

STATEMENT OF
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(VAMHCS)
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEES ON HEALTH AND ON OVERSIGHT AND
INVESTIGATIONS
HOUSE OF REPRESENTATIVES
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INTRODUCTION

Mr. Chairman and members of the Subcommittees:

It is my pleasure today to share with you the Department of Veterans Affairs' experience with integrating the VA Medical Centers in Maryland. These facilities are the Baltimore, Fort Howard, and Perry Point Medical Centers, as well as the Baltimore Nursing Home located on Loch Raven Boulevard and Cambridge Community Based Outpatient Clinic. On March 17, 1995, the Under Secretary for Health of the Department of Veterans Affairs officially announced that the VA Medical Centers in Maryland would be one of seven integrations approved nationally. Furthermore, our integration was one of two, involving three medical centers during this first round of medical center integrations.

FACILITY BACKGROUND

The Maryland integration includes three VA Medical Centers, one Free Standing Nursing Home Care Unit, and one Community Based Outpatient Clinic. The mission of each organization complements the other to form a comprehensive continuum of medical care for Maryland veterans. In fact, because of the complementary missions and geographical proximity, there has always been a natural pattern of interfacility patient referrals and shared services. Of the 38,396 veterans provided services at these facilities, at least 25 percent received services at 2 or more of the facilities. At this time I will briefly give you a descriptive profile of each.

Baltimore VA Medical Center – The Baltimore VAMC is a tertiary care facility which has 163 acute operating beds and provides comprehensive ambulatory care, medical, surgical, neurological, psychiatric, rehabilitative, geriatric (GRECC), educational, and research services in a modern state-of-the-art medical care facility. Connected both physically and functionally to the University of Maryland Hospital, the Baltimore VAMC is affiliated with the

University of Maryland Medical, Dental, Pharmacy, Nursing and Social Work Schools. Last year we had 6,728 discharges from inpatient care and 264,640 outpatient care visits. The new medical center opened in 1993 and is located in downtown Baltimore approximately 17 miles from Fort Howard and 48 miles from Perry Point. It replaced the old medical center on Loch Raven Boulevard that is now the location of a new VA nursing home.

Fort Howard VA Medical Center – The Fort Howard VAMC is a subacute, rehabilitation facility which has 154 hospital operating beds and provides rehabilitation medicine, geriatric medicine, substance abuse rehabilitation, subacute care, and outpatient services. It operated a 47 bed nursing home care unit that was closed in 1996 with the opening of the new nursing home in Baltimore. Inpatient care provided for 1,750 discharges last year and 44,850 outpatient visits. This medical center is located in Baltimore County approximately 17 miles from Baltimore and 45 miles from Perry Point.

Perry Point VA Medical Center - The Perry Point VAMC is a psychiatric, long term care facility with 305 hospital operating beds which primarily provides comprehensive psychiatric and medical care with a focus on long term care. It also operates a 80 bed nursing home care unit and 25 bed domiciliary. Inpatient care provided for 2,830 discharges last year and 86,011 outpatient visits. The medical center is located in Cecil County approximately 48 miles from Baltimore and 45 miles from Fort Howard.

Cambridge Community Based Outpatient Clinic – The Cambridge clinic provides primary care services in addition to medicine, psychiatry, podiatry, optometry, psychology, and other support and ancillary services. There were 16,752 visits last year. The clinic is located on the Eastern Shore of Maryland in Dorchester County approximately 92 miles from Baltimore, 97 miles from Fort Howard, and 100 miles from Perry Point.

Baltimore Rehabilitation and Extended Care Center (BRECC) – The BRECC is a freestanding 120 bed nursing home that opened in August of 1996. Although it was not activated during fiscal year 1995, it was included in the planning and implementation process of the integration. It is located in Baltimore City at the old hospital site (Loch Raven Boulevard) approximately 7 miles from the Baltimore VAMC.

INTEGRATION PROCESS

The Maryland integration was approved March 17, 1995. In July 1995 the senior management of Baltimore and Fort Howard integrated and in November 1995 a single governance was formed under the leadership of one Director when Perry Point joined the integration with Baltimore and Fort Howard. This was a significant milestone and marked the formal beginning of the implementation process. Other significant milestones that occurred over the last 20 months include:

Milestone	Date
Data Base Merger	October 1995
Strategic Plan & Market Research	March 1996
Organizational Chart Approved	April 1996
Activation of BRECC	August 1996
Hospital Accreditation Survey by the Joint Commission on Accreditation of Healthcare Organizations	August 1996
Integration Labor/ Management Partnership Council	December 1996
Integrated Policies	April 1997
Committee Structure Totally Completed	June 1997
Integrated Medical Staff & Bylaws	July 1997
Integration Evaluation	Planned for August 1997

MAJOR ACCOMPLISHMENTS

The primary goals of the integration are to improve patient satisfaction, improve access, increase efficiency, enhance quality, and reduce cost. These goals were the driving force behind designing and implementing a new integrated organization and every accomplishment throughout the process can be directly associated with one of these goals. At this point I will inform you of major accomplishments within various categories and state associated cost savings when appropriate.

Consolidation, Mergers, & Outsourcing

Major Accomplishments:

1. Closed 232 inpatient beds and opened 120 nursing home care beds, 25 domiciliary beds, 29 hotel beds and 32 substance abuse transitional residential beds.
2. Closed Fort Howard Nursing Home Care Unit made possible by opening the new Baltimore 120 bed nursing home and consolidating the two programs there (\$2,800,000 savings).
3. Closed Physical Medicine and Rehabilitation beds at Baltimore and consolidated the program at Fort Howard (\$240,735 savings).
4. Closed Medical Intensive Care Unit beds at Fort Howard and consolidated the program at Baltimore. Reduced Medical Intensive Care Unit beds at Perry Point and consolidated medical care units (\$651,000 savings).

