Earl Ray Tomblin
Governor

2013 Annual Report

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WVHIN
WEST VIRGINIA HEALTH INFORMATION NETWORK

The West Virginia Health Information Network (WVHIN) is a public/private partnership created through W.Va. Code §16-39G-1 *et. seq*. WVHIN's mission is to provide the health care community with a trusted, integrated and seamless electronic structure enabling medical data exchange necessary for high-quality, patient-centered care. In support of its mission, the WVHIN is charged with building a secure electronic health information system for the exchange of patient data among health care providers so that they can deliver higher quality medical care to West Virginians, while also lowering medical costs.

Federal American Recovery and Reinvestment Act funding through the Office of the National Coordinator for Health Information Technology is being used to launch WVHIN's statewide patient health information exchange services. Together with Truven Health Analytics, WVHIN's technical services partner, the WVHIN has made the electronic exchange of patient health information a reality for healthcare providers and patients across the State of West Virginia.

The WVHIN made significant progress growing the statewide electronic health information system during 2013. The number of hospitals connected to the WVHIN grew to nine and include: Grafton City, Preston Memorial, Monongalia General, Thomas Memorial, St. Mary's Medical Center, Wheeling Hospital, WVU Hospital, City Hospital and Jefferson Memorial Hospital. Looking forward to 2014, the WVHIN already has several hospitals scheduled for full Health Information Exchange (HIE) implementation, which will expand the statewide HIE efforts of the WVHIN even further.

The WVHIN's HIE gives authorized users the ability to query clinical information on patients who have their medical information available in the network. Such information includes lab results, diagnosis history, allergies, and patient visit history. Additionally, authorized users of the HIE have the ability to send required information to the West Virginia Bureau for Public Health for public health reporting purposes and access advance directives online through the WV e-Directive Registry.

During 2013 the WVHIN also grew its secure clinical messaging service, WVDirect, to include users from almost every corner of the State. With assistance from the West Virginia Regional Health Information Technology Extension Center, there are now approximately 800 WVDirect accounts representing hospitals, pharmacies, Federally Qualified Health Centers, primary care providers, etc. These 800 accounts represent over 600 healthcare providers in the State of West Virginia. WVDirect assists eligible professionals and eligible hospitals in meeting Meaningful Use requirements under the Medicare and Medicaid Electronic Health Record Incentive Programs.

WVHIN enters 2014 poised to continue building its network of healthcare providers and enabling the electronic exchange of patient health information in an effort to support patient-centered care, increase efficiencies, and reduces costs within the healthcare system as a whole.

WVDIRECT
A Service of the WVHIN

www.wvhin.org

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Agency Highlights

The West Virginia Health Care Authority continues to administer programs to constrain the rising cost of health care and to assure reasonable access to necessary and quality health services, primarily through its Certificate of Need and rate-setting programs. The agency also collects, analyzes, and disseminates health care financial and clinical data to assess utilization, access, costs, and quality. In this way, the agency assists hospitals, providers and consumers to promote quality, affordable, coordinated health care in communities across West Virginia. Overall, profitability is up for West Virginia hospitals and regulated treatment facilities, although some continue to struggle. Federal requirements continue to affect health care programs across the state.

West Virginia Health Care Authority Accomplishments 2013

- **Rate Review continues to protect the citizens of West Virginia from excess increases in healthcare costs** by limiting the rate increases of acute care hospitals.
    - ✓ For FY 2012, acute care hospitals requested, on average, a 5.94% increase per discharge and a 6.05% increase per visit. Hospitals on average were granted a 4.62% increase per discharge and 4.11% increase per visit.
    - ✓ *The Almanac of Hospital Financial and Operating Indicators – 2013*, which contains actual data for 2011, indicates that the median Gross Price per Inpatient Discharge in West Virginia is 27.49% lower than the United States median and 27.29% lower than the median Gross Price per Inpatient Discharge in the Southern Region of the United States.
- **Quality Improvement Projects**
    - ✓ **Healthcare-Associated Infection Public Reporting Project** is ongoing; a report was published of a data review project performed in 30 West Virginia hospitals to determine if central line associated blood stream infections (CLABSI) were being properly reported to the Centers for Disease Control and Prevention's National Healthcare Safety Network.
- **Funding and Grants were provided to the following:**
    - ✓ **Healthcare Education Foundation of West Virginia**
        - **Professional consulting and other administrative service supports** were funded for the Critical Access Hospital (CAH) Network to assist in meeting the challenges of maintaining access to healthcare in rural areas, stabilizing rural hospitals and improving quality of care and patient safety.
        - **KeySTATS,** a software package that assists West Virginia hospitals in performing individual analysis of Medicare reimbursement changes and impact to financial stability, was purchased.
    - ✓ **The West Virginia Telehealth Alliance** was granted the federal matching funds for the deployment of up to $8.4 million in federal funding that allowed 100 health care locations across West Virginia to receive upgrades and improvements in their broadband connections and capabilities.
    - ✓ **Rural Health Systems Program Grants**
        - **Minnie Hamilton Health Care Center, Inc.** was granted funding for equipment repairs.
        - **Summersville Regional Medical Center** was granted funding for purchase of equipment.

Agency Highlights

- **Lincoln County Primary Care** was granted funding for a project designed to improve care.
- **MainStreet Hinton, Inc.** was granted funding for equipment, software and general operating expenses.
- **Sistersville General Hospital** was granted funding for equipment repairs.
- **WV Health Right** was granted funding for outreach and for expanded patient access to medications.
- **Hardy County Commission** was granted funding assistance for emergency vehicle purchase.

➢ **CompareCareWV,** WVHCA's website focusing on the cost and quality of health care services was viewed nearly 42,000 times.

➢ **Abeyance Reduction Program** allowed hospitals to eliminate penalties by providing services that benefit the community, such as health fairs or free or reduced costs for health exams or tests, valued at $3,396,743.

➢ **West Virginia Health Information Network (WVHIN)**

✓ The WVHIN expanded the number of hospitals connected to the network to nine.

✓ Expanded the number of WVDirect accounts that represent hospitals, pharmacies, Federally Qualified Health Centers, primary care providers, etc., to approximately 800, which represents over 600 health care providers in the State of West Virginia.

➢ **State Privacy Office (SPO)**

✓ Continued to implement the award winning ***Privacy Rocks!*** training course for employees of the West Virginia Executive branch. In partnership with Media Pro, the SPO developed the new privacy awareness training course to build privacy awareness through real-life scenarios, case studies and knowledge checks. Additional information about this training program and other West Virginia Executive Branch Privacy Program accomplishments can be found at: http://www.privacy.wv.gov/annualreports/Pages/default.aspx.

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FINANCIAL HIGHLIGHTS

Hospitals

Overall, the profitability of West Virginia hospitals increased in FY 2012. Profits of $289.8 million or 5.5% of net patient revenue (NPR) were reported, up from $204.3 million (4.1% of NPR) in FY 2011.

The West Virginia Health Care Authority's primary focus emphasizes the *operations* of healthcare providers rather than the effects of *financial market fluctuations*. As such, this report excludes the impact of certain market changes related to investments such as derivative agreements and related accounting standards from hospital profits and losses, except where the market effects are specifically addressed or otherwise noted.

For further discussion regarding the effect of the global market changes on West Virginia hospitals, see the Hospital Narrative section of this report.

Acute Care Hospitals

The profit margin for the 32 general acute care hospitals increased to 5.6% of NPR in FY 2012, with profits of $264.5 million, up from $181.8 million (4.0% of NPR) in the prior year.

Twenty-two of the 32 general acute care hospitals reported a profit.

Critical Access Hospitals (CAH)

Profitability for the 18 CAHs increased to $10.2 million (2.9% of NPR) up from an aggregate profit of $9.3 million (2.7% of NPR) in FY 2011.

Twelve of the 18 CAHs reported a profit.

Long-term Acute Care Hospitals (LTCH)

The two facilities in FY 2012 reported a total profit of $5.9 million (18.0% of NPR). The total profit in FY 2011 was $3.6 million (12.0% of NPR).

Psychiatric Hospitals

The psychiatric hospitals had an aggregate loss of $6.4 million (10.5% of NPR). The two state psychiatric hospitals lost an aggregate $7.6 million; the two private hospitals produced an aggregate profit of $1.2 million.

In FY 2011 a loss of $12.7 million (22.6% of NPR) was reported.

Rehabilitation Hospitals

The five rehabilitation hospitals reported an aggregate profit of $15.6 million (15.5% of NPR). The aggregate profit for the prior year was $22.4 million (22.5% of NPR).

Other Facilities

Nursing Homes

The overall profit for the state's 106 nursing homes decreased $33.3 million in FY 2012 to $16.0 million (1.9% of NPR); for FY 2011 profit was $49.3 million (5.9% of NPR).

Sixty-one of 106 facilities were profitable in FY 2012.

Home Health

Home health agencies reported a total profit of $791,000, 0.6% on $132.6 million in total revenue. Aggregate profit for the prior year was $3.5 million, 2.7% on $130.3 million in total revenue.

Profits decreased $9.1 million in two years, after expenses increased by $16.4 million with a $7.3 million increase in revenue.

Thirty of the 63 agencies were profitable in FY 2012.

Hospice

Hospice profits for the 20 agencies were $14.6 million (12.2% of NPR) compared to $8.4 million (7.7% of NPR) in FY 2011.

Net patient revenue increased by $10.0 million, while expenses increased by $3.9 million.

Behavioral Health Centers

Ninety-three behavioral health centers reported an aggregate profit of $53.3 million, 7.5% of total revenue. Profit for the prior year was $20.9 million, 3.3% of total revenue.

Seventy-three of the 93 facilities were profitable.

Methadone Treatment Facilities

The cumulative profit for the nine facilities was $8.6 million, 37.1% of total revenue. Each provider reported profits for FY 2012.

Renal Dialysis Centers

Thirty-three renal dialysis centers reported aggregate profits of $23.5 million, 24.7% of total revenue. Twenty-six of the centers were profitable.

Ambulatory Surgical Centers (ASC)

Eleven reporting certified ASCs had an aggregate profit of $5.2 million, 20.2% of total revenue. Seven ASCs reported a profit.

OVERVIEW OF KEY INDICATORS

The health care industry in West Virginia continues to grow and be a major force in the state. According to the U.S. Department of Commerce's Bureau of Economic Analysis, the state's estimated 2012 Gross Domestic Product was $69.4 billion. For FY 2012, total revenues of $7.6 billion were reported to the West Virginia Health Care Authority (Authority) from seven reporting healthcare provider types, an increase of $1.4 billion (21.8%) since FY 2008.

The Authority collects and disseminates financial data on health care facilities, including hospitals, nursing homes, home health agencies, hospice agencies, behavioral health centers, renal dialysis centers and ambulatory surgical centers. The reporting period is the facility fiscal year which ended during the calendar year. Therefore, the data are reflective of a time span rather than of one point in time. The data are presented here as reported by the facilities.

This report includes information related to 396 health care providers operating in West Virginia in FY 2012.

Number of Facilities			
Type of Facility or Agency	**FY 2010**	**FY 2011**	**FY 2012**
Hospitals	**62**	**61**	**61**
General Acute	33	32	32
Critical Access	18	18	18
Long-term Acute	2	2	2
Psychiatric	4	4	4
Rehabilitation	5	5	5
Nursing Homes	**105**	**105**	**106**
Home Health Agencies	**62**	**63**	**63**
Hospice Agencies	**20**	**20**	**20**
Behavioral Health	**96**	**101**	**102**
Behavioral Health Centers	74	79	80
Comprehensive Centers	13	13	13
Methadone Treatment	9	9	9
Renal Dialysis Centers	**32**	**32**	**33**
Ambulatory Surgery Centers	**11**	**11**	**11**
Total	**388**	**393**	**396**

Total Revenue

The facilities included in this report had total revenue of $7.6 billion, which equals revenue from patient services plus other operating and non-operating revenue. Total revenue increased by $473.8 million (6.7%) over FY 2011.

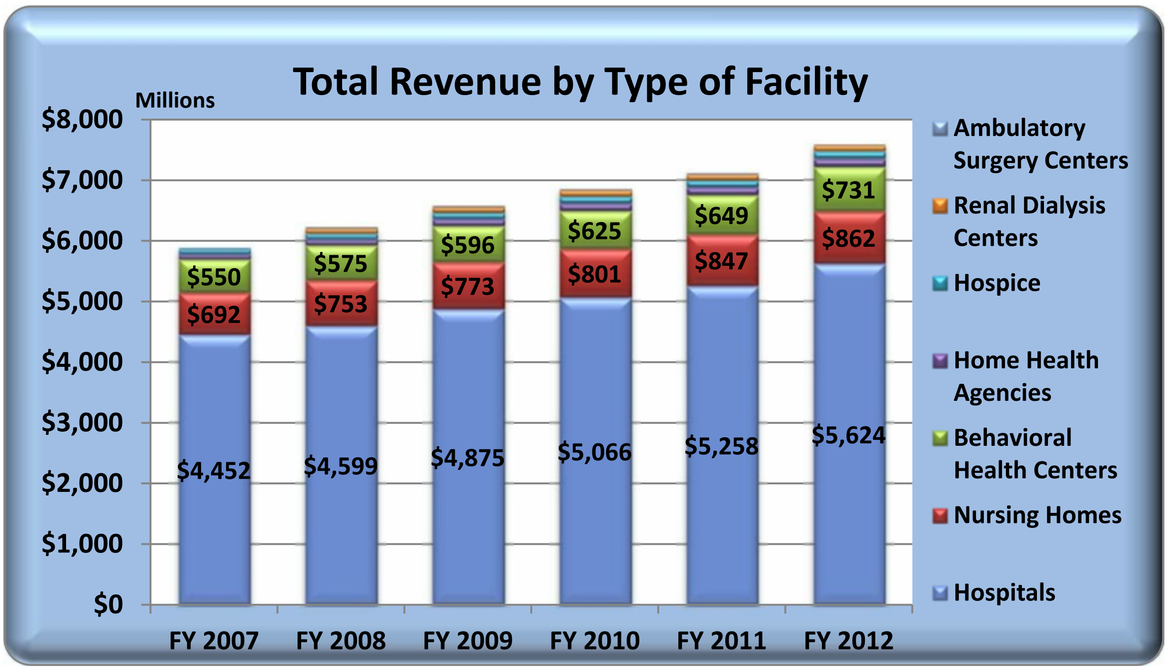
General acute care hospitals accounted for $331.2 million (71.3%) of the growth in revenue. Behavioral health centers and critical access hospitals provided the second and third greatest increases of revenue, with $76.3 million (16.4%) and $19.8 million (4.3%), respectively.

Type of Facility or Agency	Total Revenue (in thousands)		
	FY 2010	FY 2011	FY 2012
Hospitals	**$5,066,280**	**$5,258,169**	**$5,624,090**
General Acute	4,511,604	4,675,265	5,006,449
Critical Access	325,285	350,484	370,300
Long-term Acute	32,709	29,852	32,679
Psychiatric	101,082	103,087	114,114
Rehabilitation	95,599	99,481	100,548
Nursing Homes	**801,264**	**847,214**	**861,857**
Behavioral Health Centers	**624,623**	**648,741**	**731,415**
Behavioral Health	415,768	437,204	500,237
Comprehensive Centers	186,024	188,866	208,024
Methadone Treatment	22,831	22,671	23,154
Home Health Agencies	**125,239**	**130,332**	**132,572**
Hospices	**113,450**	**114,224**	**124,264**
Renal Dialysis Centers	**102,262**	**97,260**	**95,417**
Ambulatory Surgery Centers	**24,273**	**25,464**	**25,628**
Total	**$6,857,390**	**$7,121,404**	**$7,595,243**
Percentage Change from Prior Year	**4.2%**	**3.9%**	**6.7%**

NR: Not Reported

The percentage of total revenue generated by each provider type in FY 2012 is as follows:

- Hospitals – 74.0%
- Nursing Homes – 11.4%
- Behavioral Health Centers – 9.6%
- Home Health Agencies – 1.8%
- Hospices – 1.6%
- Renal Dialysis Centers – 1.3%
- Ambulatory Surgery Centers – 0.3%



Total revenue has increased approximately $1.7 billion (29.0%) since FY 2007. Revenue from Renal Dialysis Centers was not included in the FY 2007 data. The growth in total revenue since FY 2007 is as follows:

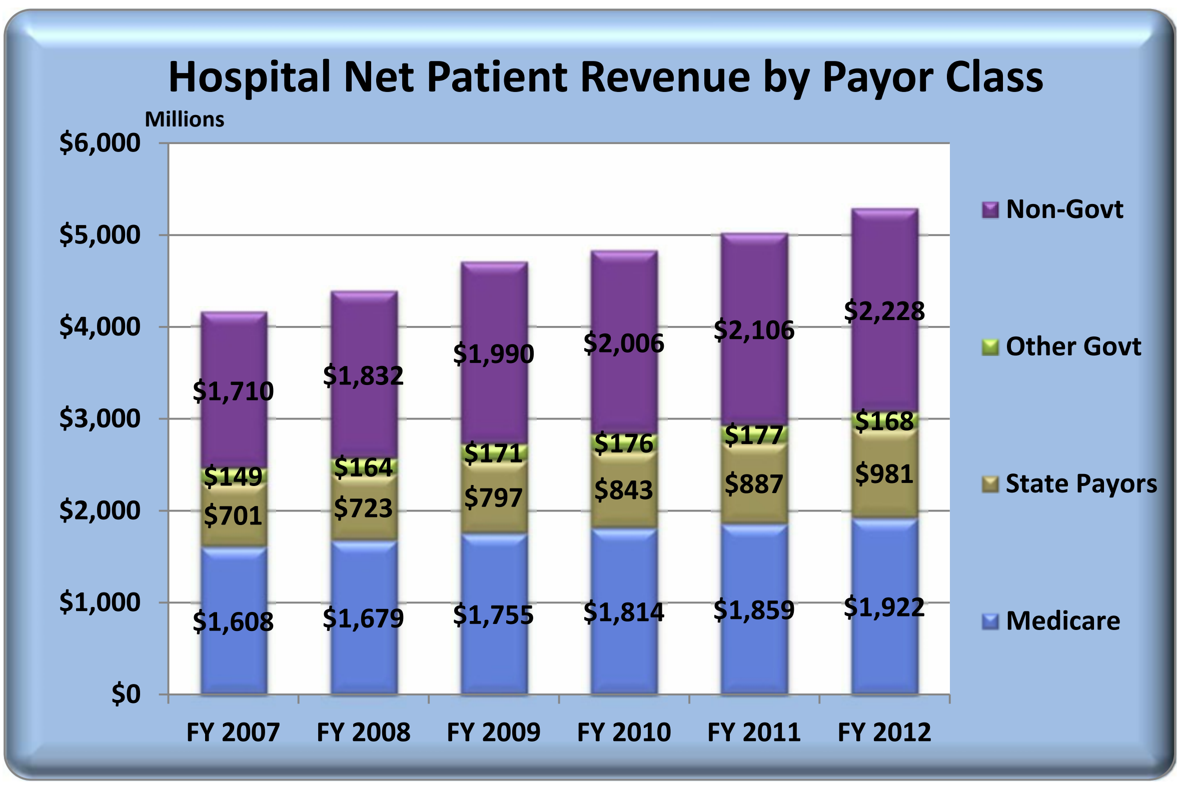
- Hospitals – $1.2 billion (26.3%)
- Nursing Homes – $170.2 million (24.6%)
- Behavioral Health Centers – $181.4 million (33.0%)
- Home Health Agencies – $48.4 million (57.6%)
- Hospices – $40.5 million (48.3%)
- Ambulatory Surgery Centers - $1.6 million (6.8%) since FY 2007.

Net Patient Revenue

Net patient revenue (NPR), the amount received for patient services, is also reported by payor categories for hospitals and nursing homes.

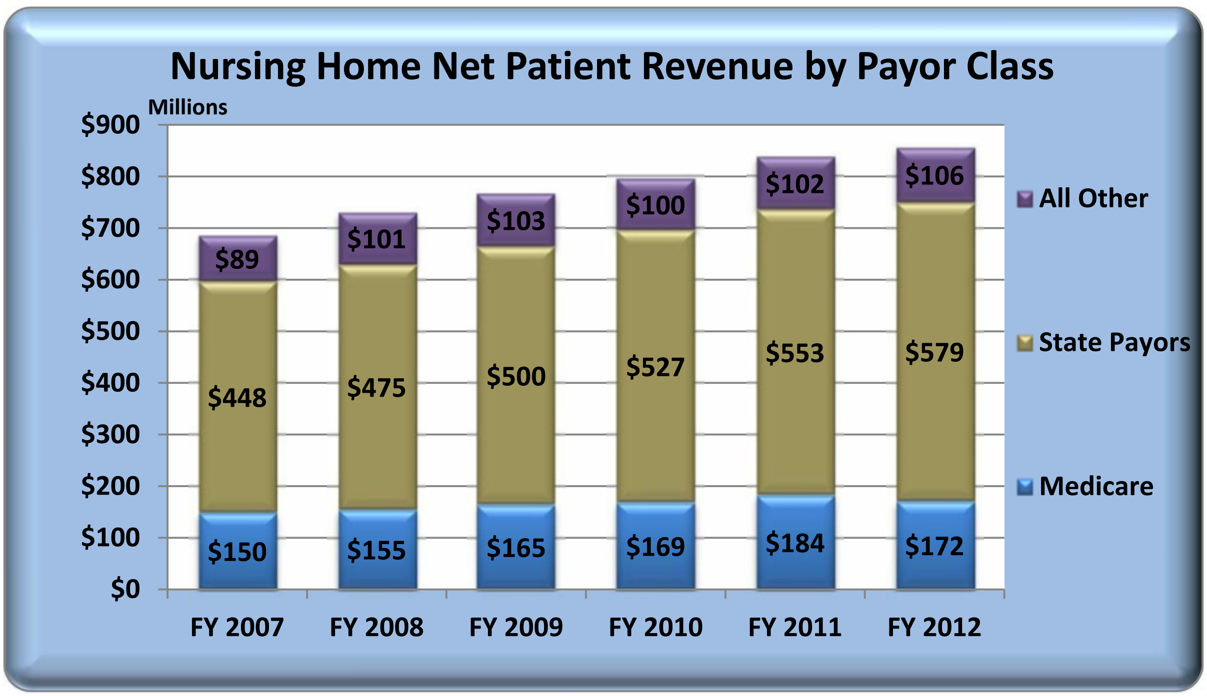
Nongovernmental payors (commercial, Blue Cross Blue Shield, Coventry, unions, ERISAs, self-pay) provided the largest amount of revenue of $2.2 billion to hospitals in FY 2012. Medicare followed with revenue of $1.9 billion. State payors (Medicaid, PEIA) and other governmental payors (VA, Worker's Comp, etc.) combined for revenue of $1.1 billion.

