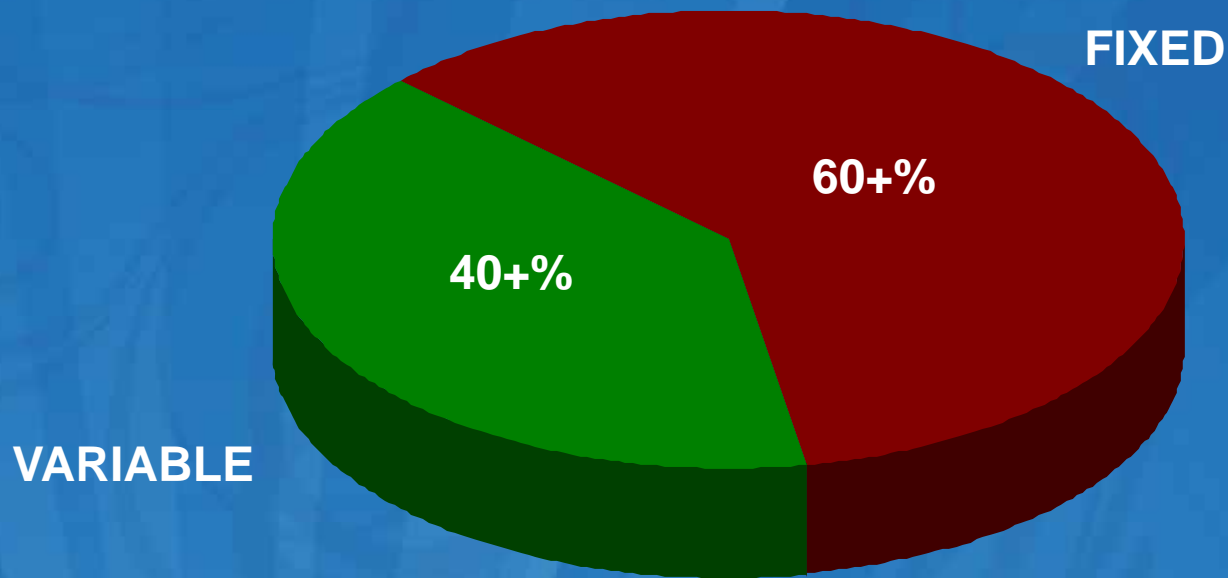
BON SECOURS HEALTH SYSTEM



SENTARA®

Variable vs. Fixed Costs

Typical Hospital



BON SECOURS HEALTH SYSTEM



SENTARA®

So how do hospitals
survive?



BON SECOURS HEALTH SYSTEM



SENTARA®

The Solution

- Deliver high quality care through pursuit of evidence-based medicine
- Engage and inspire the care team
- Pursue strategic growth of services locations



BON SECOURS HEALTH SYSTEM



SENTARA®

But how do they
pay for it?



BON SECOURS HEALTH SYSTEM



SENTARA®

Sources Capital

- Accumulated reserves
 - Financing options
 - Capital partners
 - Philanthropy
-
- Collaboration with other providers!



BON SECOURS HEALTH SYSTEM



SENTARA®

A Tale of Two Hospitals Becoming One



BON SECOURS HEALTH SYSTEM



SENTARA®



BON SECOURS HEALTH SYSTEM



SENTARA®

Sentara Princess Anne Hospital

Sentara and Bon Secours Collaboration

- Application: The application was submitted by Sentara Hospitals.
- Development of hospital subsidiary: At a time permitted by law and approved by the Deputy Health Commissioner (as Karen Remley M.D. has removed herself for this process), the Sentara Princess Anne Hospital subsidiary will be established as a non-stock membership corporation and a non-profit 501 (c)(3) subsidiary of Sentara Healthcare.
- Ownership: The hospital will be owned by Sentara (70%) and Bon Secours (30%).
- Oversight and ethics: An Oversight Committee will be developed consisting of 6 members: 3 appointed by Bon Secours and 3 appointed by Sentara Healthcare. The role of the committee is advisory and the committee will review clinical quality and safety data, compliance with mission and ethical standards, criteria for admission to the medical staff, and financials. The Committee will provide input to the Sentara Healthcare Board of Directors.



Summary

- In summary, there are multiple benefits to the community, including:
 - Improving community access to hospital services
 - Enhancing the size and scope of the facility to align with the growing needs of the community
 - Pursuing a cost-effective approach to address community needs in a challenging economic environment
 - Meeting needs through an innovative, collaborative approach.



Questions/Discussion



BON SECOURS HEALTH SYSTEM



SENTARA®