5. Consolidated laboratory test, changed ordering patterns, and consolidated reference lab contracts (\$800,000 savings).
6. Consolidated Nuclear Medicine, tele-radiology, and imaging (\$390,000 savings).
7. Consolidated three previously autonomous programs into one Mental Health program (\$2,000,000 savings).
8. Consolidated Dentistry (\$188,000 savings).
9. Centralized physician credentialing and privileging program to serve the integration through a unified medical staff office located in Baltimore.
10. Consolidated/merged all services except Police and Security Service.
11. Consolidated warehouse functions at Perry Point.

Savings & Reinvestment

Major Accomplishments:

1. Consolidated medical supply contracts (\$85,000 savings).
2. Increased capacity of Same Day Surgery (\$258,973 savings).

Personnel

Major Accomplishments:

1. Reduced 297 FTEE through attrition while opening the 120 bed nursing home (approximately \$12,000,000 savings). Some of these savings are accounted for in the previous savings mentioned.
2. Reduced 25 supervisor positions between March 1996 and March 1997.

New Management Structure

Major Accomplishments:

1. Completed a major redesign of the organization into six product/service lines. Every employee was given a copy of the new organizational chart for comment before approval.
2. Consolidated Medical Administration Service and Information Resource Management Service into one service, Information and Health Benefits Service.
3. Totally decentralized budgets for all services and product lines to ensure accountability and effective use of resources. There are currently 26 decentralized budget units.
4. Decentralized positions in nursing and social work to product lines to improve continuity of patient care.

5. Established a management/labor integration partnership council in addition to the medical center partnership councils.
6. Eliminated 226 policies through consolidation and standardization of procedures.

Stakeholders

Major Accomplishments:

1. Effectively communicated to our employees, veteran service organizations, unions, affiliates, congressional delegation, and others through the implementation of a comprehensive communication plan.
 - a. Employees were involved and informed through various mediums (i.e. newsletter, 1-800 hotline, electronic mail groups, work groups, open forums with top management, etc.). The proposed integration organizational chart was distributed to "All" employees for comment before approval.
 - b. Veteran service organization representatives were involved through membership on the Integration Steering Council which met weekly to make key integration decisions. I also made numerous presentations to different veteran service organizations.
 - c. The University of Maryland, School of Medicine was briefed monthly at my standing monthly meeting with the Dean and at the quarterly Deans Committee meeting. The University of Maryland, School of Medicine, has fully supported the integration effort.
 - d. Union representatives were appointed to the Integration Steering Council. Separate meetings with union officials were also held concerning key issues, such as, closing the Fort Howard Nursing Home.
 - e. Congressional staffs were kept informed through monthly update reports, meetings with Congressmen and Senators, and presentations to congressional staff members.
 - f. Patients were informed through a patient newsletter, display posters, and informal dialogue with their providers.

Clinical & Administrative Programs

Major Accomplishments:

1. Received highest score ever for JCAHO accreditation at all three medical centers in August 1996. Averaged a score of 95.
2. The Baltimore VA Medical Center research program was ranked number 19 nationally within the Veterans Health Administration in fiscal year 1994. After integration, the VA Maryland Health Care System

was ranked number 1 in fiscal year 1996 based on total number of research projects and funds received.

3. Met all VHA target performance measures for fiscal year 1996, and exceeded four out of the six incentives.
4. Increased patient satisfaction by 2 standard deviation points better than the national average in fiscal year 1996.
5. Expanded patient and employee transportation network.
6. Converted inpatient space to outpatient clinic space.

BENEFITS

In addition to the obvious benefit of the financial rewards I previously mentioned, the VA has transformed itself into a modern business entity capable of delivering quality services which meet community standards and address business trends. The savings generated through the integration process have enabled us to manage budget constraints without the need of implementing a Reduction in Force (RIF). More importantly, healthcare services available to veterans have been enhanced tremendously through the creation of a seamless continuum of care managed by one executive team. We are now in a better position to quickly respond to changes in the healthcare industry, changes in the workforce culture, and meeting the changing needs of our veterans.

CONCLUSION

In conclusion, we have accomplished cost savings of approximately \$15 million dollars and reduced Full Time Equivalent Employees by 297 while simultaneously expanding and improving the quality of patient care services for veterans. We believe our efforts have met the intent of integration in a means that is mutually beneficial to all stakeholders affected. We have expanded our continuum of care to veterans, reduced duplication of services, enhanced quality of service, and shifted program emphasis from inpatient care to outpatient care.

However, we do not want to suggest that our accomplishments occurred without struggle. As expected in some cases we were presented with challenges in the areas of employee compensation, labor relations, transportation, and employee morale. Each was effectively addressed and we have been able to move forward in a positive manner.

The ultimate measure of success will be determined by our ability to offer the right type of care, at the right level of care, at the right time to the veteran. We sincerely believe that the integration has enhanced our ability to meet this challenge. Our merged data base expands the access of medical information to providers to support the right type of care, a continuum of care has been created to assist in ensuring the right level of care is available, and we are continuously assessing access points to ensure care is provided at the right time.

That concludes my statement, Mr. Chairman. I will be happy to answer any questions you or members of the committee may have.