Total net patient revenue for all payors equaled $5.3 billion, an increase of 5.3% over the prior year. Since FY 2007 net patient revenue has grown by $1.1 billion (27.1%), with the largest increase coming from nongovernmental revenue of $517.9 million (30.3%). The second largest increase was from Medicare, with an increase in net patient revenue of $314.5 million (19.6%).



For nursing homes, the state payors category consists almost entirely of Medicaid, but also includes some PEIA payments. Net patient revenue for the state payor category equaled $578.8 million in FY 2012. Medicaid accounted for all but $133,000 of the state payor revenue. Medicare revenue equaled $171.9 million. Revenue from all other payors was $106.1 million. Total net patient revenue was $856.9 million, an increase of 2.2% over FY 2011 levels.

Since FY 2007 net patient revenue has increased by $171.2 million (25.0%). Revenue from state payors grew by $131.4 million (29.4%) and Medicare revenue increased by $22.4 million (15.0%).

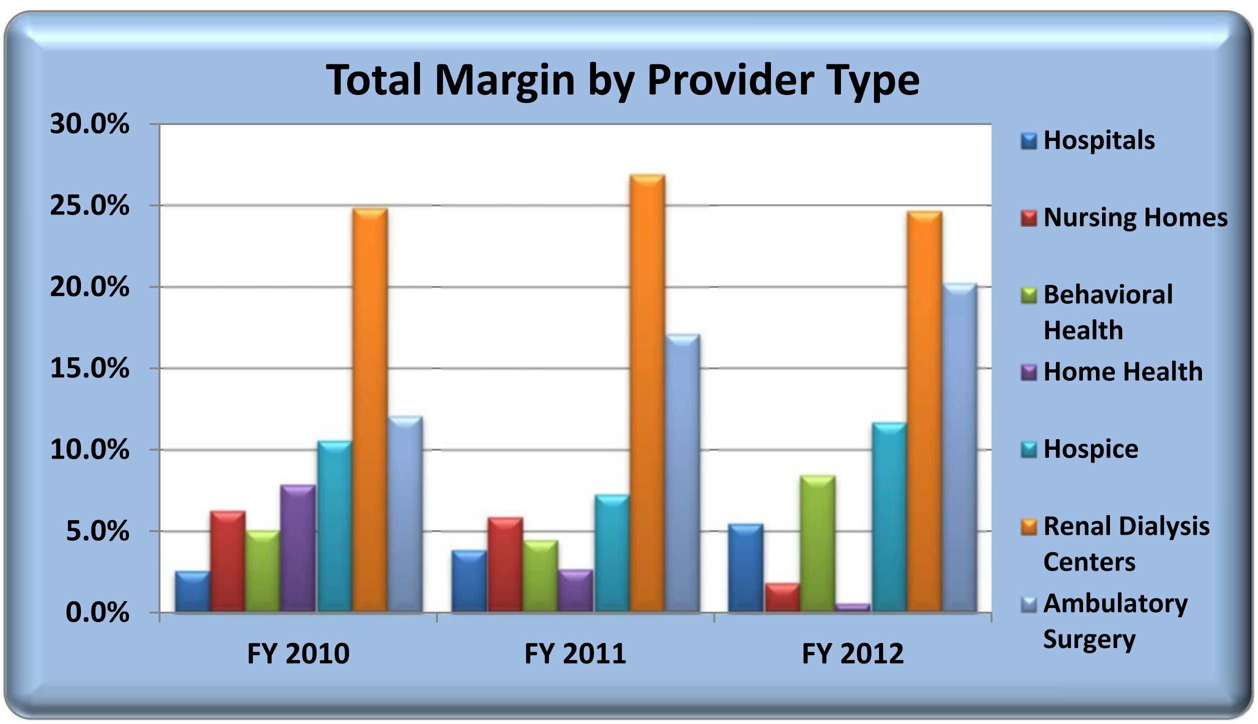


Excess Revenue (Deficit) Over Expenses (EROE)

Aggregate profits for all facilities were $411.8 million, an increase of $86.6 million over FY 2011. The term profit (loss) is used here interchangeably with excess (deficit) of revenue before taxes and extraordinary items (EROE), and is applied to all facilities, including not-for-profits.

Type of Provider	EROE (in thousands)			Margin		
	FY 2010	FY 2011	FY 2012	FY 2010	FY 2011	FY 2012
Hospitals*	$129,462	$204,292	$289,766	2.6%	3.9%	5.5%
Nursing Homes	50,640	49,327	16,046	6.3%	5.9%	1.9%
Behavioral Health	31,960	29,106	61,916	5.1%	4.5%	8.5%
Home Health	9,856	3,516	791	7.9%	2.7%	0.6%
Hospice	12,051	8,391	14,560	10.6%	7.3%	11.7%
Renal Dialysis Centers	25,438	26,199	23,549	24.9%	26.9%	24.7%
Ambulatory Surgery	2,942	4,366	5,190	12.1%	17.1%	20.3%
Total	**$262,349**	**$325,197**	**$411,818**	**3.8%**	**4.6%**	**5.4%**

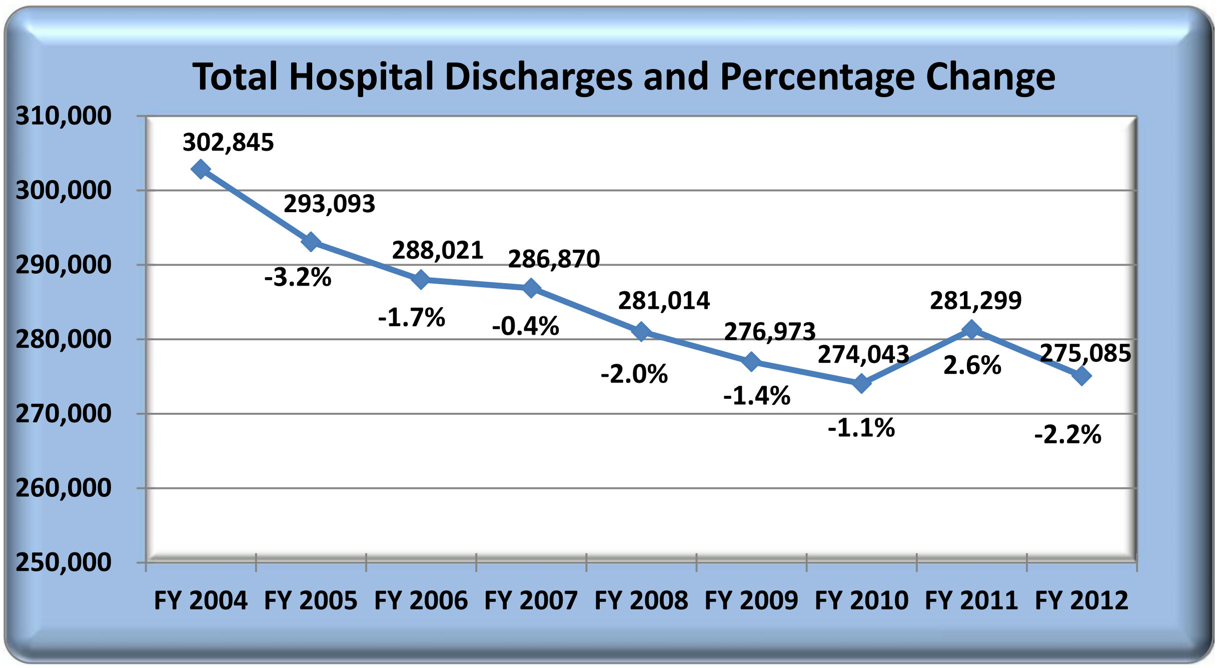
*Profits have been adjusted to remove the impact of certain investment losses related to market fluctuations.



Utilization

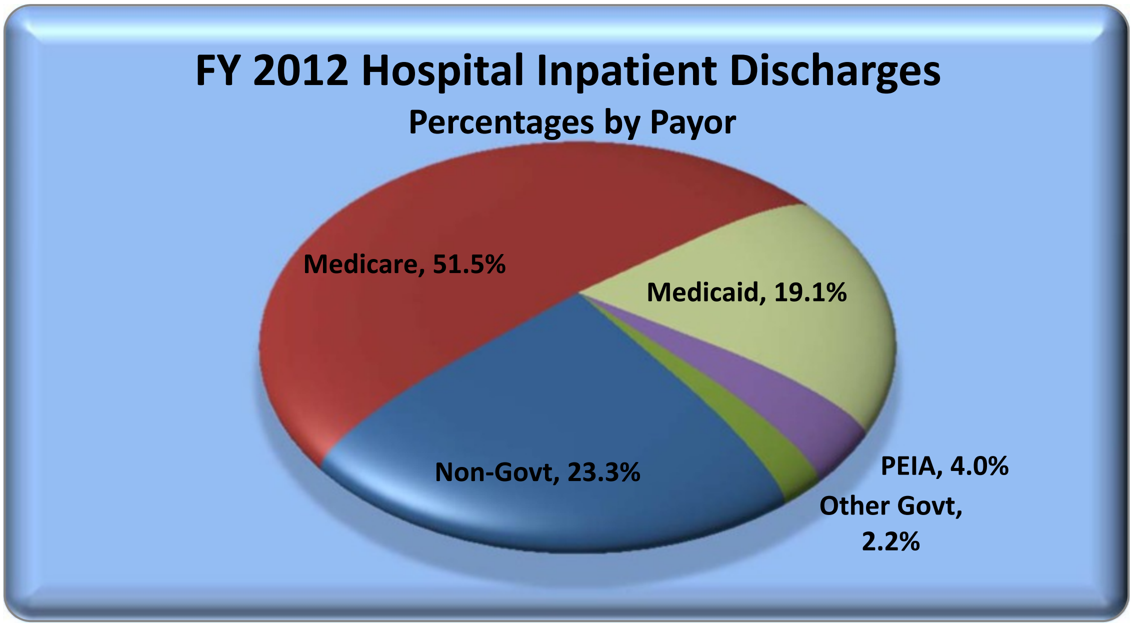
Hospitals reported a decrease in total discharges of 6,214 (2.2%) in FY 2012, reversing the prior year's increase. The increase in discharges in FY 2011 was the first since FY 2004. Between FY 2004 and FY 2012 inpatient utilization has decreased by nearly 27,760 discharges (9.2%).

Several items of note related to the decrease in inpatient discharges are:

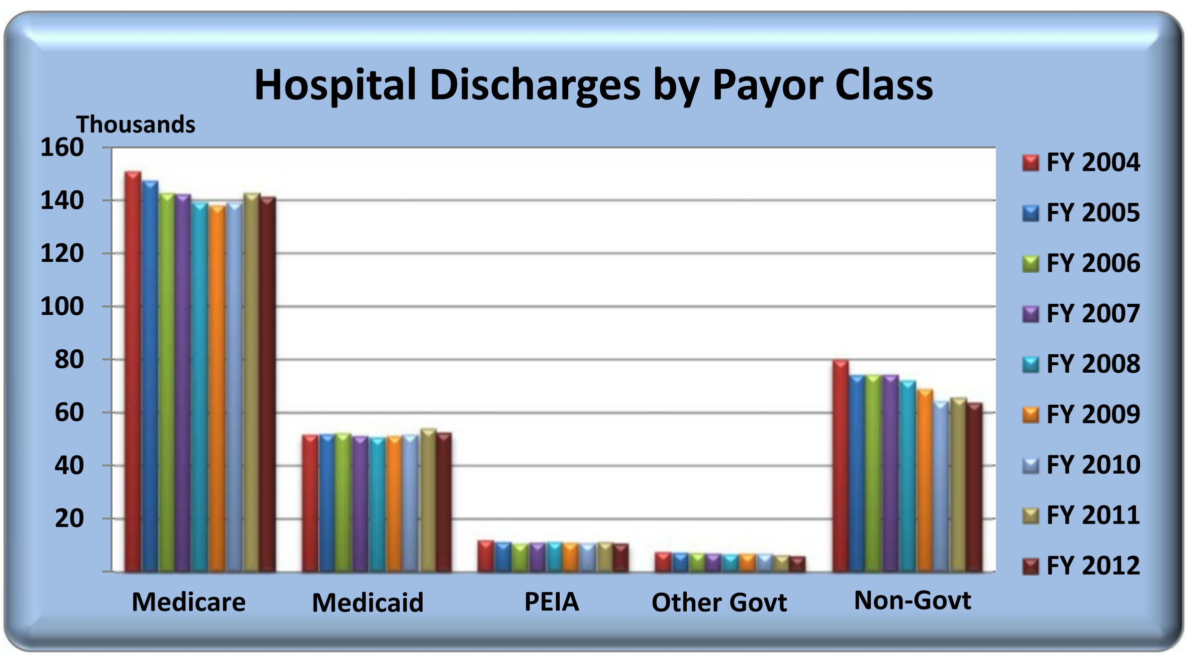


- Discharges decreased in all payor categories. The nongovernmental category was responsible for 28.8% of the decrease. The decrease in Medicaid and Medicare discharges accounted for 28.0% and 22.8%, respectively.
- Forty (65.6%) of the 61 hospitals reported a decrease in inpatient discharges for FY 2012.
- Although the decrease was widespread, three hospitals reported decreases in discharges that equaled 77.9% of the total decrease: CamdenClark, which acquired St. Joseph's Hospital in Parkersburg in FY 2011, reported a decrease of 2,090 (12.1%). CAMC reported a decrease of 1,756 (4.7%) discharges and an increase in observation visits of 1,553 (13.3%). Bluefield Regional, which became a for-profit hospital in FY 2011, reported a decrease of 995 (17.2%) discharges.

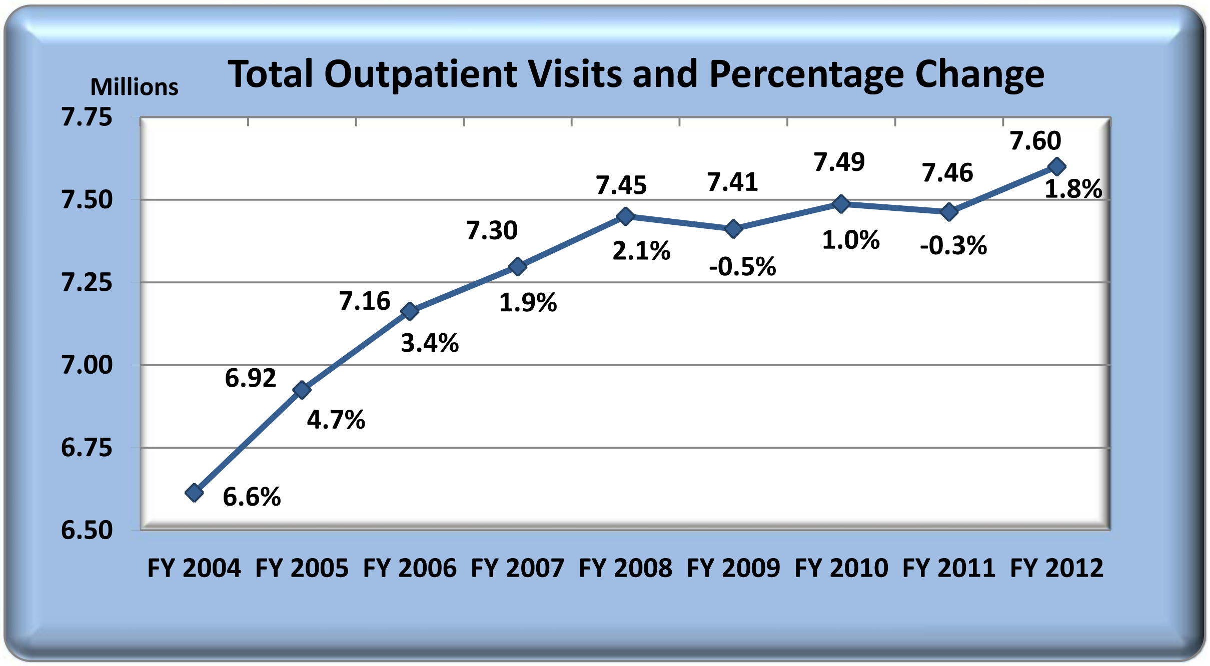
Medicare is the largest payor category with 51.5% of the total discharges, and 52.7% of inpatient charges. The Nongovernmental category is the second largest with 23.3% of the discharges and 21.5% of the inpatient charges. Medicaid accounts for 19.1% of discharges and 19.2% of inpatient charges. The remaining 6.1% of discharges were covered by PEIA and other governmental payors, and generated 6.5% of inpatient charges.

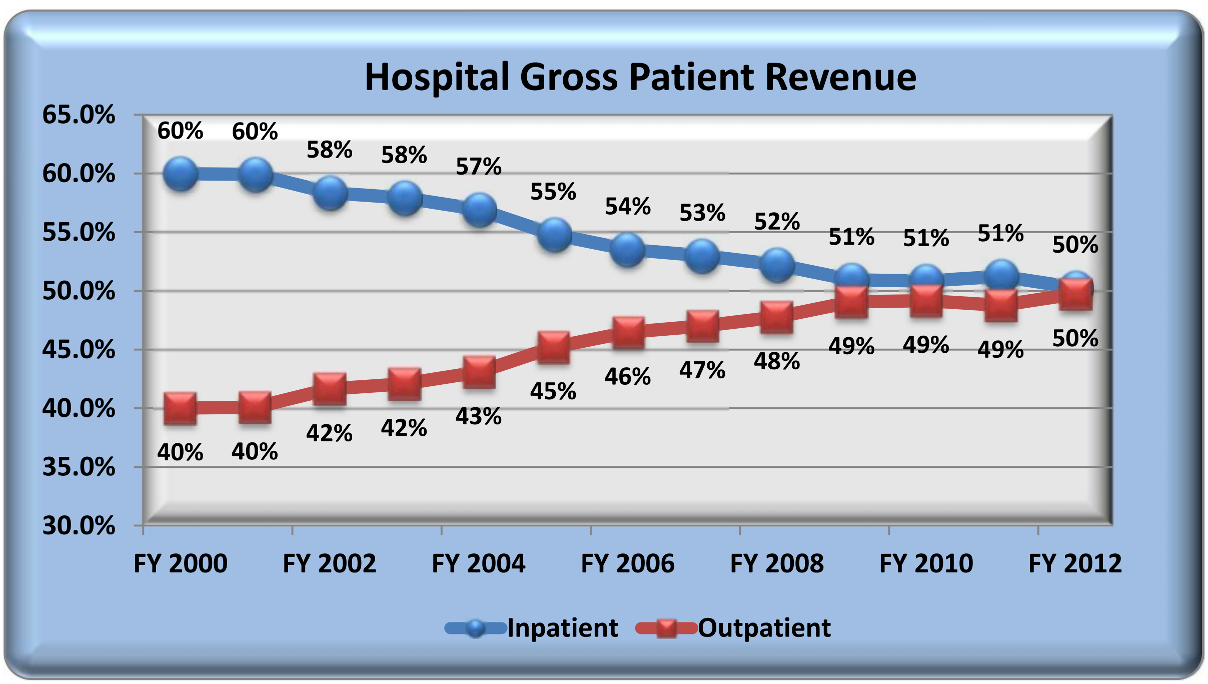


Since FY 2004 total discharges have decreased by 27,760 (9.2%). Nongovernmental discharges decreased the most, by 15,945 (19.9%). Medicare discharges decreased 9,561 (6.3%) over the same time period. Medicaid discharges increased slightly, 707 (1.4%), since FY 2004.

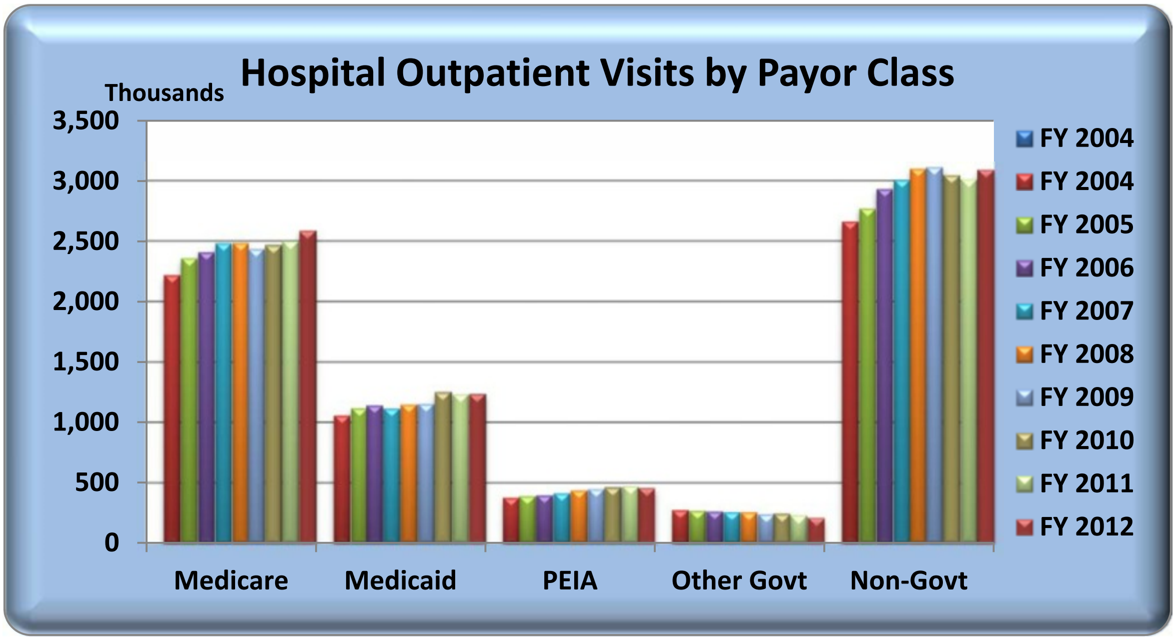


Utilization of hospital outpatient services has increased by 986,808 visits (14.9%), since FY 2004. In FY 2012 total outpatient visits of 7.6 million were reported, an increase from the prior year of 137,586 (1.8%). The volume of services, as measured by gross patient revenue, is virtually equal with inpatient and outpatient revenue providing 50.3% and 49.7% of total charges, respectively. In FY 2000 outpatient revenue was 40% of total charges.





