

**INTERIM REPORT  
OF THE  
COMMISSION TO STUDY THE FUNDING OF  
MEDICAL AND HOSPITAL CARE FOR THE MEDICALLY  
INDIGENT IN VIRGINIA  
TO  
THE GOVERNOR  
AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**SENATE DOCUMENT NO. 20**

**COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF PURCHASES AND SUPPLY  
RICHMOND  
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**INTERIM REPORT OF THE  
COMMISSION TO STUDY THE FUNDING OF  
MEDICAL AND HOSPITAL CARE FOR THE  
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**TO**

**THE GOVERNOR AND THE GENERAL ASSEMBLY OF VIRGINIA**

Richmond, Virginia

January 19 1977

To: Honorable Mills E. Godwin, Jr., Governor of Virginia

and

The General Assembly of Virginia

**Introduction**

During the 1977 Session of the General Assembly, the Senate and the House of Delegates, in Senate Joint Resolution 154, requested a study of medical and hospital care of the medically indigent in Virginia. Senate Joint Resolution No. 154, as follows:

**SENATE JOINT RESOLUTION NO. 154**

**Creating a Commission to study the funding of medical and hospital care for the medically indigent in the Commonwealth.**

**WHEREAS, many hospitals in the Commonwealth provide hospital care to the medically indigent, and this hospital care is rendered primarily by residents of graduate medical schools; and**

**WHEREAS, the University of Virginia Hospital and the Medical College of Virginia Hospital receive State funding for the care of the medically indigent which offsets the costs of both the physician component and the hospital component of the care; and**

**WHEREAS, no similar State funds are now allocated to the hospitals in**

Tidewater affiliated with the Eastern Virginia Medical Authority; and

WHEREAS, this lack of State funds affects (i) the cost of medical care to nonindigent patients since they must subsidize the indigent patients and (ii) the amount and quality of services available in hospitals of the Commonwealth since funds are depleted to subsidize indigent patients instead of improving services; now, therefore, be it

RESOLVED by the Senate of Virginia, the House of Delegates concurring, That a commission is hereby created to be known as the Commission to Study the Funding of Medical and Hospital Care for the Medically Indigent in Virginia. The Commission shall consider the information currently being developed on this subject by the Joint Legislative Audit and Review Commission and shall coordinate its study with the efforts of that body. The Commission shall make recommendations to the Governor and the General Assembly as to the feasibility and desirability of the State's funding of care for the medically indigent in hospitals which are affiliated with medical schools in the Commonwealth.

All agencies of the Commonwealth are directed to cooperate with the Commission upon request.

The Commission shall be composed of eleven members, four of whom shall be appointed by the Governor, four members who shall be appointed by the Speaker of the House of Delegates and three members who shall be appointed by the Committee on Privileges and Elections of the Senate. Expenses of the Commission, including travel expenses of its members shall be paid from the contingent fund of the General Assembly. The Commission shall file an interim report not later than November one, nineteen hundred seventy-seven and shall file a final report not later than October one, nineteen hundred seventy-eight.

To conduct the study the Commission received an overview from the Joint Legislative Audit and Review Commission staff on public funding of medical care for the indigent and medically indigent. It also heard and received information from the State Department of Health, The State Department of Welfare, the University of Virginia, The Medical College of Virginia, the Virginia Hospital Association and the Eastern Virginia Medical Authority.

Public funds are utilized to subsidize the cost of medical care for the indigent and medically indigent through such programs as Medicaid, Medicare, State-local hospitalization, maternal and child health, crippled children, vocational rehabilitation and visually handicapped. Medical care is also provided through services of local health departments. Another source of public funding of medical care for the indigent and medically indigent is the State subsidy of the teaching hospitals of the two State medical schools, the University of Virginia and The Medical College of Virginia.

The medically indigent are those persons who do not have sufficient

means or insurance to pay the costs of medical care. The State Department of Health estimates that up to one-third of the State's population is medically indigent.

### The Eastern Virginia Medical Authority

The programs of the Eastern Virginia Medical Authority include the following:

- (1) the Eastern Virginia Medical School
- (2) the Eastern Virginia Graduate School of Medicine
- (3) Eastern Virginia Academic Medical Center
- (4) Consortial Network of Hospitals in Eastern Virginia
- (5) Consortium of Colleges and Universities

Undergraduate and graduate medical education are provided through the Eastern Virginia Medical School and Graduate School of Medicine, respectively. The Medical School, at the opening of its fifth year, admitted sixty-four students and anticipates that it will reach its full projected admission enrollment (96 students) with the admission of its sixth freshman class in July 1978.