Nongovernmental payors was the largest category with 3.1 million outpatient visits (40.7%). An increase in nongovernmental visits of 2.6% was reported in FY 2012, following a slight decrease in the prior two years. Nongovernmental gross outpatient revenue accounted for approximately 37.4% of gross outpatient revenue.



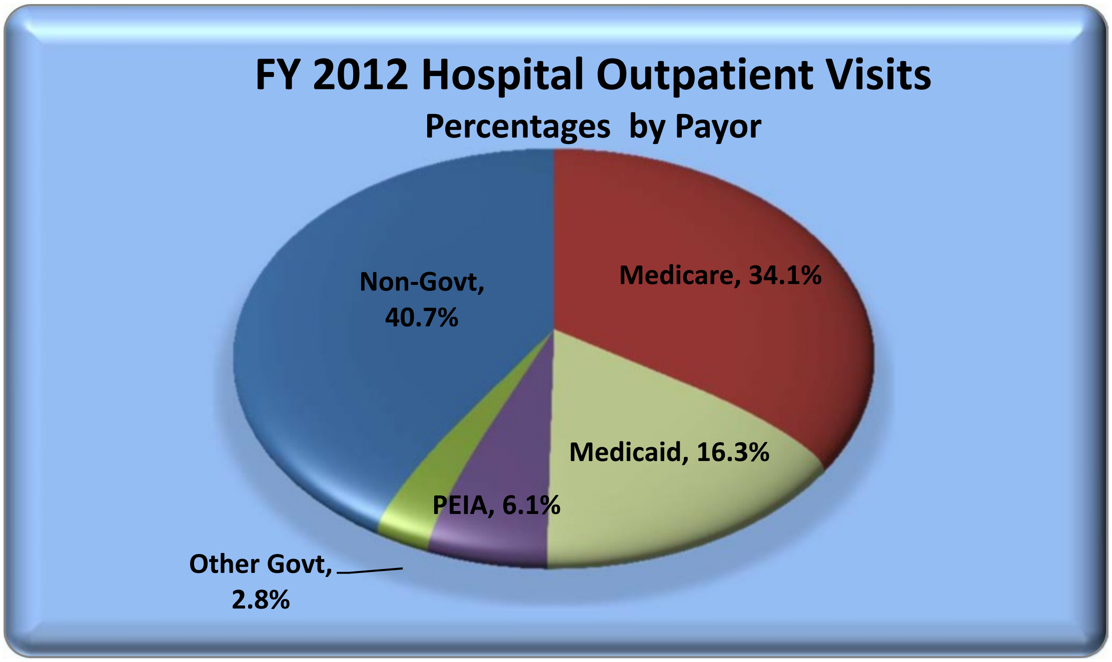
Medicare was the second largest payor, with 2.6 million visits (34.1%), and 36.3% of gross outpatient revenue. Medicare visits grew 3.5% over the prior year.

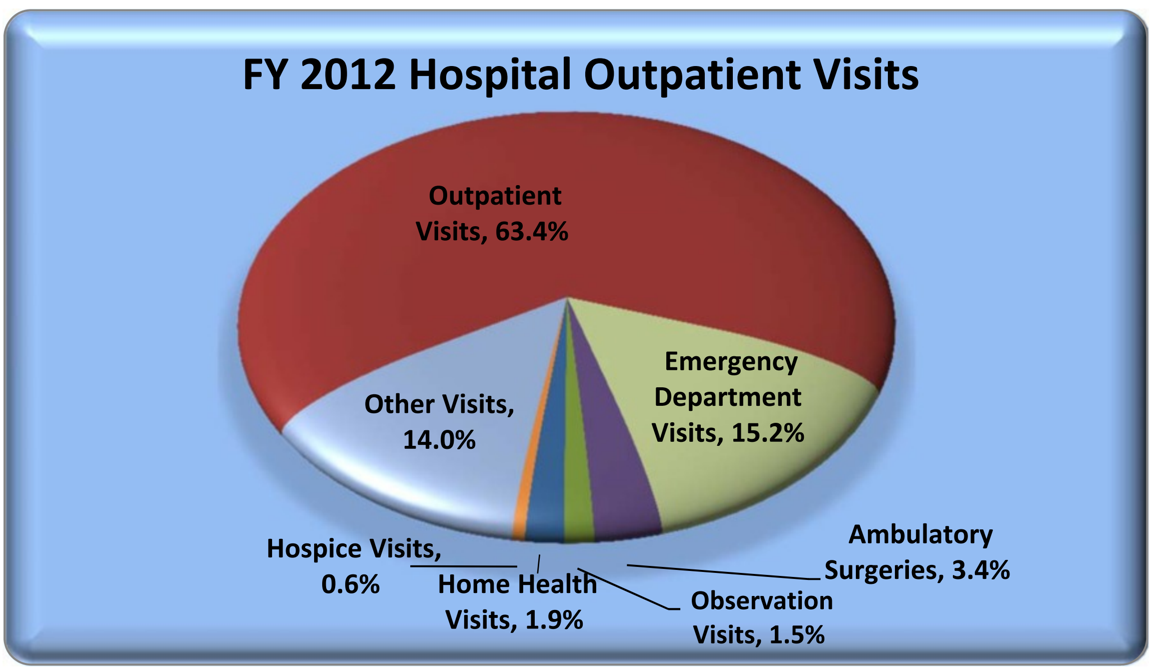
Medicaid visits increased 0.1% in FY 2012 to 1.2 million, about 16.3% of total visits. Medicaid provided about 16.4% of gross charges.

PEIA and other governmental payors covered 8.9% of visits, and produced 9.9% of outpatient charges.

Since FY 2004 outpatient visits have increased by 14.9% in total. Nongovernmental, Medicare and Medicaid visits have increased over this time by 16.0%, 16.4%, and 16.5%, respectively

Outpatient visits cover a wide range of services, including: diagnostic imaging, laboratory tests, physical and mental health therapies, emergency and observation services, same day surgeries, home health and hospice services and a variety of physician specialties.

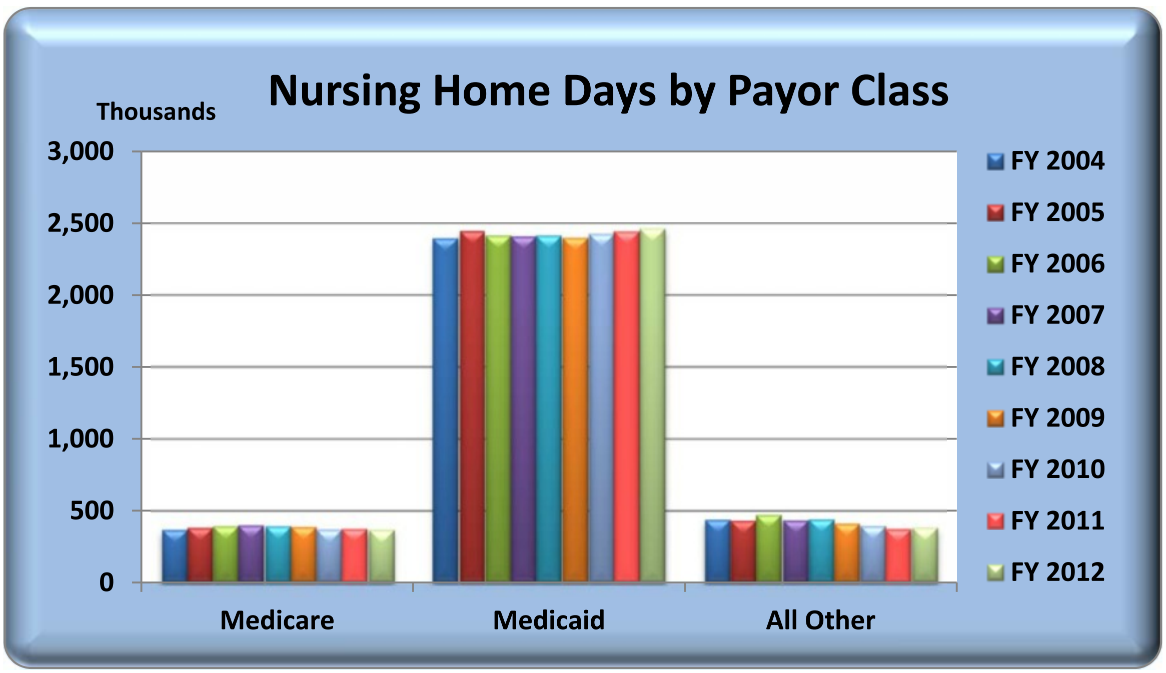

FY 2012 Hospital Outpatient Visits
Percentages by Payor
Non-Govt, 40.7%
Medicare, 34.1%
Medicaid, 16.3%
PEIA, 6.1%
Other Govt, 2.8%


FY 2012 Hospital Outpatient Visits
Outpatient Visits, 63.4%
Emergency Department Visits, 15.2%
Other Visits, 14.0%
Hospice Visits, 0.6%
Home Health Visits, 1.9%
Observation Visits, 1.5%
Ambulatory Surgeries, 3.4%

Nursing home utilization in FY 2012 remained stable at 3.2 million days with 9,904 licensed nursing home beds reported statewide. This equaled an occupancy rate of 89.2%.

Governmental programs pay for the vast majority of nursing home services. Residents covered by Medicare or Medicaid equaled 88.0% of patient days. Medicaid, with 2.5 million inpatient days (76.5%), is by far the largest payor; Medicare days equal 371,512 (11.5%). Medicare coverage requires a need for a more intensive service level than only custodial care. It is used for skilled nursing services and rehabilitation.

Some nursing homes offer outpatient services, such as physical, occupational and speech therapies, but the level of utilization has historically been minimal.



HOSPITALS

The FY 2012 economic status of West Virginia's hospitals is presented according to their respective service categories:

- general acute care – 32 hospitals
- critical access – 18 hospitals
- long-term acute care – 2 hospitals
- psychiatric – 4 hospitals
- rehabilitation – 5 hospitals.

The mix of services provided by each type of hospital varies to the extent that each one will be presented independently of the others. The hospital data tables available on the West Virginia Health Care Authority's website with the 2013 Annual Report begin with general acute care hospital statistics followed by the other categories.

As a group, West Virginia's 61 hospitals reported an increase in profitability in FY 2012. Profit (loss) is used here to mean excess (deficit) of revenue over expenses (EROE) prior to:

- taxes,
- any extraordinary gains or losses, and
- certain changes in market values of investments.

EROE is used for not-for-profit as well as for-profit hospitals.

- Total EROE for FY 2012 was $290.0 million, or 5.5% of net patient revenue (NPR). Total profit for FY 2011 was $204.3 million, or 4.1% of NPR.

EROE – All Hospitals
(In millions)
Margin on Net Patient Revenue

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009*	FY 2010	FY 2011	FY 2012
EROE	$78.6	$177.6	$190.1	$85.6	$44.2	$129.5	$204.3	$290.0
Margin	2.1%	4.5%	4.6%	1.9%	0.9%	2.7%	4.1%	5.5%

**EROE for FY 2009 would be $69.3 million, and equal a margin of 1.5%, without a $25 million write-off of Goodwill.*

- The increase in the FY 2012 profit is due to an increase in other revenue of $97.3 million, or 42.7%.

- Losses on patient services (net patient revenue minus expenses) increased from $23.8 million in FY 2011 to $35.6 million in FY 2012. Net patient revenue increased by $268.6 million (5.3%), while expenses increased $280.4 million (5.5%).

Income/(Loss) on Patient Services – All Hospitals
(in millions)
Margin of Net Patient Revenue

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
IPS	($132.3)	($84.7)	($94.4)	($117.5)	($118.1)	($98.4)	($23.8)	($35.6)
Margin	(3.5%)	(2.1%)	(2.3%)	(2.7%)	(2.5%)	(2.0%)	(0.5%)	(0.7%)

Special Items of Note

- *The Health Care Authority (Authority) determined that certain market fluctuations, which are included in a hospital's financial statements, should be excluded from the data used for rate setting and reporting functions. Therefore, the profits and losses displayed in the FY 2012 annual report tables are pre-tax, pre-extraordinary item, and exclude changes in the market value of derivatives and other investments related to the adoption of SFAS 159. The impact of these changes is included in the profit or loss after tax and after extraordinary items in the Uniform Financial Report (UFR), which is the hospital data source for this report.*

- *On October 1, 2012 Jackson General Hospital became a Critical Access Hospital. The hospital's 2013 fiscal year began on October 1, 2012. The hospital's 2013 fiscal year data will be included in the Critical Access category in future Annual Reports; it currently is a General Acute Care Hospital.*

- *In 2012 CamdenClark Medical Center announced it was consolidating services provided at its St. Joseph's Campus with the Memorial Campus (previously known as Camden-Clark Memorial Hospital). On March 1, 2011 Camden-Clark Memorial Hospital purchased St. Joseph's Hospital in Parkersburg and formed CamdenClark Medical Center (CCMC), to become a single entity with two campuses. The closure of the St. Joseph's Campus may take several years to accomplish.*

- *Current hospital news of note includes the following 2013 Certificate of Need (CON) activity:*

  - *Acuity Specialty Hospital has filed applications for the development of two Long-term Acute Care Hospitals to be located within Weirton Medical Center and Wheeling Hospital.*
  - *Monongalia County General Hospital Company and Monongalia Health System, Inc., were granted a CON to purchase Preston Memorial Hospital.*
  - *West Virginia United Health Systems, Inc. (WVUHS) was granted a CON to purchase Potomac Hospital.*

- *Community Health Systems, Inc. (CHS) is in process of acquiring Health Management Associates, Inc. (HMA) as a wholly-owned subsidiary; both are publicly traded companies. HMA is the ultimate parent of Williamson Memorial. CHS has applied to the Authority for CON approval to transfer the West Virginia assets involved in the national merger, which includes Williamson Memorial and certain physician offices.*

General Acute Care Hospitals

These hospitals primarily provide short-stay, medical-surgical services, although they may include units providing a wide range of other services. There were 32 general acute care hospitals in FY 2012.

Financial Results

Financial items of note regarding the general acute care hospitals:

- Profits from acute care hospitals were up $82.7 million, increasing from $181.8 million (4.0% of NPR) in FY 2011 to $264.5 million in FY 2012 (5.6% of NPR).

EROE – General Acute
(In millions)
Margin on Net Patient Revenue

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	$63.7	$124.1	$172.2	$69.4	$9.6	$110.0	$181.8	$264.5
Margin	1.9%	3.5%	4.6%	1.8%	0.2%	2.5%	4.0%	5.6%

**FY 2009 EROE would equal $32.7 million, and a margin of 0.8%, without a $25 million write-off of Goodwill by St. Joseph's Hospital.*

- Profitability increased in FY 2012 due to an increase in other revenue of $84.9 million. Other revenue includes non-patient operating revenue and non-operating revenue.

- Four hospitals accounted for 94.6% of the total increase in other revenue: CAMC ($25.0 million), WVUH ($22.9 million), Cabell-Huntington ($21.3 million) and United ($11.1 million). These four hospitals reported increases in net investment income (non-operating revenue) of approximately $54 million; other operating revenue increased approximately $26 million.

- Six hospitals reported an increase in EROE of more than $5.0 million: CAMC ($31.8 million), Cabell-Huntington ($31.7 million), United ($16.4 million), WVUH ($12.9 million), Beckley ARH ($8.9 million) and Ohio Valley ($5.6 million). The increase in profits by these hospitals equals 129.7% of the total increase in general acute care hospital profits.

- Twenty-two of the 32 acute care hospitals reported a profit for FY 2012. This was the same number of hospitals that were profitable in FY 2011. Positive EROEs ranged from CAMC's $69.9 million (9.1% of NPR) to Jackson General's $239,000 (1.0% of NPR). The average profit for these 22 hospitals was $13.6 million, up from $9.7 million in FY 2011.

Hospitals with a Positive EROE – General Acute

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
20	22	27	23	18	17	22	22

- Ten hospitals reported losses ranging from Weirton Medical's loss of $9.3 million (12.0% of NPR) to Wetzel County's $80,000 loss (0.3% of NPR). The average loss was $3.5 million.

- Seventeen hospitals reported increases in profitability over the prior year:
  - Nine hospitals that were profitable in FY 2011 reported increased profits in FY 2012.
  - Four hospitals that had losses in FY 2011 reported profits in FY 2012.
  - Four hospitals experienced smaller losses in FY 2012 than in FY 2011.

- Four hospitals reported margins (profits as a percentage of NPR) greater than 10%: Charleston Surgical Hospital (35.7%), Greenbrier Valley (21.1%), Raleigh General (11.7%), and CAMC-Teays Valley (11.3%). Except for CAMC-Teays Valley these hospitals are for-profit facilities.

Hospitals with a Margin of at least 10.0% – General Acute

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
2	3	6	4	3	4	3	4

- Eight hospitals had a margin between 5% and 10%: Logan Regional (9.5%), CAMC (9.1%), Cabell-Huntington (8.9%), United (8.7%), Ohio Valley (8.6%), Beckley ARH (8.4%), WVUH (7.9%), and Monongalia General (6.4%).

Hospitals with a Margin of 5.0% - 9.9% – General Acute

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
3	8	7	1	2	5	7	8

The state's two largest hospitals, Charleston Area Medical Center (CAMC) and West Virginia University (WVUH), had reported improved margins of 9.1% and 7.9%, respectively.

- As reported above CAMC and WVUH reported increases in other revenue. The increases in EROE for both facilities are largely or entirely due to the increase in other revenue.

- CAMC's income from patient services increased by $6.7 million. Net patient revenues increased by $40.5 million (5.6%) and operating expenses increased by $33.7 million (4.6%). CAMC received $24.4 million in enhanced Medicaid payment monies related to the Upper Payment Limit (UPL), which is reported as net patient revenue.

- WVUH's operating expenses increased by $69.3 million (12.1%), outpacing an increase in net patient revenue of $59.2 million (10.2%), resulting in a loss from patient services of $2.6 million. The West Virginia United Health System (WVUHS) received $37.7 million in UPL payments; however, it is less clear how much of this amount WVUH received since WVUHS includes five hospitals.

CAMC and WVUH reported $768.8 million and $640.4 million in net patient revenues, respectively, which accounts for 29.7% of total general acute care net patient revenue. The next largest hospital in terms of net patient revenue is Cabell-Huntington, which reported $378.8 million.

EROE/(Losses) - State's Two Largest Hospitals
(in thousands)
Margin on Net Patient Revenue

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
CAMC								
EROE	$15,185	$31,408	$2,651	$11,093	($799)	$14,332	$38,152	$69,924
Margin	2.8%	5.5%	0.4%	1.7%	(0.1%)	2.0%	5.2%	9.1%
WVUH								
EROE	$19,690	$24,578	$49,950	($6,519)	($14,087)	$38,771	$37,739	$50,596
Margin	5.0%	5.9%	10.8%	(1.4%)	(2.7%)	7.1%	6.5%	7.9%

As discussed in the *Special Items of Note* section, certain market fluctuations and related accounting standards are excluded from the results published in this report. Changes in market forces and new investment instruments have significantly impacted global, national and local enterprises. Accounting standards adopted in recent years have compounded the impact of the market value fluctuations on hospitals' statements of operations. These circumstances can result in substantial swings in profitability from year to year and can mask factors of operation that are more relevant to the Authority's mission. The Authority determined that these types of market fluctuations would be reported separately so the impact of market variation is not included except in this section of the report.

- In FY 2012 eleven hospitals reported combined net income of $14.5 million due to market fluctuations of derivative agreements and accounting changes. Seven hospitals reported $28.6 million in derivative gains and four reported $14.1 million in losses.

***Aggregate Derivative Market and**
Certain Accounting Gains/(Losses) – General Acute
(in millions)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Gains / (Losses)	($191.5)	$102.0	$7.3	($59.9)	$14.5
Year-to-year Fluctuation		$293.5	$94.9	$67.0	$74.4

**These gains and losses are not included in EROE.*

Two WVUHS hospitals reported the largest gains in FY 2012 from market fluctuations of derivatives and/or the impact of adopting SFAS 159:

- WVUH - $19.8 million, up from a loss of $21.9 million in FY 2011; and,

- United Hospital - $4.9 million, up from a loss of $12.4 million.

The largest loss from these market changes was from Monongalia General of $10.9 million, down from a gain of $6.4 in the prior year.

Market fluctuations continue to occur with the potential for significant swings in profitability in the future. If these gains and losses were included in the FY 2012 data, the aggregate profit of $264.5 million for general acute care hospitals would increase to $279.0 million.

Patient Services
Income from patient services is an important financial indicator. It is derived by subtracting operating expenses from net patient revenue, which is the amount received in payment for patient services.

- For the second year in a row general acute hospitals reported positive income from patient services. Prior to FY 2011, hospitals had not reported an overall positive income from patient services since the mid-1990s.

- An aggregate income from patient services of $8.4 million (0.2% of NPR) was reported, a $2.2 million decrease from the FY 2011 income of $10.6 million (0.2% of NPR).

Aggregate Income/(Loss) on Patient Services – General Acute
(in millions)
Margin on Net Patient Revenue

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
IPS	($91.3)	($56.1)	($44.7)	($68.0)	($78.0)	($62.8)	$10.6	$8.4
Margin	(2.7%)	(1.6%)	(1.2%)	(1.7%)	(1.8%)	(1.4%)	0.2%	0.2%

- The positive income from patient services occurred with a $246.3 million (5.5%) increase in net patient revenue and a $248.5 million (5.5%) increase in operating expenses.

Net Patient Revenue and Operating Expenses – General Acute
(Components of Income from Patient Services)
(in billions)
Percentage Changes from Prior Year

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
NPR	$3.3	$3.5	$3.8	$4.0	$4.2	$4.3	$4.5	$4.8
% Increase	3.4%	5.7%	6.3%	5.4%	7.2%	2.3%	3.8%	5.5%
Op. Exp.	$3.4	$3.6	$3.8	$4.0	$4.3	$4.4	$4.5	$4.7
% Increase	4.6%	4.5%	5.9%	6.0%	7.3%	1.9%	2.1%	5.5%

- Twelve of the 32 general acute care hospitals reported a positive income from patient services ranging from $18.4 million (11.2% of NPR) at Raleigh General to $1.7 million (1.3% of NPR) at City Hospital. The average income from patient services for these 12 hospitals was $7.9 million.

- Positive margins on income from patient services ranged from 33.4% ($6.1 million) at Charleston Surgical to 0.9% ($7.2 million) at CAMC.

- Three of the four hospitals with margins greater than 10% were for-profit hospitals: Charleston Surgical (33.4%), Greenbrier Valley (20.8%), and Raleigh General (11.2%). CAMC Teays Valley, a not-for-profit, reported a margin of 10.2% on patient services.

- Twenty hospitals reported losses on patient services in FY 2012, an increase from 16 in the prior year. The average loss from patient services for these hospitals was $4.3 million.

- Losses on patient services ranged from $13.8 million (17.7% of NPR) at Weirton Medical to $461,000 (0.6% on NPR) at Davis Memorial.

- Negative margins on patient services ranged from 40.6% ($8.8 million) at Welch Community to 0.4% ($2.6 million) at WVUH.

Uncompensated Care

Uncompensated care, which is comprised of bad debt and charity care, remained at 6.4% of gross patient revenue (GPR) for the third year. Uncompensated care as a percentage of gross patient revenue has remained relatively constant (0.5% fluctuation) during the last eight years.

Uncompensated Care as % of Gross Patient Revenue – General Acute

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
5.9%	6.3%	6.4%	6.4%	6.1%	6.4%	6.4%	6.4%

Operating Expense

Besides net patient revenue, the other factor in the calculation of income from patient services is operating expense.

- Overall, acute care expenses of $4.7 billion were reported in FY 2012, an increase of 5.5% over FY 2011. The increase in FY 2011 was 2.1%. The average rate of increase over the last nine years is 5.1%.

Operating Expenses – General Acute
(in billions)
Percentage Increases over Prior Year

FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
$3.3	$3.4	$3.6	$3.8	$4.0	$4.3	$4.4	$4.5	$4.7
8.1%	4.6%	4.5%	5.9%	6.0%	7.3%	1.9%	2.1%	5.5%

- Twenty-seven hospitals reported an increase in operating expenses. Two hospitals reported an increase greater than 10%: Ohio Valley (12.3%), with an increase of $10.6 million, and WVUH (12.1%), with an increase of $69.3 million.

- Total salaries and benefits increased by $39.1 million (15.6%) at WVUH and $4.9 million (11.9%) at Ohio Valley. The third largest percent increase in total salaries and benefits was $14.6 million (12%) at Wheeling.
    - The number of Full-Time Equivalents (FTEs) reported by WVUH was 4,617 in FY 2012, an increase of 580 (14.4%).
    - Wheeling reported 2,024 FTEs, an increase of 178 (9.6%).
    - Ohio Valley reported an 8.0% increase in average salary and a 3.6% increase in FTEs.
    - The largest percentage increase in FTEs was reported by Weirton (16.0%); however, the average salary decreased by 7.9%.
- Four hospitals reduced operating expenses: CamdenClark ($8.5 million), Summersville ($967,484), Fairmont General ($769,827), and Williamson Memorial ($148,662).
- Two hospitals reduced salaries and benefits by more than $1 million.
    - CamdenClark reported a decrease of $3.2 million (3.3%) and a decrease in FTEs of 356 (16.7%).
    - Bluefield Regional reported a decrease of $1.8 million (5.4%) and a decrease in FTEs of 234 (31.1%).
    - CamdenClark and Bluefield Regional reported reductions in salaries and benefits greater than $1 million in the prior year as well. In FY 2011 the hospitals' salaries and benefits expense decreases were $7.7 million and $10.9 million, respectively.
- For acute care hospitals, employee compensation and benefits equaled $2.3 billion, an increase of 5.4% over the FY 2011 compensation of $2.1 billion. This is the largest component of total operating expenses (47.5%).

Salaries and Benefits – General Acute
(in billions)
Percentage Increases over Prior Year
Full-time Equivalents (FTEs)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Salaries/Benefits	$1.70	$1.79	$1.85	$2.00	$2.09	$2.13	$2.14	$2.25
% Change	NA	5.2%	3.7%	6.2%	6.3%	1.8%	0.5%	5.4%
FTEs	30,901	31,502	31,835	32,719	33,268	32,908	33,260	33,828

Other Revenues

Other revenues provide a secondary role compared to patient revenues, but are nevertheless an important component of a hospital's financial status and are often the only source of a positive margin. Other revenues consist of other non-patient operating revenue and non-operating revenue. Items of note include:

- Other revenues equaled $256.1 million, a 49.6% increase over FY 2011.

Aggregate Other Revenue – General Acute
(in thousands)
Percentage Change

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009*	FY 2010	FY 2011	FY 2012
$154,948	$176,299	$216,913	$137,411	$87,659	$172,811	$171,168	$256,078
	13.8%	23.0%	(36.7%)	(36.2%)	97.1%	(1.0%)	49.6%

* FY 2009 Other Revenue would equal $113.9 million without a $25 million write-off of Goodwill.

- Four hospitals reported other revenue greater than $20.0 million: CAMC ($62.7 million), WVUH ($53.2 million), Cabell-Huntington ($24.7 million), and United ($22.6 million).

- Two hospitals had other revenue between $10.0 million and $20.0 million: Wheeling ($14.0 million), and CamdenClark ($10.6 million).

- The other revenue for the remaining 26 hospitals ranged from Ohio Valley ($8.8) million to Williamson ($203,000). The average amount of other revenue for all 32 general acute care hospitals was $8.0 million.

- Twenty-two hospitals reported increases in other revenue for FY 2012.

- Ten of the 22 hospitals that reported profits were due to other revenues that were greater than the losses on patient care.

Profitable Hospitals Solely Due to Other Revenue – General Acute

FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
9	9	13	14	7	6	6	10

Critical Access Hospitals

Critical Access is a federal designation for a small rural hospital where cost-based reimbursement is provided for limited acute care services in combination with swing-bed and skilled nursing care. There are 18 critical access hospitals.

Financial items of note regarding the critical access hospitals:

- Total profit for FY 2012 was $10.2 million (2.9% of NPR). The total profit reported for FY 2011 was $9.3 million (2.7% of NPR). The average EROE was $566,000 in FY 2012. The average profit in FY 2011 was $515,000.

- The increase in profit of $915,000 was due entirely to an increase in other revenue of $5.5 million (54.7%); the loss on patient services increased by $4.6 million.

- Twelve critical access hospitals reported profits in FY 2012. Eleven reported profits in FY 2011.

EROE – Critical Access
(In thousands)
Margin on Net Patient Revenue
Hospitals with Positive EROE

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010*	FY 2011	FY 2012
EROE	$4,282	$5,835	$789	$9,082	$918	$9,274	$10,189
Margin	1.8%	2.3%	0.3%	3.1%	0.3%	2.7%	2.9%
Positive EROE	12	11	9	13	10	11	12

**Prior years do not include Grant Memorial, which became a critical access hospital in FY 2010.*

- The aggregate loss on patient services was $5.4 million (1.5% of NPR).

- Five hospitals reported positive income from patient services for FY 2012.

Income from Patient Services (IPS) – Critical Access
(In thousands)
Margin on Net Patient Revenue
Hospitals with Positive IPS

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010*	FY 2011	FY 2012
IPS	($3,652)	($3,042)	($5,737)	$1,108	($8,714)	($780)	($5,361)
Margin	(1.5%)	(1.2%)	(2.2%)	0.4%	(2.8%)	(0.2%)	(1.5%)
Positive IPS	6	6	5	7	3	5	5

*Grant Memorial became a critical access hospital in FY 2010. Prior years do not include Grant Memorial.

- Net patient revenue increased $14.3 million (4.2%) and operating expenses increased $18.9 million (5.5%), which resulted in the increased loss on patient services.

- Other revenue, of $15.6 million, provided the aggregate EROE of $10.2 million after the loss on patient care of $5.4 million.

- Uncompensated care of $69.9 million (9.9% of gross patient revenue) was reported.

- For critical access hospitals employee compensation and benefits equaled $196.9 million, an increase of 5.5% over FY 2011.

Salaries and Benefits – Critical Access
(in millions)
Percentage Increases over Prior Year
FTEs

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010*	FY 2011	FY 2012
Salaries/Benefits	$136.3	$142.3	$152.8	$161.9	$178.8	$186.7	$196.9
% Change		4.4%	7.3%	6.0%	NA	4.4%	5.5%
FTEs	2,867	2,923	2,970	3,037	3,330	3,363	3,430

*Grant Memorial became a critical access hospital in FY 2010. Prior years do not include Grant Memorial.

Items of note related to specific hospitals:

- Six hospitals reported more than $1.0 million in profits in FY 2012: Plateau Medical $5.7 million (15.8% of NPR), Jefferson Memorial $3.0 million (6.9% of NPR), Webster County $1.5 million (12.7% of NPR), Preston Memorial $1.3 million (5.2% of NPR), Boone Memorial $1.1 million (5.5% of NPR) and Grant Memorial $1.0 million (3.6% of NPR).

- Six hospitals reported losses ranging from $2.5 million (Hampshire) to $62,000 (Pocahontas). The average loss was $758,000.

- Five hospitals reported positive income from patient services: Plateau Medical $3.7 million (10.3% of NPR), Jefferson Memorial $2.3 million (5.4% of NPR), Webster County $845,000 (7.2%), Preston Memorial $730,000 (3.0% of NPR), and Boone Memorial $510,000 (2.6% of NPR).

- Losses on patient services ranged from Hampshire's $3.0 million (17.5% on NPR) to Montgomery's $74,000 (0.4% on NPR). The average loss was $1.0 million for the hospitals that reported losses on patient services.

Long-term Acute Care Hospitals

Long-term Acute Care Hospitals (LTCH) are generally defined as hospitals that provide extended medical and rehabilitative care for those with clinically complex issues for greater than 25 days.

Two LTCHs operated in West Virginia in FY 2012. Both facilities are for-profit and privately owned. Select Specialty is located in St. Francis Hospital and Cornerstone Hospital of Huntington is located within St. Mary's Medical Center. There are a total of 60 LTCH beds with a reported occupancy rate of 90.5%.

Items of note regarding the financial status of long-term acute care hospitals:

- Total profit for FY 2012 was $5.9 million (18.0% of NPR).

EROE – LTCH
(in thousands)
Margin on Net Patient Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	$3,291	$1,500	$2,575	$7,119	$6,643	$3,587	$5,879
Margin	12.4%	5.9%	9.5%	21.6%	20.3%	12.0%	18.0%

- For FY 2012 Cornerstone reported a profit of $4.5 million (28.5% of NPR) up from $2.8 million (19.4% of NPR) in the prior year. Income from patient services provided 99.9% of Cornerstone's total profits in FY 2012.

- Select Specialty reported a profit of $1.3 million (8.0% of NPR) up from $822,000 (5.3% of NPR) in FY 2011. Income from patient services provided 98.7% of Select Specialty's profits in FY 2012.

- Uncompensated care of $123,000, all of which was bad debt, was reported. This equaled 0.1% of gross patient revenue.

Psychiatric Hospitals

Two private (Highland and River Park) and two state (Mildred M Bateman and Sharpe) hospitals operate as free-standing psychiatric hospitals in West Virginia. Although both the private and state hospitals treat patients with mental illness, state-run facilities have taken the lead role in providing publicly funded care. hospitals treat patients with mental illness, state-run facilities have taken the lead role in providing publicly funded care. Payor mix and coverage for the uninsured are substantially different between private and state-run hospitals. Consequently, state-run facilities provided over $34 million in uncompensated care. The two private facilities reported $442,000 in uncompensated care.

Aggregate losses for the psychiatric facilities as a sector equaled $12.7 million. These facilities provided a total of 505 licensed psychiatric beds in West Virginia. The state hospitals have 260 beds and private hospitals have 245 beds. General acute care hospitals reported an additional 583 psychiatric beds.

Financial items related to the private psychiatric hospitals:

- Aggregate profit for FY 2012 was $1.2 million (3.3% of NPR), an increase over the FY

EROE – Private Psychiatric
(In thousands)
Margin on Net Patient Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	$1,811	$1,288	$1,015	$3,389	$3,668	$962	$1,234
Margin	6.6%	4.9%	3.7%	10.9%	11.4%	2.8%	3.3%

- Income from patient services increased $276,000. Net patient revenue increased by $2.4 million (6.8%) and operating expenses grew by $2.1 million (6.1%).

- River Park reported an EROE of $473,000 (1.9% of NPR) in FY 2012. The prior year's profit was $767,000 (3.1% of NPR).

- River Park's expenses increased by $969,000 while net patient revenue increased by $676,000. The hospital's operating expenses includes a capital charge of over $5.0 million. The charge began in FY 2011 and FY 2012 after Universal Health Services, Inc. purchased Psychiatric Solutions, Inc., the owner of River Park. This expense is an Inter-company interest allocation. Only River Park, a for-profit facility, has consistently reported profits on patient services for the last eleven fiscal years. The average profit for River Park for the five years prior to the Capital Charge was $2.1 million.

- Highland reported an EROE of $761,000 (6.4% of NPR), up from $195,000 (1.9% of NPR) in FY 2011.

- Highland's occupancy rate was 50.7% of its 80 licensed beds, the lowest rate of all four psychiatric hospitals. River Park reported an occupancy rate of 82.3% for its 165 licensed beds.

Financial items related to the state psychiatric hospitals:

- The aggregate loss was $7.6 million (32.3% of NPR). Prior year losses were $13.7 million (63.0% of NPR).

EROE – State Psychiatric
(In thousands)
Margin on Net Patient Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	($2,513)	($9,584)	($4,014)	($2,318)	($9,934)	($13,695)	($7,605)
Margin*		NA	NA	NA	(41.8%)	(63.0%)	(32.3%)

*Current margin calculation is not comparable with prior years due to reporting changes of state allocations.

- Net patient revenue of $23.5 million and operating expenses of $84.2 million were reported for the year, resulting in a loss on patient services of $60.6 million (257.6% of NPR). The loss on patient services in FY 2011 was $59.9 million (275.4% of NPR).

- Other revenue of $53.0 million, which includes state appropriations, reduced losses on patient care. The state hospitals operate at full capacity with extremely high levels of uncompensated care at 45.9% of gross patient revenue.

- Mildred M. Bateman, one of the two state hospitals, reported a loss of $4.0 million (39.1% of NPR). Sharpe, the other state facility, reported a loss of $3.6 million (27.1% of NPR).

Rehabilitation Hospitals

In FY 2012 five rehabilitation hospitals operated in West Virginia. All five hospitals are for-profit facilities; four are owned and operated by HealthSouth, Inc. The remaining facility, Peterson Rehabilitation and Geriatric Center, is owned and operated by Guardian Eldercare. These hospitals have a total of 414 licensed rehabilitation and/or skilled nursing beds in the state.

Items of note regarding the financial status of the rehabilitation hospitals:

- Aggregate profit was $15.6 million (15.5% of NPR) for FY 2012, a decrease of $6.8 million over the profit of $22.4 million (22.5% of NPR) reported in the prior year.

EROE – Rehabilitation
(in thousands)
Margin on Net Patient Revenue

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	$19,786	$17,757	$19,337	$18,124	$22,380	$15,582
Margin	22.1%	19.3%	20.4%	19.0%	22.5%	15.5%

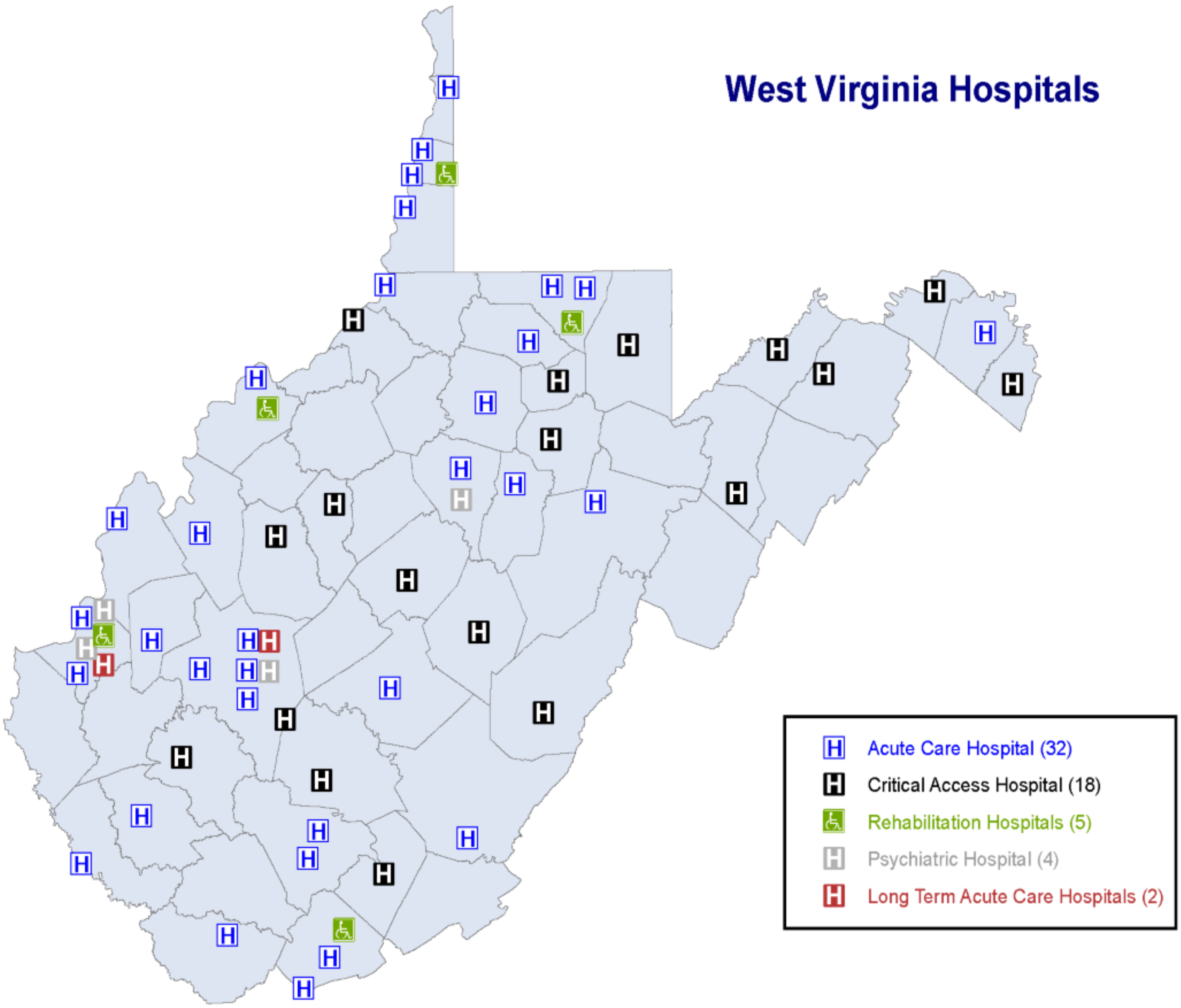
- Income from patient services accounts for 98.4% of the rehabilitation hospitals' profit levels.

- Net patient revenue increased by $999,000 (1.0%), while operating expenses increased by $7.9 million (10.2%) resulting in a $6.9 million decrease in income from patient services.

- Other revenue reported for FY 2012 was $250,000 and $182,000 in FY 2011.

- The aggregate occupancy rate for FY 2012 was 79.2%.

► Detailed information on hospital rates, income, uncompensated care, staffing, utilization and quality indicators can be reviewed in Tables 1-22 on the Authority's website under the Data and Public Information link, Annual Reports section. The direct link is: http://www.hca.wv.gov/data/Reports/Pages/default.aspx


West Virginia Hospitals
Acute Care Hospital (32)
Critical Access Hospital (18)
Rehabilitation Hospitals (5)
Psychiatric Hospital (4)
Long Term Acute Care Hospitals (2)

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QUALITY INDICATORS

Healthcare–Associated Infections

Healthcare-associated infections (HAIs) can be acquired from any healthcare setting, but patients receiving surgical care in a hospital are particularly vulnerable. Infection prevention and control activities in healthcare settings are an integral component of patient safety programs.

The Health Care Authority (Authority) has convened the HAI Control Advisory Panel since January 2009. Annually, the HAI Control Advisory Panel reviews and recommends revisions to the hospital HAI public reporting requirements. Reporting guidance is developed and distributed to infection preventionists at each hospital. Hospitals submit data to the Centers for Disease Control and Prevention's (CDC) National Healthcare Safety Network (NHSN) and give permission for the Authority to access the data submitted to NHSN. In July 2009, hospitals began reporting catheter associated urinary tract infections and surgery site infections for both colon surgeries and abdominal hysterectomies, in addition to central line-associated blood stream infections and seasonal influenza vaccinations.

Central Line-Associated Blood Stream Infections:

A central line is a tube inserted into a large vein in the neck, chest, arm, or groin and is used to administer fluids and medications and to withdraw blood. Central line-associated blood stream infections (CLABSIs) occur when microorganisms enter the blood through the tube.

CLABSIs can often be prevented by adherence to evidence based guidelines for the insertion, use, and maintenance of central lines. Yet, the CDC estimates that 12,400 CLABSIs occurred in U.S. Hospitals in 2011, causing serious complications including longer inpatient stays, increased costs, and higher risk of death. The cost of a CLABSI is estimated to be approximately $26,000 per infection.

Key Findings

- In 2012, 52 CLABSIs in medical, surgical, and medical/surgical ICUs were reported by West Virginia hospitals.
- Significantly fewer CLABSIs occurred in West Virginia medical, surgical, and medical/surgical ICUs in 2012 than what were expected based on national averages. The West Virginia Standard Infection Ratio (SIR) was 0.47, indicating that 53% fewer CLABSIs occurred than were expected.
- Among West Virginia hospitals, the 2012 CLABSI SIR ranged from a low of 0.0 (no CLABSIs reported) to a high of 4.10.
- In 2012, central lines were used in approximately 39.9% of patient days spent in a medical, surgical, or medical/surgical ICU in West Virginia (79,509 of the 199,099 patient days).
- Among West Virginia hospitals, the central line utilization ratio ranged from a low of 0% to a high of 90% of patient days. Central line use is expected to differ based on the type of ICU and patient risk factors.
- West Virginia's SIR of 0.47 falls below the 2013 national SIR prevention target of 0.50.

Catheter-Associated Urinary Tract Infections:

Urinary tract infection (UTI), an infection of any part of the urinary system, is the most common type of healthcare-associated infection reported to NHSN. Between 15-25% of hospitalized patients, nationally, receive urinary catheters, which is a tube inserted into the bladder to drain urine. Of those UTIs acquired in the hospital, 75% are associated with a urinary catheter. Prolonged use of urinary catheters is the most important risk factor for developing a UTI. Since January 2012, West Virginia hospitals have been reporting catheter-associated urinary tract infections (CAUTIs) that occur in all adult and pediatric ICUs and medical/surgical wards in acute care and critical access hospitals. In October 2012, rehabilitation and long-term acute care hospitals began reporting CAUTIs as well.

Key Findings

- In 2012, the CAUTI SIR for West Virginia hospitals ranged from a low of 0.00 to a high of 2.36.
- The average CAUTI SIR is 0.82, above the 2013 national target for CAUTI of 0.75.

Surgical Site Infections:

Surgical site infections (SSI) are infections that occur at the site where a surgery occurred and may be superficial or may involve tissue, organs or implanted material.

Since January 2012, West Virginia hospitals have been reporting colon surgeries and abdominal hysterectomies that occur in acute care hospitals.

Key Findings

- The West Virginia SSI ratio for colon surgery and abdominal hysterectomies is 0.72 and 0.66 respectively, as compared to the 2013 national target for SSI of 0.75.
- The West Virginia SSI SIR for colon surgery ranged from a low of 0.00 to a high of 2.80.
- The West Virginia SSI SIR for abdominal hysterectomy ranged from a low of 0.00 to a high of 2.15.

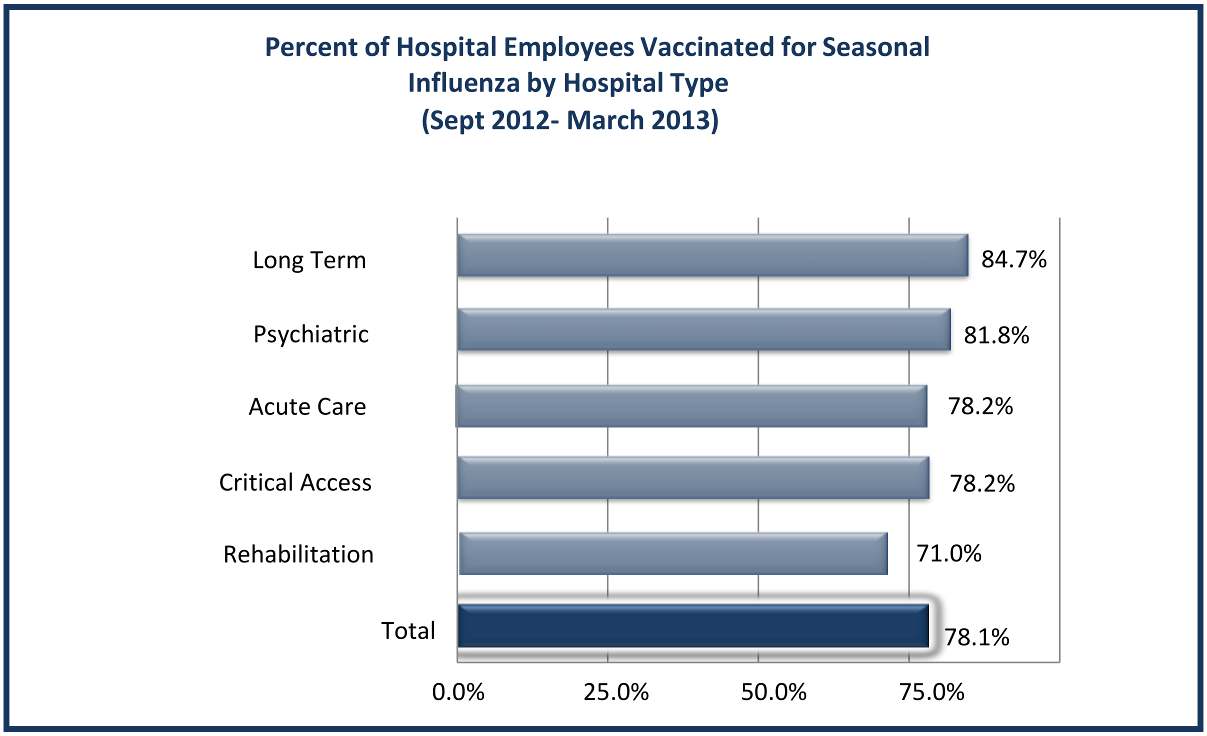
Healthcare Personnel Seasonal Influenza Vaccinations:

Healthcare workers play an important role in protecting public health. Influenza vaccinations safeguard healthcare workers from infection but also protect patients from becoming infected. The Centers for Disease Control and Prevention (CDC) recommends that all healthcare workers get an annual influenza vaccination. Several national professional organizations endorse mandatory policies for influenza vaccination as a condition of employment within healthcare facilities.

Key Findings

- The influenza vaccination rate was significantly higher in long-term acute care hospitals (84.7%) than psychiatric, rehabilitation, critical access, and acute care hospitals.
- The percentage of healthcare personnel that received an influenza vaccination ranged from a low of 33.7% to a high of 99.6% in West Virginia hospitals.

- During the 2012-2013 influenza season, 98% (59) of hospitals provided the seasonal influenza vaccine to all employees at not cost, and 92% (57) of hospitals provided the vaccine during all work shifts.



- Hospitals utilized a variety of strategies to promote influenza vaccination to employees. The most common strategies were: A vaccination campaign, including posters, flyers, buttons, or fact sheets (95%); Education on the benefits and risks of vaccination (95%); Reminders by mail, email, or pager (85%); Incentives (38%); Coordination of vaccination with other annual programs (33%).

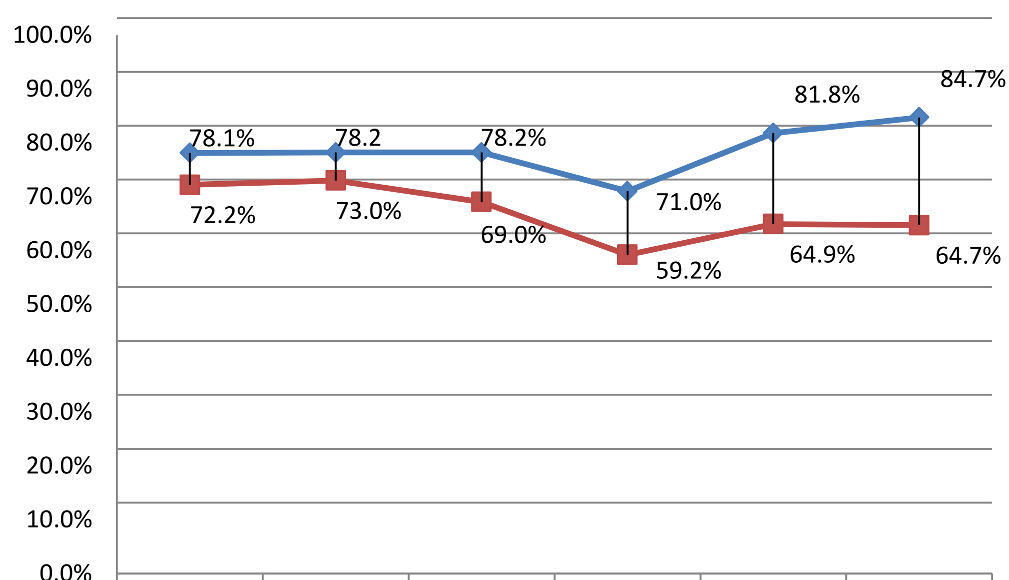
- 87% of hospitals require documentation that an employee has been vaccinated offsite for seasonal influenza.

- 78.1% of all hospital employees in West Virginia received a seasonal influenza vaccination during the during the 2012-2013 influenza season, up from 72.2% last year, and slightly greater than the national rate of 72%.

- In the 2011-2012 influenza vaccination season, acute care hospitals had the highest vaccination rates. Long-term acute care hospitals showed significant improvement in the 2012-2013 season and had the highest vaccination rates.

A two year comparison shows a significant improvement in all hospital types in the seasonal influenza vaccination rates for hospital employees as shown in the graph below.

Percent of Hospital Employees Vaccinated for Seasonal Influenza by Hospital Type 2-Year Comparison



	Total	Acute Care	Critical Access	Rehab	Psychiatric	Long Term Acute
2012-2013	78.1%	78.2%	78.2%	71.0%	81.8%	84.7%
2011-2012	72.2%	73.0%	69.0%	59.2%	64.9%	64.7%

- Long-term acute care hospitals had the most significant improvement in vaccination rates between the 2011-2012 and 2012-2013 influenza seasons; rehabilitation and psychiatric hospitals also showed significant improvements.

► For more detailed information regarding healthcare-associated infections in West Virginia see the Healthcare-Associated Infections Annual Report, 2014, which is available online at: http://www.hca.wv.gov/infectioncontrolpanel/Pages/default.aspx.

Additional Quality Information

► Detailed information on hospital quality indicators can be reviewed in Table 22 on the Authority's website under the Data and Public Information link, Annual Reports section. The direct link is: http://www.hca.wv.gov/data/Reports/Pages/default.aspx

GRANT PROGRAMS

The West Virginia Health Care Authority (Authority) has administered the **Rural Health Systems Program (RHSP)** since Governor Gaston Caperton signed HB 4137 on March 19, 1996, which created and codified the Program at W.Va. Code §16-2D-5. The Authority may issue grants to financially vulnerable health care facilities located in underserved areas with the goal of avoiding the potential crisis or collapse of essential rural health care services, while ensuring that health care delivery is streamlined and continuous.

The RHSP has two program areas for not-for-profit agencies. First, a lead agency located in medically underserved areas or health professional shortage areas collaborating with other health care entities may seek a collaborative grant. One-to-one matching funds are required for collaborative grants.

Second, crisis grants are available to not-for-profit applicants located in medically underserved or health professional shortage areas that are facing closure or severe financial difficulties. In providing grants, the Authority seeks to prevent the loss of essential health services for the people and/or community the applicant serves.

Since its inception, the RHSP has awarded numerous grants. The RHSP program has been successful in ensuring that the entities in crisis are able to continue to function and provide essential health care services in their communities.

The **Hospital Assistance Program** is expended pursuant to W.Va. Code §16-29B-8. The purpose of this source of funding is to provide West Virginia hospitals with grant availability for projects that are of special importance to the hospital or group of hospitals.

WV Health Care Authority Grant Awards

Grant Programs	SFY 2010	SFY 2011	SFY 2012	SFY 2013	Total
Rural Health System					
Collaborative	$313,805	$98,688	$250,000	$99,986	$762,479
Crisis	150,000	187,000	259,104	327,448	923,552
Hospital Assistance	325,000	82,000	339,376	289,710	1,036,086
Total Awards	**$788,805**	**$367,688**	**$848,480**	**$717,144**	**$2,722,117**

SFY: State Fiscal Year

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NURSING HOMES

The FY 2012 Annual Report of Nursing Homes contained information submitted by each of the 106 long term care facilities that provided services in the state, one more than in the prior year. The financial status of West Virginia's Nursing Homes is presented according to their respective ownership status as reported by the facilities in the annual surveys:

- Proprietary (88)
- Not-for-profit (13)
- Government (5)

The for-profit corporate entities that owned or operated multiple nursing homes were:

- Genesis Health Care Corporation (27);
- Allegheny Commercial Enterprises (11);
- The Carlyle Group (7);
- Sun Health Group (7);
- Stonerise (4);
- Fillmore Capital Partners (3); and,
- Diversicare (3).

Special Items of Note

Significant changes during FY 2012 included corporate reorganizations, purchases and updates for licensed beds:

- ♦ *Total licensed beds in FY 2012 were 9,904, an increase of 90 over the FY 2011 total of 9,814. Rose Terrace Health and Rehabilitation Center opened a newly constructed, 90 bed facility March 16, 2012. Rose Terrace acquired Morris Memorial Convalescing and Crippled Children's Home, Inc., and closed its 185 bed facility in 2008. The newly constructed facility is located in Milton, West Virginia. The total capital expenditure was $8.7 million.*

- ♦ *Worthington Nursing and Rehabilitation Center became the licensed operator of Worthington Manor. FNR Worthington, LLC, acquired the facility's real and tangible personal property. The capital expenditure was $9.7 million.*

- ♦ *Genesis HealthCare, LLC, (Genesis) owns and operates 27 facilities in West Virginia and Sun Healthcare Group, Inc. (Sun) owner of seven nursing homes entered into a merger with Genesis and Jam Acquisition, LLC, a subsidiary of Genesis. Jam Acquisition merged with Sun, which is the surviving entity. As a result of this merger, Genesis owns 100% of*

Sun's stock through a subsidiary, GHC Holdings II, LLC. The capital cost of the merger was $12.0 million. The project was completed December 2012. Genesis owns or controls, directly or indirectly, a total of 34 nursing homes through the merger.

- *Crestview – THS, LLC, converted the ownership of Crestview Manor Nursing and Rehabilitation (Crestview Manor) from a not-for-profit entity to a for-profit entity. The capital cost of the transaction was $400,000.*

- *Eagle Pointe was acquired by Parkersburg Acquisition, LLC, which became the licensed operator. Parkview Land, LLC, acquired the real property and equipment and leased it to Parkersburg Acquisition, LLC. The approved capital expenditure was $10.5 million. The final cost was not available at the time of printing this report.*

- *FC-GEN Operations Investment, LLC, and Genesis Healthcare, LLC, through various subsidiary entities, operate and/or manage nursing facilities/skilled nursing facilities and assisted living facilities in 13 states. The above companies were allowed to implement: (i) a change in ultimate investors of FC-GEN Ops; and (ii) a related modification to the corporate structure and changes to selected officers and directors affecting FC-GEN Ops and its subsidiaries. As a result, HCCF Management Group XI, LLC, Gazelle Gen, LLC, GEN Management, LLC, and Senior Care Genesis, LLC, together, now hold more than 50% of the ownership interests in FC-GEN Ops. There are now additional direct and indirect investors of FC-GEN Ops. This change is pertinent to all of the facilities. The capital expenditure was $8.9 million.*

- *The Heritage, Inc. changed the licensed operator from EmeriCare, Inc. to EmeriCare Heritage LLC. This transaction involved a corporate restructuring rather than a change in ownership. The capital cost was $12,000.*

- *Omega Healthcare Investors, Inc. and its wholly owned subsidiary, OH1 Asset HUD WO, LLC, acquired 100% of the outstanding equity interests in PV Realty – Willow Tree, LLC, a Maryland limited liability company registered in West Virginia. PV Realty – Willow Tree, LLC, is the owner of the real property and nursing home facilities for Willow Tree Manor. The capital cost was $16.7 million.*

- *The following providers were granted dual certification (Medicare and Medicaid) of licensed beds: Hampshire Health Care Center 2 beds; Pierpont Center 10 beds; Pocahontas Center 2 beds; Ravenswood Center 2 beds; Teays Valley Center 2 beds; and Shenandoah Center 30 beds.*

Collectively West Virginia's 106 nursing homes reported a profit in FY 2012. Profit (loss) as reported here is defined as excess (deficit) of revenue over expenses (EROE) after taxes and any extraordinary gains or losses.

- Total profit for FY 2012 was $16.0 million, or 1.9% of net patient revenue (of NPR). Total profit for FY 2011 was $49.3 million or 5.9% of NPR.

EROE – Nursing Home
(In thousands)
Margin on Total Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	$32,575	$44,848	$53,875	$47,162	$50,640	$49,327	$16,046
Margin	5.0%	6.5%	7.4%	6.1%	6.4%	5.9%	1.9%

- An increase in expenses of $55.5 million (7.0%) outpaced the increase in revenue of $18.1 million (2.2%). Expenses increased by $47.8 million (6.4%) in FY 2011 and $25.8 million (3.6%) in FY 2010. Revenues increased by $42.6 million (5.3%) in FY 2011 and $28.7 million (3.7%) in FY 2010.

- The increase in net patient revenue of 2.2% in FY 2012 was the lowest over the last eight years. This is due to a decline in Medicare net patient revenue of $11.8 million (6.4%). Medicare payments were reduced 11.1%, nationally, for the federal FY 2012 after larger than expected payments were made in the prior federal fiscal year.

Net Patient Revenue (NPR) Changes – Nursing Home
from Prior Year
(In thousands)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total							
NPR changes	$27,421	$38,611	$45,480	$36,357	$28,654	$42,585	$18,101
Percent	4.4%	6.0%	6.6%	5.0%	3.7%	5.3%	2.2%
Medicare							
NPR changes	$11,201	$8,659	$5,935	$9,631	$4,118	$14,444	($11,800)
Percent	8.6%	6.1%	4.0%	6.2%	2.5%	8.5%	-6.4%
Medicaid							
NPR changes	$15,908	$22,124	$28,074	$24,454	$27,907	$25,401	$26,216
Percent	3.9%	5.2%	6.3%	5.2%	5.6%	4.8%	4.7%

- As discussed above, Rose Terrace opened a new facility in FY 2012, which accounts for $4.3 million of the $55.5 million increase in expenses. Without the Rose Terrace expenses the increase in expenses would be 6.4%. Additionally, Genesis and Heartland facilities reported increased expenses of $27.3 million and $15.5 million, respectively. The effects of the restructuring of the Genesis Company in FY 2011, discussed in the prior year's Annual Report, continued to impact expenses for FY 2012. Heartland providers experienced an increase in insurance expense for the West Virginia facilities.

- As discussed above, Medicare net patient revenue decreased by $11.8 million (6.4%), while Medicare expenses increased $9.1 million (6.3%). Medicaid net patient revenue and expense increased by $26.2 million (4.7%) and $38.6 million (7.0%), respectively.

- Aggregate utilization of 3.2 million days was reported for FY 2012, an increase of 21,000 days (0.7%) over FY 2011. Medicare and Medicaid days comprised 11.5% and 76.5%, respectively, of total days for FY 2012.

    - Medicare days decreased by 9,217 days (2.4%), a reversal from the prior year where days increased by 5,089 (1.4%). The decrease in days for FY 2012 is a return to the trend reported for FY 2006 through FY 2010 where days decreased by 9.0%.

    - Medicaid days increased by 0.8%, a slight increase over FY 2011 where days increased by 0.7%. Since FY 1999, the range for Medicaid days has been between 2.4 million to 2.5 million.

Proprietary

There were 88 nursing homes in West Virginia that were proprietary entities, three more than in the previous year.

Financial points of note regarding the proprietary facilities:

- Total profit was $15.7 million (2.2% NPR), a decrease of $33.8 million from the FY 2011 profit of $49.5 million (7.0% of NPR).

- The decrease in profit was due to a decrease in income from patient services of $37.7 million. Operating expenses increased by $49.8 million (7.5%) outpacing an increase in net patient revenue of $12.1 million (1.7%).

    - Twenty-five of the 27 Genesis facilities reported decreases in income from patients. The net decrease was $18.9 million; expenses increased by $20.6 million, while net patient revenue increased by $2.6 million for these facilities.

- All seven Heartland facilities reported decreases in income from patients. The net decrease was $16.2 million, with an average of $2.3 million. Net patient revenue decreased by $1.1 million and operating expenses increased by $15.1 million. As previously discussed, these losses were due to increases in insurance expenses for the West Virginia providers.

- Additionally, the new facility, Rose Terrace, reported a loss on patient services of $1.6 million. These three factors account for 97.2% of the decreased income on patient services.

- In 2012 forty-nine out of 88 facilities reported average profits of $178,000 for the category. Seventy-five facilities reported average profits of $569,000 in FY 2011.

- Sunbridge Care & Rehabilitation Center of Putnam reported the largest profit of $2.0 million. Golden Living Center Morgantown reported the second largest profit of $1.7 million.

- Heartland of Charleston reported the largest loss of $2.6 million, down from a profit of $309,000 in the prior year. Heartland of Beckley recorded the second largest loss, $2.5 million, a decrease of $1.5 million from the $953,000 loss reported in the prior year.

- Eighty-four of the facilities reported providing Medicare and Medicaid Services. Four nursing homes did not provide Medicare services.

- Licensed beds for this category equaled 8,155 (82.3% of total beds), with an occupancy rate of 89.7%.

Not-for-profit

Thirteen providers (12.3%) were not-for-profit, one less than the prior year. This category includes nursing homes that are affiliated with hospitals (2), church organizations (2) and nine independent nursing homes.

Financial items for these providers:

- Aggregate profit was $4.2 million (4.4% of NPR). EROE was $3.4 million (3.7% of NPR) in the prior year.

- Ten of the thirteen facilities reported a profit. The average EROE was $322,000.

- Bishop Joseph H. Hodges reported the largest profit, $1.0 million (12.1% of NPR), up from $101,000 (1.3% of NPR) in the prior year.

- Woodland's Retirement Community reported the largest loss of $1.4 million (61.0% of NPR) compared to a loss of $1.1 million (54.2% of NPR) in FY 2011. This is the facility's eighth consecutive year reporting a loss. The facility's financial data includes assisted living services, which reported a loss of $1.4 million.

- Medicare and Medicaid services were provided by 12 of the 13 facilities. Woodland's Retirement Community is private pay only. Sundale Nursing Home reported the only loss on Medicare services. Seven reported profits on Medicaid services.

- Facilities in this category reported 1,187 licensed beds (12.0% of total beds). The occupancy rate was 91.2%.

Government

Five nursing homes were owned by government entities, one less than the prior year. One nursing home was county owned: Grant County Nursing Home. Four nursing homes were state owned: Hopemont Hospital, Jackie Withrow Hospital, John Manchin, Sr. Health Care Center and Lakin Hospital.

Financial items regarding the government owned nursing homes:

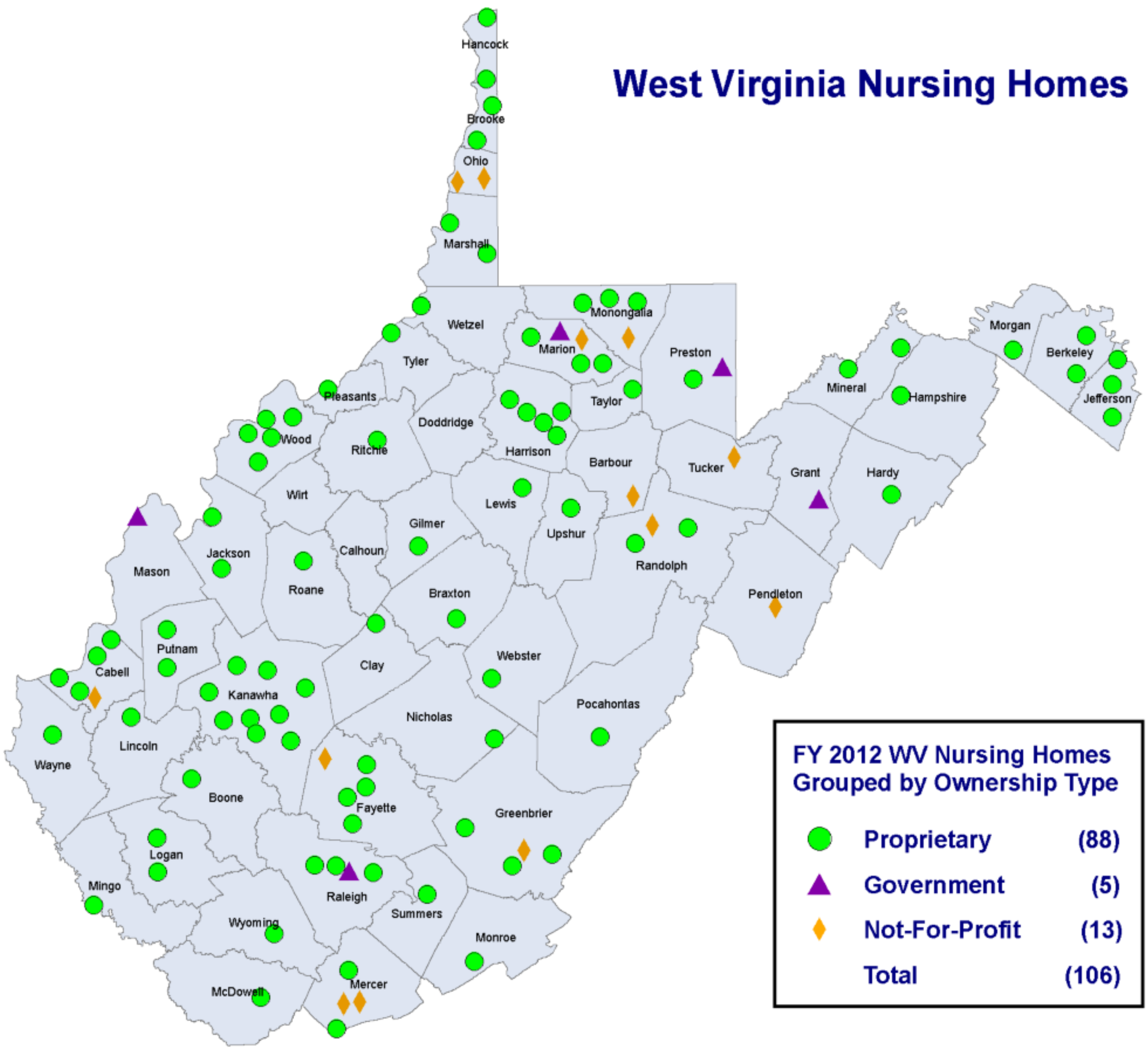
- Aggregate EROE was a loss of $3.8 million (10.6% of NPR), down from a loss of $3.6 million (10.5% of NPR) in FY 2011.

- Two of the four state owned facilities, Hopemont and Jackie Withrow, reported losses of $3.2 million (53.8% of NPR) and $2.0 million (22.7% of NPR), respectively. The other two state facilities, John Manchin, Sr., and Lakin, reported profits of $261,000 (9.4% of NPR) and $1.1 million (11.3% of NPR)

- The four state providers reported 452 licensed beds (4.6% of total beds) with an occupancy rate of 71.1%. Medicaid utilization comprised 98.1% of the total state utilization of 117,357 days. These providers did not offer Medicare services.

- Grant County Nursing Home, the only county owned provider, reported a loss of $18,000 (0.2% of NPR), down from a loss of $5,000 (0.1% of NPR) in FY 2011. The facility reported 110 licensed beds (1.1% of total beds) with an occupancy rate of 98.5%. Both Medicare and Medicaid services were provided.

► Detailed information on nursing homes can be reviewed in Tables 23-26 on the Authority's website under the Data and Public Information link, Annual Reports section. The direct link is: http://www.hca.wv.gov/data/Reports/Pages/default.aspx


West Virginia Nursing Homes
Hancock
Brooke
Ohio
Marshall
Wetzel
Monongalia
Marion
Preston
Tyler
Pleasants
Taylor
Mineral
Hampshire
Morgan
Berkeley
Jefferson
Wood
Ritchie
Doddridge
Harrison
Barbour
Tucker
Grant
Hardy
Wirt
Lewis
Upshur
Mason
Jackson
Calhoun
Gilmer
Randolph
Roane
Braxton
Pendleton
Putnam
Cabell
Clay
Webster
Kanawha
Pocahontas
Nicholas
Wayne
Lincoln
Boone
Fayette
Greenbrier
Logan
Mingo
Raleigh
Summers
Wyoming
Monroe
McDowell
Mercer
FY 2012 WV Nursing Homes Grouped by Ownership Type
Proprietary (88)
Government (5)
Not-For-Profit (13)
Total (106)

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HOME HEALTH

The FY 2012 Annual Survey of Home Health Services was completed by 63 home health agencies that serve West Virginia residents, including those agencies based in Kentucky, Maryland, and Ohio. The data are provided as reported by the facilities.

- Overall, home health agencies reported a profit of $791,000.
- Thirty of the 63 agencies were profitable.
- FY 2012 is the fourth consecutive year home health agencies reported an aggregate profit. However, the level of reported profit has dropped significantly over the last two years. Aggregate losses were experienced by home health agencies for FY 2004 – FY 2008.

EROE – Home Health
(In thousands)
Margin on Total Revenue

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	($4,281)	($2,322)	($579)	$10,059	$9,856	$3,516	$791
Margin	(5.1%)	(2.8%)	(0.6%)	8.5%	7.9%	2.7%	0.6%

Analysis of home health agencies by type of ownership shows mixed results. The agencies are classified by the following ownership categories:

- County-owned, proprietary and not-for-profit.
- Hospital-based agencies are discussed as a separate category because administrative expenses are typically allocated by the hospital which translates to an increase in operating expenses. Hospital-based agencies have historically reported the greatest losses.

Special Items of Note

- *Amedisys – Buckeye in Pocahontas County closed during FY 2012. Wayne County Home Health closed during FY 2013.*

- *Reliable Healthcare Solutions, LLC, purchased Monongalia County Home Care Services at the end of FY 2012.*

- *The operating entity for WVUH-EAST Home Health Care was transferred from Jefferson Memorial to City Hospital. Both hospitals belong to the West Virginia United Health System.*

- *Medi-Home Health – Ohio merged with Medi-Home Health – West Virginia office.*

County-owned

Financial items of note regarding county-owned agencies:

- Four of five agencies reported losses, with an aggregate loss of $67,000 (4.8% of total revenue). Monongalia County Home Care Services reported a profit, which included $325,000 in revenue received for the sale of the agency. Without the revenue from the Sale, the agency would have reported a loss of $150,000.

- Total revenue reported for FY 2012 was $1.4 million.

- The number of county-owned agencies continued to decrease. Fifteen agencies were operating in FY 2000, eleven were operating in FY 2005 and by the end of FY 2010 five agencies were operating. With the sale of Monongalia County Home Care Services only four county owned agencies were providing services during FY 2013.

Proprietary

There are 35 proprietary home health agencies in West Virginia. Three publicly-traded companies, with operations in multiple locations, participate in the West Virginia home health market:

- Amedisys, Inc. (5);
- Gentiva Health Services, Inc. (5); and
- LHC Group, Inc. (12).

Financial items related to the proprietary agencies:

- An aggregate profit of $12.1 million (11.7% of total revenue) was reported for FY 2012, an increase of $1.8 million from the prior year.

- Total revenues reported were $103.1 million, an increase of $5.4 million.

- Twenty-four of the 35 proprietary agencies reported profits.

Proprietary Hospital-based

Three Rivers Home Care became a free-standing proprietary provider in FY 2011. In the past several years it was the only agency in this category. As of 2012, Holzer Home Care is reporting in this category and has reported a profit of $374,000 (63.6% of total revenue).

Not-for-Profit Hospital-based

Items of note regarding the not-for-profit hospital-based agencies:

- Sixteen agencies operated in FY 2012 and reported losses of $11.2 million (60.7% of total revenue).

- Total revenue of $18.4 million was reported, a decrease of $3.0 million (13.9%) from the prior year. Operating expenses increased by $1.1 million (3.7%).

- Prior years' losses were $7.2 million in FY 2011; $3.7 million in FY 2010; and $5.2 million in FY 2009.

- Fourteen agencies reported losses in FY 2012 and two reported profits. Twelve agencies reported losses in the prior year and four reported profits.

Not-for-profit

Items of note regarding the not-for-profit home health agencies:

- Six agencies reported an aggregate loss in FY 2012 of $422,000 (4.6% of total revenue). In FY 2011 an aggregate profit of $675,000 (6.6% of total revenue) was reported.

- Total revenue equaled $9.1 million, a decrease $1.0 million from the prior year.

- Two agencies were profitable, with a combined EROE of $123,000. Five agencies were profitable in FY 2011.

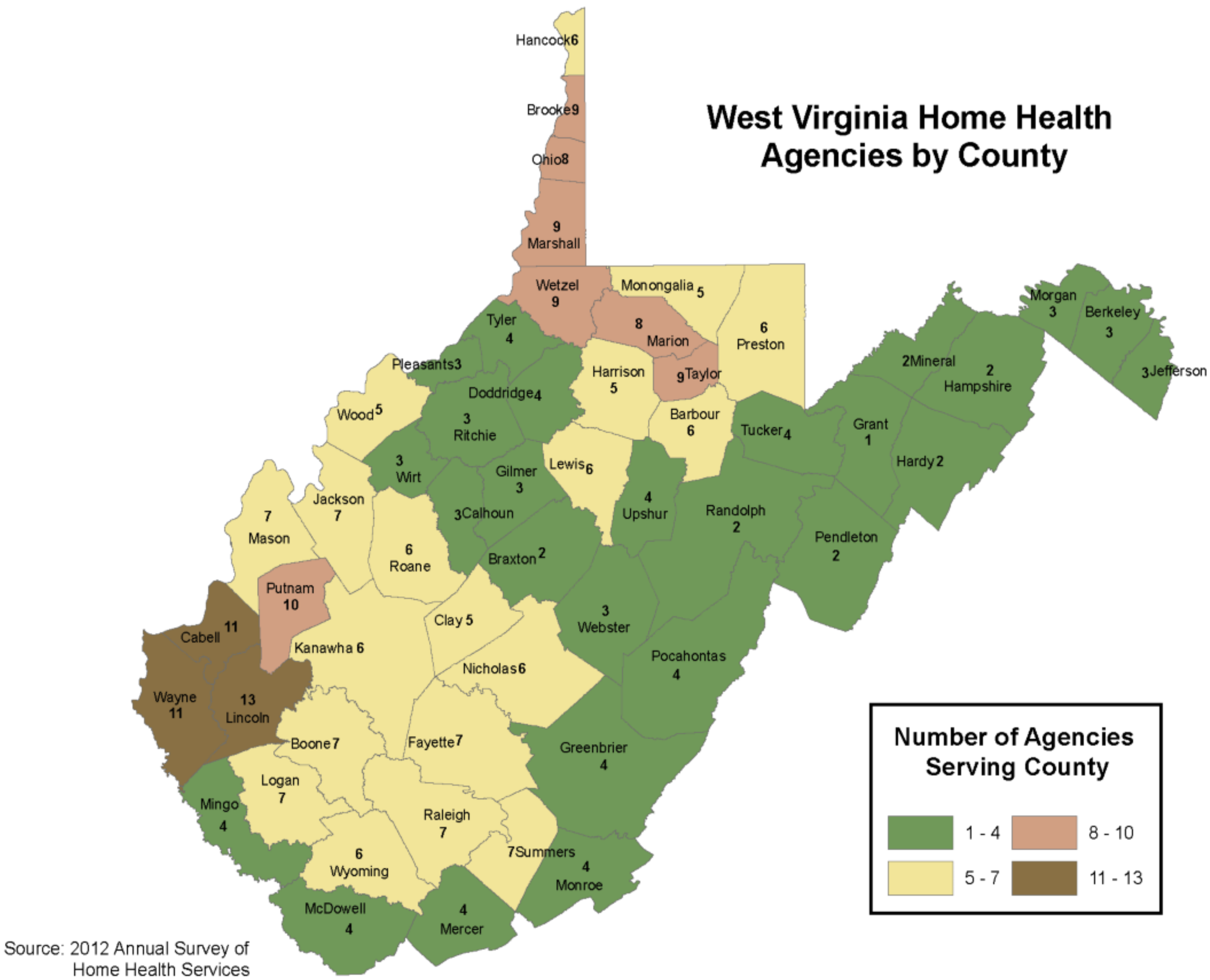
Utilization

Proprietary home health care providers served a significant portion of the home health market in West Virginia during FY 2012. As a percentage of the unduplicated clients served, the Proprietary category served:

- Nearly 68% of the unduplicated clients;
- Over 69% of the clients requiring skilled nursing care;
- Seventy-one percent of Physical Therapy clients;
- Eighty-six percent of Speech Therapy clients;
- Over 80% of the Occupational Therapy clients; and
- Nearly 79% of Social Service clients.

With regard to the number of visits reported per unduplicated client, the Proprietary category reported an average of 26.3 visits per client. Other categories reported per client visit averages of 14.2 (County Agencies), 26.7 (Proprietary Hospital-Based), 18.6 (Not-for-Profit Hospital-Based), and 20.5 (Not-for-Profit).

► Detailed information on home health agencies can be reviewed in Table 27 on the Authority's website under the Data and Public Information link, Annual Reports section. The direct link is: http://www.hca.wv.gov/data/Reports/Pages/default.aspx


West Virginia Home Health Agencies by County
Number of Agencies Serving County
1 - 4
8 - 10
5 - 7
11 - 13
Hancock 6
Brooke 9
Ohio 8
9 Marshall
Wetzel 9
Monongalia 5
Tyler 4
8 Marion
6 Preston
Pleasants 3
Harrison 5
9 Taylor
Morgan 3
Berkeley 3
3 Jefferson
2 Mineral
2 Hampshire
Wood 5
Doddridge 4
3 Ritchie
Barbour 6
Tucker 4
Grant 1
3 Wirt
Gilmer 3
Lewis 6
Hardy 2
7 Mason
Jackson 7
3 Calhoun
4 Upshur
Randolph 2
Pendleton 2
6 Roane
Braxton 2
Putnam 10
Cabell 11
Clay 5
3 Webster
Kanawha 6
Nicholas 6
Pocahontas 4
Wayne 11
13 Lincoln
Boone 7
Fayette 7
Greenbrier 4
Logan 7
Mingo 4
Raleigh 7
6 Wyoming
7 Summers
4 Monroe
McDowell 4
4 Mercer
Source: 2012 Annual Survey of Home Health Services

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HOSPICE

The Health Care Authority collected data from 20 West Virginia hospice organizations using the West Virginia Annual Hospice Survey.

Information submitted for FY 2012 provided the following:

- Total hospice profit was $14.6 million, or 12.2% of net patient revenue (NPR), an increase from $8.4 million (7.7% of NPR) in FY 2011.
- Sixteen hospice agencies reported profits. Eleven were profitable in FY 2011.

EROE – Hospice
(In thousands)
Margin on Net Patient Revenue

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	$8,333	$449	$3,767	$12,051	$8,391	$14,560
Margin	10.6%	0.5%	4.0%	11.2%	7.7%	12.2%

- Net patient revenue was $119.6 million, an increase of $10.0 million (9.1%) from the previous year.
- Expenses increased $3.8 million (3.7%) from $105.8 million in FY 2011 to $109.7 million in FY 2012.
- Income from patient services was $9.9 million (28.7% on NPR), an increase of $6.1 million from the previous year.

Aggregate Income/(Loss) on Patient Services – Hospice
(In thousands)
Margin on Net Patient Revenue

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE/(Loss)	$3,393	($3,467)	($1,467)	$5,931	$3,781	$9,925
Margin	4.3%	(3.9%)	(1.6%)	5.5%	3.4%	28.7%

- Fifteen agencies reported positive incomes from patient services. One agency that experienced a loss from patient services had a positive EROE as a result of other and non-operating revenue. Twelve agencies experienced positive income from patient services in the prior year.

- Aggregate other and non-operating revenues were $4.6 million, approximately the same level as in FY 2011. Non-operating revenues include contributions from fundraising campaigns and other donations. Consequently, non-operating revenue levels may fluctuate widely from year to year.

- The number of patients served and total patient days increased by 5.9% and by 5.2%, respectively.

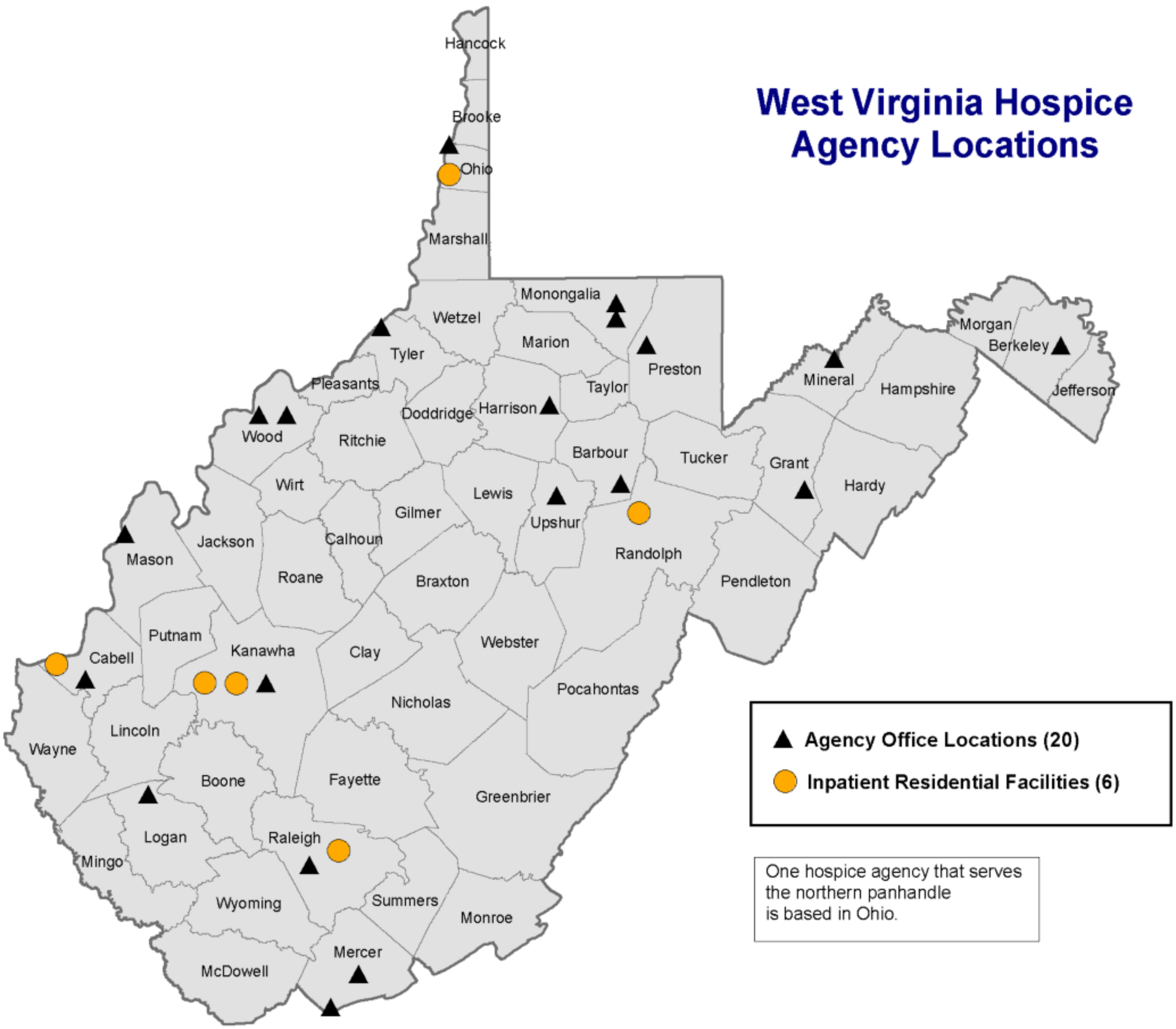
Number of Patients Served / Number of Patient Days – Hospice

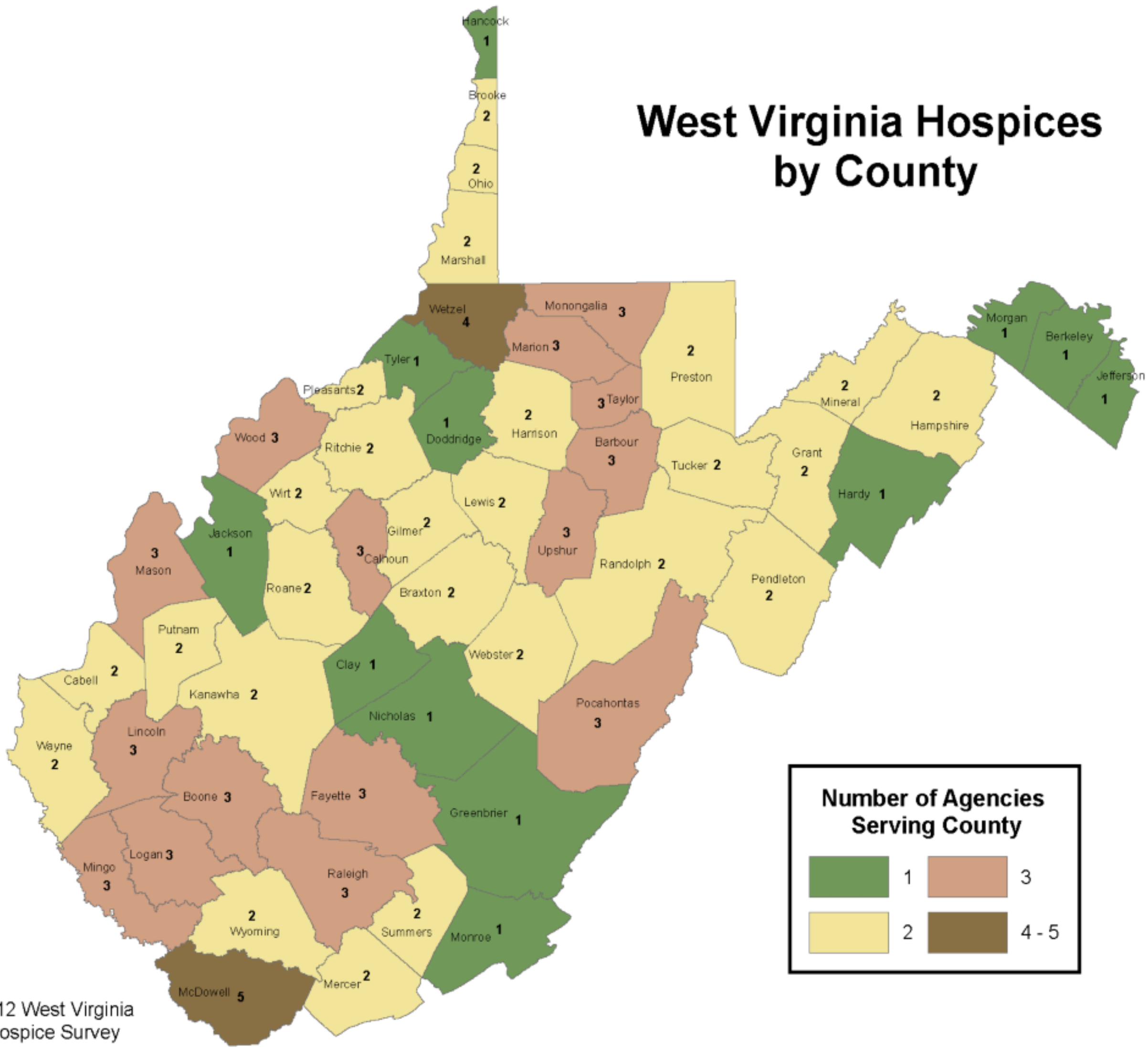
Patients	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Served	8,283	8,929	9,766	10,366	10,982
% Change	3.1%	7.8%	9.3%	6.1%	5.9%
Days	571,716	615,801	742,424	728,874	766,959
% Change	5.3%	7.7%	20.6%	(1.83%)	5.2%

- Thirteen agencies were free-standing, six were hospital-based, and one was based in a home health agency.

- Twelve free-standing agencies were profitable, as were three of the six hospital-based agencies, and the one home-health based agency.

► Detailed information on hospice agencies can be reviewed in Table 28 on the Authority's website under the Data and Public Information link, Annual Reports section. The direct link is: http://www.hca.wv.gov/data/Reports/Pages/default.aspx


West Virginia Hospice Agency Locations
Agency Office Locations (20)
Inpatient Residential Facilities (6)
One hospice agency that serves the northern panhandle is based in Ohio.
Hancock
Brooke
Ohio
Marshall
Wetzel
Monongalia
Marion
Preston
Tyler
Pleasants
Taylor
Doddridge
Harrison
Wood
Ritchie
Barbour
Tucker
Grant
Mineral
Hampshire
Morgan
Berkeley
Jefferson
Hardy
Wirt
Lewis
Gilmer
Upshur
Randolph
Calhoun
Jackson
Mason
Roane
Braxton
Pendleton
Putnam
Kanawha
Clay
Webster
Cabell
Nicholas
Pocahontas
Lincoln
Wayne
Boone
Fayette
Greenbrier
Logan
Raleigh
Mingo
Wyoming
Summers
Monroe
Mercer
McDowell



Source: 2012 West Virginia Hospice Survey

BEHAVIORAL HEALTH

One hundred and two behavioral health providers reported FY 2012 operations. The data for this reporting period are classified and discussed in three sections.

- Comprehensive Behavioral Health Centers;
- Other Behavioral Health Providers; and
- Methadone Treatment Centers.

As a group, West Virginia's Behavioral Health Centers reported increased profitability in FY 2012. Profit (loss) is used here to mean excess (deficit) of revenue over expenses (EROE) or Changes in Unrestricted Net Assets. Data are compiled from financial statements submitted by the providers, which have various formats.

- Total EROE for FY 2012 was $61.9 million (8.5% of total revenue). Total profit for FY 2011 was $29.1 million (4.5% of total revenue).

- Total revenue was $731.4 million, an increase of $82.7 million (12.7%). Expenses were $669.5 million, an increase of $49.9 million (8.0%).

Special Items of Note

- *Two new behavioral health providers, Job Squad and Stevenson, LLC, were added in FY 2012. Jackson County Developmental Center began operations late in FY 2011 and reported data for the first year in FY 2012.*

- *Unlimited PossAbilities and Diversified Assessment and Therapy Services, received initial licenses during the year; however, due to the limited time of operations, financial reports were not submitted for FY 2012.*

- *Elkins Family Counseling Center closed in May 2012; no data was reported for FY 2011 or FY 2012.*

- *B-U Group Homes was acquired by Res-Care and RSCR of West Virginia in August 2011. The data is consolidated with the new owners for FY 2012.*

- *Data for providers were updated in this report to include unrealized gains and/or losses. This change was made to improve comparability among providers. Unless otherwise noted prior years data were restated to include unrealized gains/losses.*

Comprehensive Behavioral Health Centers

Thirteen regional comprehensive behavioral health centers continued to operate in FY 2012. These providers offered a full array of services including crisis services; linkages with inpatient and residential treatment facilities; diagnostic and assessment services; provision of support services and treatment services. Populations served include those with mental health challenges, substance abuse problems and developmental disabilities.

Financial items of significance regarding the comprehensive centers included:

- Total profit for FY 2012 was $8.9 million (4.3% of total revenue), an increase of $4.8 million from the prior year.

EROE – Behavioral Health – Comprehensives
(In thousands)
Margin on Total Revenue

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE/(Loss)	$2,312	$477	($911)	$7,627	$4,154	$8,912
Margin	1.5%	0.3%	(0.5%)	4.1%	2.2%	4.3%

- An increase in revenue of $19.2 million (10.1%) outpaced an increase in expenses of $14.4 million (7.8%). In FY 2011 revenues increased by $2.8 million (1.5%) and expenses increased by $6.3 million (3.5%).

- Increases in Medicaid Waiver revenue accounted for $15.5 million (77.2%) of the overall increase in revenue for FY 2012.

- Six providers received $10.4 million (66.9%) of the total increase in Medicaid Waiver revenue: Northwood Health Systems ($2.0 million), Valley HealthCare Systems ($1.9 million), HealthWays ($1.9 million), Potomac Highlands Guild ($1.6 million), Westbrook Health Services ($1.5 million) and Seneca Health Services ($1.5 million).

- Salaries, wages and benefits increased by $11.8 million (10.2%). However, contract labor and professional fees decreased by $2.9 million (13.2%).

Selected Expenses by Type – Behavioral Health – Comprehensives
(In thousands)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Salaries/Wages, Benefits	$80,805	$91,509	$107,659	$109,701	$115,885	$127,683
Miscellaneous	$11,723	$12,119	$9,658	$4,025	$6,161	$9,066
Contract/Pro Fees	$22,075	$21,999	$21,649	$25,784	$22,241	$19,299

- The three largest increases in expenses were reported by United Summit Center ($2.9 million), Northwood Health Systems ($2.4 million), and Southern Highlands ($1.8 million). Northwood reported non-recurring expenses of $3.1 million.

- Eleven providers reported profits in FY 2012 ranging from $2.4 million (HealthWays) to $44,000 (Prestera), with an average EROE of $891,000. Nine of these centers experienced profits for the last three years.

- Two comprehensive centers reported losses. Southern Highlands Community Mental Health Center recorded the largest loss of $521,000 (4.2% of total revenue). This provider reported losses in five of the last six years. Appalachian Community Health Center reported a loss of $370,000 (8.9% of total revenue), its eighth consecutive loss.

Other Behavioral Health Providers

Eighty behavioral health providers offered specialized services during FY 2012, one more than in FY 2011. These services included but were not limited to residential treatment, case management, waiver, counseling or a combination of services.

Financial items of note related to the other, non-comprehensive providers included:

- Total profit for FY 2012 was $44.4 million (8.9% of total revenue). Total profit for FY 2011 was $16.8 million (3.8% of total revenue).

EROE – Behavioral Health – Other
(In thousands)
Margin on Total Revenue

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE/(Loss)	$14,175	$11,806	$19,730	$15,208	$16,764	$44,422
Margin	3.9%	3.1%	4.9%	3.7%	3.8%	8.9%

Note: Unrealized gains and losses were not adjusted for in FY 2007 – FY 2009 due to their insignificance.

- Revenue increased by $63.0 million (14.4%) to $500.2 million; expenses increased by $35.4 million (8.4%) to $455.8 million. Revenue increased by $21.4 million (5.2%) in FY 2011 and $16.5 million (4.1%) in FY 2010.

- Four providers accounted for $34.0 million (54.0%) of the total increase in revenue: REM Community Options ($13.8 million), Coordinating Council for Independent Living ($9.4 million), VOCA Corporation of America ($5.5 million) and RSCR West Virginia ($5.3 million). An additional $8.9 million in revenue (14.1% of the increase) was due to three behavioral health providers that reported for the first time.

- Total expenses increased by $35.4 million (8.4%) in FY 2012. Expenses increased by $19.9 million (5.0%) in FY 2011 and $20.7 million (5.5%) in FY 2010. Three new providers were responsible for about $8.3 million (23.6%) of the total increase in expenses.

- Three categories of expenses increased by $38.8 million: Program service expense ($17.5 million), salaries and wages ($10.9 million), and general and administrative support services ($10.4 million). Contract labor and professional fees decreased by $3.0 million.

- Sixty-two providers reported profits in FY 2012, ranging from $10.1 million (VOCA Corporation of West Virginia to $5,000 (New Horizons Therapy Service). The average profit was $771,000 for those providers that reported a profit.

- Sixteen centers reported losses averaging $211,000. The Board of Child Care, reported the largest loss of $1.0 million (19.4% of total revenue), the eighth consecutive year of losses.

Methadone Treatment Centers

In FY 2012 nine licensed methadone treatment centers operated in the state.

Financial items of interest related to the methadone treatment centers included:

- Total profit was $8.6 million (37.1% of total revenue).

EROE – Behavioral Health – Methadone Treatment
(In thousands)
Margin on Total Revenue

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE/(Loss)	$6,101	$6,648	$7,883	$9,125	$8,189	$8,582
Margin	29.7%	32.8%	36.2%	40.0%	36.1%	37.1%

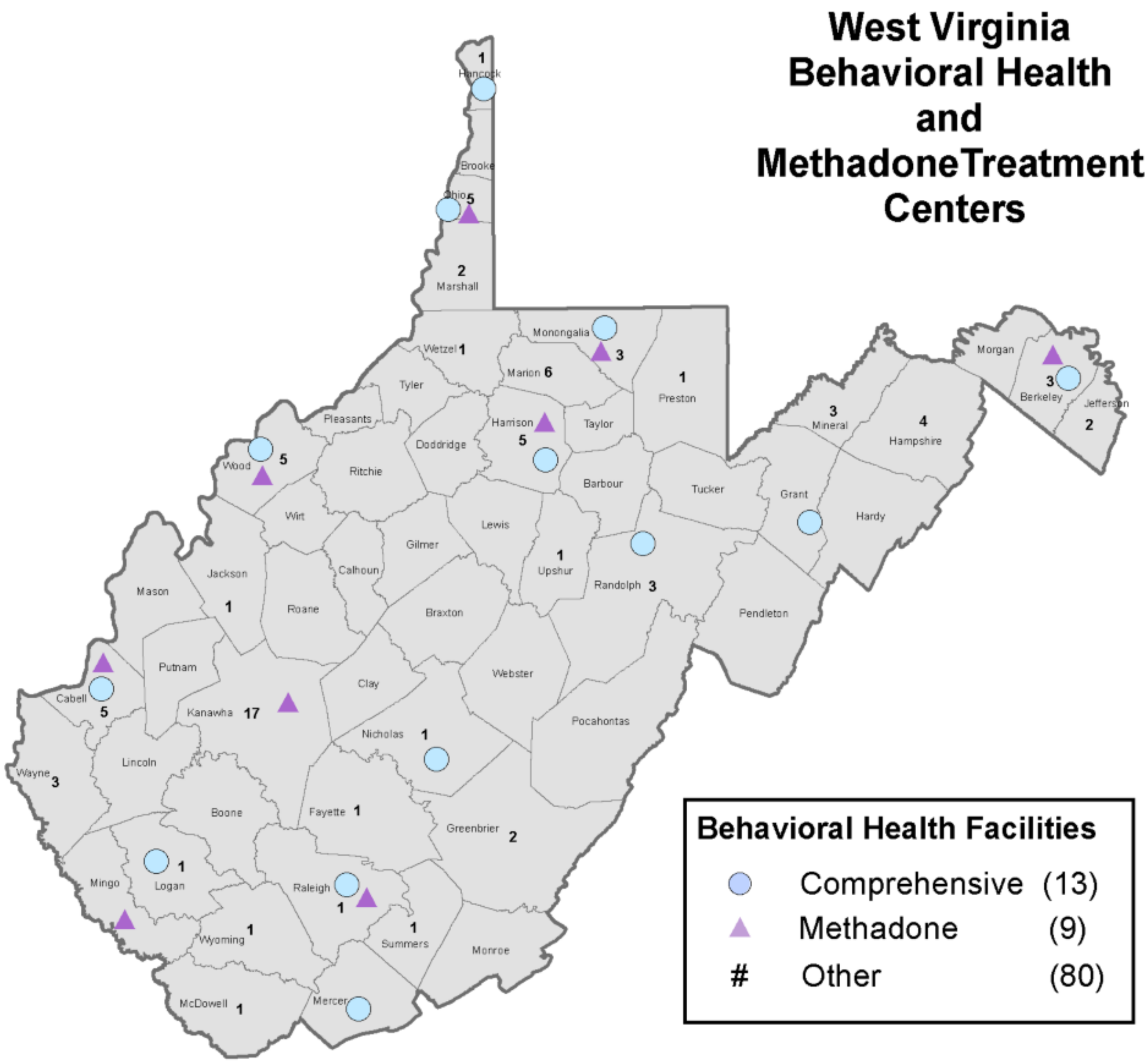
- Total revenue was $23.2 million, an increase of $483,000 (2.1%) over the prior year. Expenses of $14.6 million were reported, which was an increase of $89,000 (0.6%)

- All treatment centers reported a profit. Huntington ($2.4 million) was the most profitable for the seventh consecutive year. Three other providers reported profits over $1.0 million: Beckley ($1.6 million), Williamson ($1.3 million) and Charleston ($1.2 million).

- The smallest profit was reported by Valley Alliance Treatment Services $298,000, the least profitable for the fourth consecutive year. The average profit was $954,000.

- CRC Health Corporation, which operates nationally, is a privately held for-profit company and owns seven of the nine treatment centers. Martinsburg Institute, a Maryland corporation, owns and operates three other centers in Maryland. Valley Alliance Treatment Services is an alliance created by Valley HealthCare System, a West Virginia not-for-profit comprehensive behavioral health center and Alliance Medical Services, a Pennsylvania corporation that also provides substance abuse treatment to patients in Pennsylvania.

► Detailed information on behavioral health centers can be reviewed in Table 29 on the Authority's website under the Data and Public Information link, Annual Reports section. The direct link is: http://www.hca.wv.gov/data/Reports/Pages/default.aspx

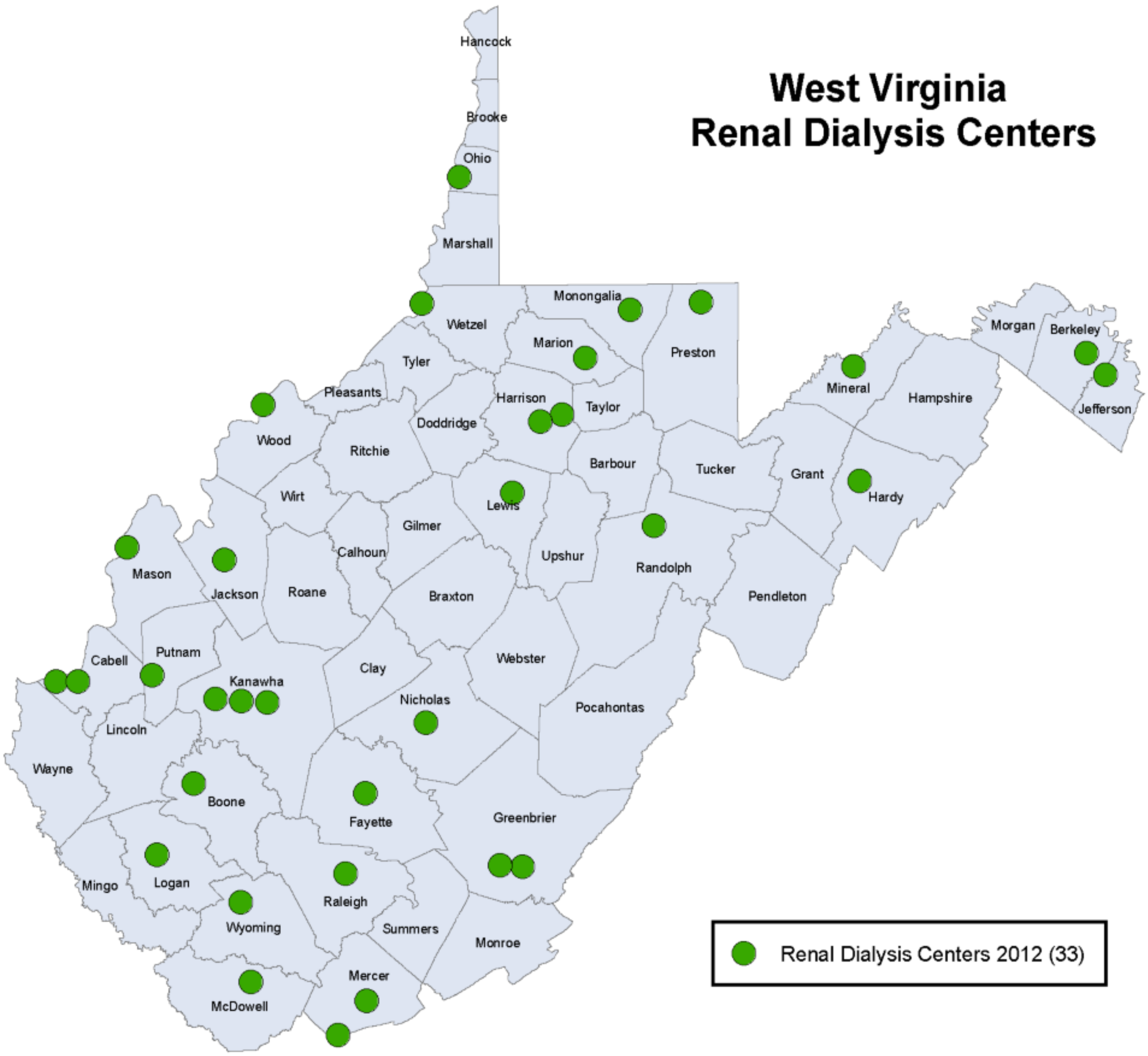

West Virginia
Behavioral Health
and
MethadoneTreatment
Centers
Behavioral Health Facilities
Comprehensive (13)
Methadone (9)
Other (80)
Hancock 1
Brooke
Ohio 5
Marshall 2
Wetzel 1
Monongalia 3
Marion 6
Preston 1
Tyler
Pleasants
Harrison 5
Taylor
Wood 5
Doddridge
Ritchie
Barbour
Tucker
Wirt
Lewis
Gilmer
Upshur 1
Randolph 3
Jackson 1
Calhoun
Mason
Roane
Braxton
Putnam
Cabell 5
Kanawha 17
Clay
Webster
Pocahontas
Nicholas 1
Lincoln
Wayne 3
Boone
Fayette 1
Greenbrier 2
Logan 1
Mingo
Raleigh 1
Wyoming 1
Summers 1
Monroe
McDowell 1
Mercer
Morgan
Berkeley 3
Jefferson 2
Mineral 3
Hampshire 4
Grant
Hardy
Pendleton

RENAL DIALYSIS CENTERS

Renal dialysis centers are distinct entities that provide treatment for patients in kidney failure.

- Thirty-three renal dialysis centers located in 27 counties reported operations for FY 2012.
- All dialysis centers are for-profit entities.
- Total revenue for FY 2012 was $95.4 million, with expenses of $71.9 million resulting in an aggregate profit of $23.5 million. The profit for FY 2011 was $26.2 million from total revenue of $97.3 million.
- Total margin for FY 2012 was 24.7%, a decrease from 26.9% in FY 2011.
- Twenty-six facilities reported profits for FY 2012 ranging from $11,000 to $3.2 million. Average profit was $714,000.

► Detailed information on behavioral health centers can be reviewed in Table 30 on the Authority's website under the Data and Public Information link, Annual Reports section. The direct link is: http://www.hca.wv.gov/data/Reports/Pages/default.aspx


West Virginia
Renal Dialysis Centers
Hancock
Brooke
Ohio
Marshall
Wetzel
Monongalia
Preston
Marion
Tyler
Pleasants
Harrison
Taylor
Doddridge
Wood
Ritchie
Barbour
Tucker
Grant
Mineral
Hampshire
Morgan
Berkeley
Jefferson
Hardy
Wirt
Lewis
Gilmer
Calhoun
Upshur
Randolph
Pendleton
Mason
Jackson
Roane
Braxton
Webster
Cabell
Putnam
Kanawha
Clay
Nicholas
Pocahontas
Lincoln
Wayne
Boone
Fayette
Greenbrier
Mingo
Logan
Raleigh
Wyoming
Summers
Monroe
Mercer
McDowell
Renal Dialysis Centers 2012 (33)

AMBULATORY SURGERY CENTERS

Ambulatory surgical centers (ASCs) are distinct entities that provide surgical services to patients not requiring a hospital admission.

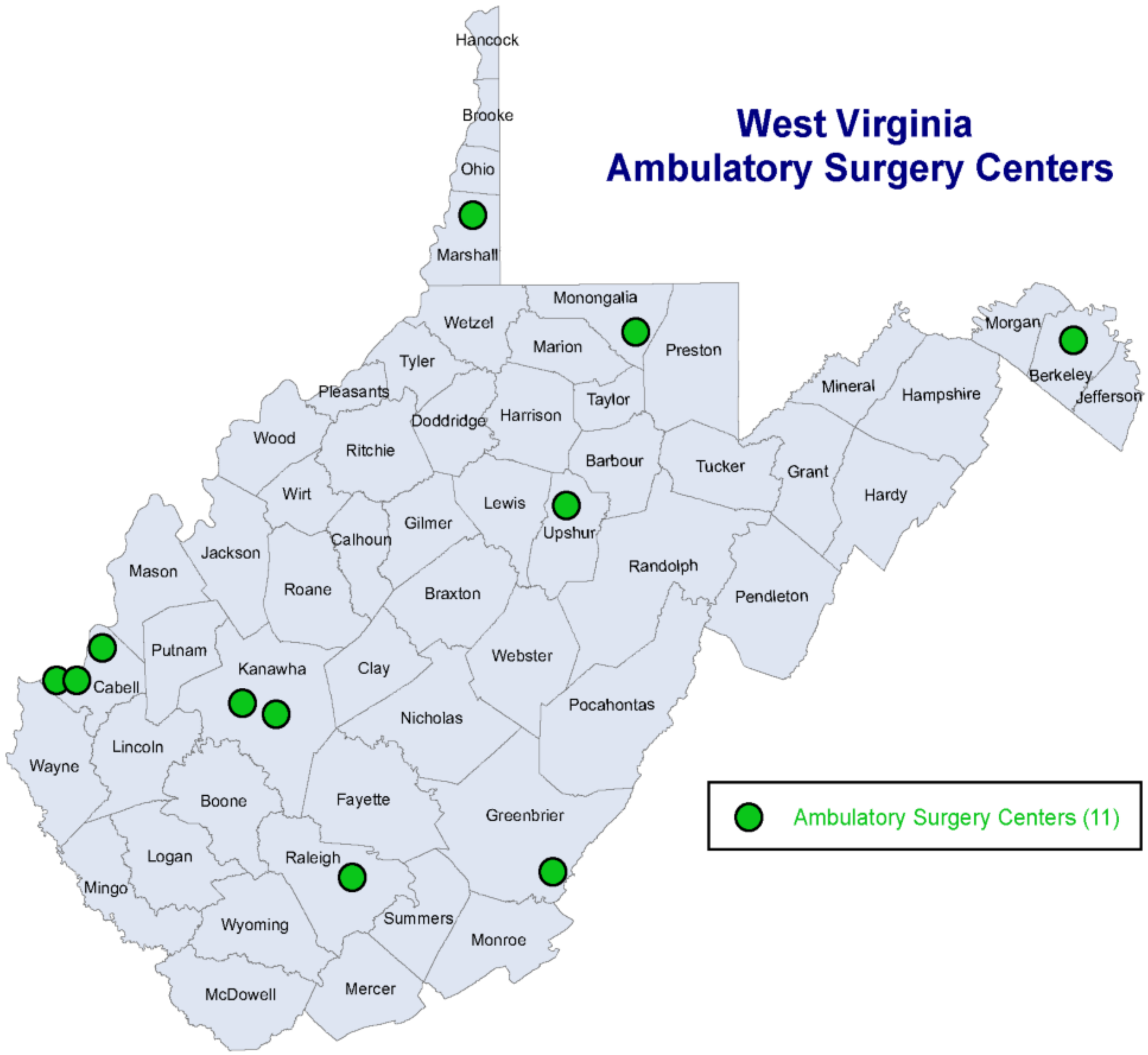
- Eleven certified ASCs operated in West Virginia during FY 2012.
- All ASCs operated as for-profit entities.
- Total revenue for FY 2012 was $25.6 million, with expenses of $20.4 million resulting in an aggregate profit of $5.2 million.
- Total revenue increased by $164,000 over the prior year, and expenses decreased by $660,000.

EROE – Ambulatory Surgery Centers
(In thousands)
Margin on Total Revenue

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
EROE	$4,091	$5,200	$5,200	$5,733	$5,316	$2,942	$4,366	$5,190
Margin	18.7%	21.7%	21.7%	22.4%	19.7%	12.1%	17.1%	20.2%

- Average profit was $472,000 in FY 2012 and $397,000 in the prior year.
- For FY 2012, seven facilities reported profits, three reported losses and one center reported a zero margin. No surgery centers reported losses in FY 2011.
- Four providers are multiple specialty surgery centers. Seven surgery centers are single specialty: Ophthalmology (4), Gastroenterology (2), and Plastic (1).

► Detailed information on ambulatory surgery centers can be reviewed in Tables 31-32 on the Authority's website under the Data and Public Information link, Annual Reports section. The direct link is: http://www.hca.wv.gov/data/Reports/Pages/default.aspx


West Virginia
Ambulatory Surgery Centers
Ambulatory Surgery Centers (11)
Hancock
Brooke
Ohio
Marshall
Wetzel
Monongalia
Marion
Preston
Tyler
Pleasants
Doddridge
Harrison
Taylor
Wood
Ritchie
Barbour
Tucker
Wirt
Lewis
Upshur
Gilmer
Calhoun
Jackson
Mason
Roane
Braxton
Randolph
Pendleton
Putnam
Cabell
Kanawha
Clay
Webster
Pocahontas
Nicholas
Lincoln
Wayne
Boone
Fayette
Greenbrier
Logan
Raleigh
Mingo
Wyoming
Summers
Monroe
McDowell
Mercer
Mineral
Hampshire
Grant
Hardy
Morgan
Berkeley
Jefferson

List of WV Hospitals and Abbreviations
Abbreviated Names Used in Hospital Tables

Hospital Name	Hospital Abbreviation
General Acute	
Beckley Appalachian Regional Hospital	Beckley ARH
Bluefield Regional Medical Center	Bluefield Regional
Cabell Huntington Hospital	Cabell Huntington
CAMC Teays Valley Hospital	CAMC Teays Valley
Camden-Clark Memorial Hospital	CamdenClark
Charleston Area Medical Center	CAMC
Charleston Surgical Hospital	Charleston Surgical
City Hospital	City Hospital
Davis Memorial Hospital	Davis Memorial
Fairmont General Hospital	Fairmont General
Greenbrier Valley Medical Center	Greenbrier Valley
Jackson General Hospital	Jackson General
Logan Regional Medical Center	Logan Regional
Monongalia General Hospital	Monongalia General
Ohio Valley Medical Center	Ohio Valley
Pleasant Valley Hospital	Pleasant Valley
Princeton Community Hospital	Princeton
Raleigh General Hospital	Raleigh General
Reynolds Memorial Hospital	Reynolds Memorial
St. Francis Hospital	St. Francis
St. Joseph's Hospital	St. Joseph's
St. Mary's Medical Center	St. Mary's
Stonewall Jackson Memorial Hospital	Stonewall Jackson
Summersville Memorial Hospital	Summersville
Thomas Memorial Hospital	Thomas Memorial
United Hospital Center	United Hospital
Weirton Medical Center	Weirton Medical
Welch Community Hospital	Welch Community
West Virginia University Hospitals	WVUH
Wetzel County Hospital	Wetzel County
Wheeling Hospital	Wheeling
Williamson Memorial Hospital	Williamson

(Continued on Next Page)

List of WV Hospitals and Abbreviations

Abbreviated Names Used in Hospital Tables

Hospital Name	Hospital Abbreviation
Critical Access	
Boone Memorial Hospital	Boone Memorial
Braxton County Memorial Hospital	Braxton County
Broaddus Hospital Association	Broaddus
Grafton City Hospital	Grafton City
Grant Memorial Hospital	Grant Memorial
Hampshire Memorial Hospital	Hampshire
Jefferson Memorial Hospital	Jefferson
Minnie Hamilton Health Care Center	Minnie Hamilton
Montgomery General Hospital	Montgomery
Plateau Medical Center	Plateau Medical
Pocahontas Memorial Hospital	Pocahontas
Potomac Valley Hospital	Potomac Valley
Preston Memorial Hospital	Preston Memorial
Roane General Hospital	Roane General
Sistersville General Hospital	Sistersville General
Summers County - ARH	Summers ARH
War Memorial Hospital	War Memorial
Webster County Memorial Hospital	Webster County
Long Term Acute Care	
Cornerstone Hospital of Huntington	Cornerstone
Select Specialty Hospital	Select Specialty
Psychiatric Hospitals	
Highland Hospital	Highland
Mildred Mitchell - Bateman Hospital	Mildred M Bateman
River Park Hospital	River Park
William R. Sharpe, Jr. Hospital	Sharpe
Rehabilitation Hospitals	
Huntington Rehabilitation Hospital	Huntington Rehab
MountainView Regional Hospital	Mountainview
Peterson Rehab and Geriatric Center	Peterson Rehab
Southern Hills Regional Hospital	Southern Hills
Western Hills Regional Hospital	Western Hills

GLOSSARY OF TERMS

Accounts Payable: Amounts owed to others for goods, services, and supplies purchased and received, but not yet paid for as of the balance sheet date.

Accumulated Depreciation: Amount charged to expense through the annual amortization of the cost of the property, plant, and equipment.

Bad Debt: Amount not recoverable from a patient following exhaustion of all collection efforts.

Capital Lease Obligations: Consists of a portion of the long-term debt obligations incurred for leased items such as equipment and other long-lived assets when leases meet criteria necessary for being capitalized.

Cash: Money in the bank available for immediate expenditure. This may include cash equivalents which are financial instruments that may be readily and quickly converted into cash.

Charity Care: Uncompensated care given by a health care facility to indigent and medically-indigent people as part of a written mission or charity care policy. It does not include accounts written off as "bad debts" or thirty-party adjustments, including those for Medicare and Medicaid. This represents health care services accounted for on the accrual basis which were provided, but were never expected to result in cash inflows.

Contractual Allowance: Accounting adjustment to reflect uncollectable differences between established charges for services rendered to insured persons and rates payable for those services under contracts with third-party payors. The amount of the discount from total charges negotiated by the health care provider with an insurer for the provision of health care services. Or, the difference between total charges and the reimbursement allowed by a governmental payor.

Critical Access Hospital: Rural acute care hospital with no more than 25 licensed beds consisting of acute care beds and/or swing beds. The average length of stay must not exceed 96 hours. The Critical Access Hospital has emergency services available 24 hours and agreements, contracts or affiliations for transfer and services.

Current Maturities of Long Term Debt: Amounts payable on bonds, mortgage loans, capital lease obligations, and other long-term debts to be paid in the next 12 months.

Derivative Agreement: A financial instrument that is derived from some other asset, index, event, value or condition (known as the underlying asset). Rather than trade or exchange the underlying asset itself, derivative traders enter into an agreement to exchange cash or assets over time based on the underlying asset.

Glossary of Terms (Cont.)

Employment Retirement Income Security Act (ERISA) of 1974: A federal law which established rules for pension and retirement plans, which excluded states from regulating these plans. The majority of health plans in the US are covered by ERISA, and therefore exempted from certain regulations. Only federal courts have jurisdiction for lawsuits against ERISA covered plans.

Excess Revenue (Deficit) Over Expenses (EROE): Bottom line measure of residual income or (loss) that is generated from the aggregate revenues, expenses, gains, and losses of the facility due to the overall activities of the facility.

Fund Balance and/or Equity: Consists of tax-exempt corporation fund balances and proprietary corporation owner's equity including capital invested and retained earnings.

Goodwill: Additional value above fair value of an entity, creating an intangible asset, which is attributed to an organization for a perceived competitive advantage due to outstanding reputation, employee morale, or potential synergy with a purchasing entity.

Gross Patient Revenue (GPR): Amount charged by the facility for services provided to patients. It is the standard charge made by the facility before discounts and contractual allowances.

Income (Loss) from Patient Services: Equals net patient revenue less operating expenses. Net patient revenue only includes payments for patient services rendered; it does not include other operating or non-operating revenues.

Inventory: Cost of supply items on hand that will be used in the next period. It may consist of medical supplies, surgical supplies, pharmaceutical supplies, food, and other supplies.

Long Term Acute Care Hospital (LTCH): Acute care hospital that provides care for patients who have been in an intensive care or short-term care setting and who require an extended length of stay (greater than 25 days). LTCHs are often referred to as a "hospital within a hospital".

Long-term Debt: Consists of notes payable to banks, revenue bonds payable, and, in some cases, capital lease obligations due to be paid at a date more than one year in the future.

Major Diagnosis Category (MDC): Grouping of MSDRGs into a higher category of medically related system classifications.

Margin: The percentage of revenue or net income that has been realized after expenses.

Glossary of Terms (Cont.)

Medicare Severity Diagnosis Related Groups (MSDRG): Classification system which groups inpatient discharges by principal and secondary diagnosis. This system became effective as of December 1, 2007, replacing the DRG classification system.

Net Patient Receivables: Amounts owed by patients less contractual adjustments and estimated allowances for bad debt.

Net Patient Revenue (NPR): Amount the facility receives or expects to receive from patients and/or third-party payors for the services provided by the facility less contractual adjustments, and allowances for Charity Care and Bad Debt.

Net Property, Plant, and Equipment: Remaining book value of physical assets such as buildings and equipment after subtracting accumulated depreciation.

Non-operating Revenue: Amounts the facility receives from items that are neither directly nor indirectly the result of treating patients or other operating activity. Examples of revenue in this category are investment income and donations.

Other Assets: Items not expected to be expended in the current period, but with limited use due to restrictions. These consist of items such as funds held for bond indenture requirements, investments for self-insured malpractice, and hospitalization programs.

Other Current Assets: Items expected to be expended during the current period. These consist of items such as short-term investments and current portion of assets.

Other Current Liabilities: Accrued expenses for wages and salaries, benefits, and interest.

Other Liabilities: Consists of items such as liabilities for self-insured malpractice, employee benefit programs (pension and health care), and inter-company payables for affiliated facilities.

Other Operating Revenue: Amount the facility receives from sales of items not directly resulting from treating patients. It includes items such as cafeteria sales and the sale of copies of medical records.

Other Receivables: Receivables from revenue sources other than patients. The receivable may consist of settlement amounts due from Medicare, Medicaid, or from other parties.

Other Revenue: Other operating revenue plus non-operating revenue.

Glossary of Terms (Cont.)

Payor: The person, government body, or public or private organization that is responsible for payment of health care expenses. Payors include insurance companies and self-insured employers.

Pre-tax Income: Revenues minus expenses before income tax, and may also exclude extraordinary items.

Prepaid Expenses: Amounts already paid for the cost of items that will be expended in the current period. The prepaid expenses may consist of items such as prepaid insurance.

Property, Plant, and Equipment: Historical cost of land, buildings, and equipment owned by the facility. It may also include capital leases, which are leases for the approximate life of the asset.

Proprietary: Refers to the concept of ownership; usage in this report indicates a for-profit status for the owned entity as opposed to a not-for-profit, charitable organization.

Renal Dialysis: A process that filters the blood, the way kidneys do when functioning normally, using a special machine. The filtration rids the blood of waste products then returns it to the patient through a venous catheter.

SFAS 159: Statement of Financial Accounting Standards (SFAS) 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This Statement allows entities to report certain financial instruments at fair value, and avoid employing complex hedge accounting practices.

Swing Bed: Beds certified by Medicare for use in small hospitals as either general medical/surgical or skilled nursing beds with reimbursement based on the specific care provided. Swing beds provide small hospitals with greater flexibility to meet fluctuating demands for inpatient hospital and skilled nursing care.

Total Assets: Total of all assets listed in the balance sheet.

Total Liabilities: Total of all liabilities listed on the balance sheet.

Total Liabilities and Fund Balances and/or Equity: Summation of the total liabilities and fund balance or equity shown on the balance sheet.

Total Operating Expenses: Amount recorded by the facility for items purchased or accrued as normal operating expenses. It includes, but is not limited to, items such as salaries, employee benefits, medical supplies, utilities, depreciation, interest on debt, income and provider taxes (if applicable), and all other necessary supplies.

Glossary of Terms (Cont.)

Uncompensated Care: Amount of patient care provided without compensation or reimbursement, consisting of charity care and bad debt. Contractual allowances are not included.

Unduplicated Client Count: The number of clients served where clients are only counted one time during the year regardless of how many times they received services.

Upper Payment Limits (UPLs): A program that caps the amount of Medicaid payments which states can use to receive federal match funds. UPLs are set to reflect what Medicare would pay for comparable services. Supplemental payments may be made to providers under this program when Medicaid payments are below Medicare rates.

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West Virginia Healthcare-Associated Infection Public Reporting
Data Audit of Central Line-Associated Bloodstream Infections (CLABSI)
Reported to the National Healthcare Safety Network (NHSN)
Summary of Findings

In fall 2012, APIC Consulting Services, Inc. (ACSI) was contracted by the West Virginia Hospital Association, with a grant from the West Virginia Health Care Authority, to develop and perform an audit of healthcare-associated infection data reported by acute care hospitals to the National Healthcare Safety Network (NHSN). The major program objective was to audit CLABSI data reported to NHSN and assess the completeness and accuracy of selected CLABSIs reported to the NHSN on patients in participating West Virginia hospitals' medical, surgical and medical/surgical intensive care units between July 1, 2011 and December 31, 2011; determine whether selected cases reported to NHSN met NHSN/CDC criteria; and evaluate current surveillance methods used to detect infections and associated denominators (i.e., central line days and patient days).

Audit Process

- 30 West Virginia hospitals with ≥100 central line days in the medical, surgical or medical/surgical intensive care units in 2011 participated in the audit;
- 240 patient records (8 charts per hospital) were randomly selected to be examined by auditors who have been awarded the Certification in Infection Prevention and Control (CIC) by the Certification Board of Infection Control and Epidemiology, Inc., which signifies a mastery in knowledge of infection prevention and control;
- Between November 28, 2012 and December 7, 2012, auditors visited each hospital to review the records, discuss audit findings and interview hospital staff in order to evaluate the hospital's methods for conducting healthcare-associated infection surveillance.

Audit Findings

- 9 errors in reporting were identified – 1 over-reported case, 8 under-reported cases;
- Among the 30 hospitals, 22 hospitals had no identified CLABSI reporting errors; 1 hospital had 2 errors, and 7 hospitals had 1 error each;
- 8 of the 20 CLABSIs identified in the audit were not reported to NHSN by the hospitals; underreporting reflects a sensitivity of 60%;
- 219 of the 220 patients who did not meet the criteria for CLABSI during the audit were, correctly, not reported to NHSN, yielding a specificity of 99.5%;
- The probability that a patient with a reported CLABSI actually had a CLABSI was 92% (positive predictive value [PPV]);
- The negative predictive value (NPV) was 96%, which means that 96% of the time, a person who is not reported as having a CLABSI, does not actually have a CLABSI;

Recommendations

- The results of this audit suggest a continuing need for ongoing training and reinforcement of surveillance definitions and method;
- Although all hospitals are required to complete training in NHSN definitions and protocols, it is recommended that these educational offerings be repeated periodically for CLABSIs;
- It is also suggested that physician consultants used to resolve equivocal cases receive training on the NHSN definitions/protocols and agree to their use.

Vision

All West Virginians will have appropriate access to a continuum of affordable, quality, coordinated health care services.

Mission

The Health Care Authority administers programs primarily to constrain the rising cost of health care and to assure reasonable access to necessary and quality health services.

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