The residency program, designated as the Graduate School of Medicine, has approximately 190 residents. It is estimated that in 1978 there will be approximately 230 residents in the program. Within four years, the number of residents is expected to stabilize at approximately 290. The graduate medical education program was organized by the Medical Authority and the affiliated hospitals in the area from the separate residency programs.

The Academic Medical Center is composed of facilities owned and operated by a number of different agencies which provide patient care, medical education, and public health. These agencies include community hospitals, a private medical office building which is cooperatively owned, and a municipal Health Department and Clinic. The Medical Authority also has a number of facilities in the Center, including the Medical School, the Community Mental Health Center and the Tidewater Rehabilitation Institute. Hospital beds in the Center number some 860. The Medical Center is being planned as an integrated unit, though ownership of its facilities is diverse.

The consortial network of hospitals results from the collaboration of twenty-one area hospitals. The network functions as a regional education consortium of hospitals involving thousands of general hospital beds. It is within these hospitals that the Medical School and Residency Programs exist. The benefit of this system is that the educational programs and indigent patient care are spread throughout the network rather than confined to a single university hospital.

The consortial arrangements with colleges and universities in the area

concerns higher education and involves seven colleges and universities.

The Tidewater area of the State is a metropolitan area with a population over one million. There is a clear relationship between the presence of a medical school and the quality of health care which people of communities such as this receive.

"WHILE A METROPOLITAN AREA WANTS AN ACADEMIC MEDICAL CENTER TO MAKE THE MOST SOPHISTICATED AND ADVANCED CARE AVAILABLE FOR ALL ITS CITIZENS, RICH AND POOR ALIKE, ADEQUATE CARE FOR THE MEDICALLY INDIGENT IS LIKELY TO BE ESPECIALLY DEPENDENT ON THE MEDICAL SCHOOL AND ITS PROGRAMS. MEDICAL EDUCATION HAS PROVEN TO BE THE MOST RELIABLE AND EFFECTIVE INGREDIENT IN PROVIDING CARE FOR THE POOR AND DISADVANTAGED WHICH ARE CONCENTRATED IN METROPOLITAN CENTERS. WHEN A MEDICAL SCHOOL IS ESTABLISHED, ITS STAFF AND STUDENTS CAN BE CERTAIN THAT THEY WILL BE EXPECTED TO PROVIDE CARE TO THE MEDICALLY INDIGENT OF THE REGION. NOT ALL OF THE INDIGENT CARE PROVIDED IN ASSOCIATION OF MEDICAL EDUCATION IS NECESSARILY GIVEN IN THE UNIVERSITY HOSPITAL ITSELF. SOMETIMES, IT IS PROVIDED IN AN AFFILIATED VETERANS HOSPITAL OR IN A CITY OR COMMUNITY HOSPITAL, BUT THE PRESENCE OF AN ACADEMIC MEDICAL CENTER OR OF MEDICAL EDUCATION PROGRAM IS STILL ESSENTIAL. WHATEVER SITE IS USED IN PROVIDING SUCH CARE, IT IS IMPORTANT THAT THE COSTS OF INDIGENT CARE BE SUBSIDIZED SINCE EXPERIENCE HAS REPEATEDLY SHOWN THAT OTHERWISE THE ACADEMIC PROGRAMS AND INSTITUTIONS WILL BE DRAINED OF THE RESOURCES THEY REQUIRE TO SURVIVE."

The costs of indigent care are subsidized through such programs as Medicaid, medicare, State-local hospitalization, etc. However, these programs do not cover all medical and hospital care provided medically indigent persons. During 1975, hospitals affiliated with the Eastern Virginia Medical School provided an aggregate uncompensated service of \$13 million.

Most of the medical care for indigent patients in those hospitals is provided by residents in the Eastern Virginia Graduate School of Medicine. In 1977 the General Assembly appropriated \$350,000 to the Authority to help defray the costs of indigent care provided in hospitals affiliated with the Eastern Virginia Medical School.

However, the Medical Authority's budget for the next biennium includes nearly \$15 million to subsidize the care of the medically indigent. If this amount is not subsidized at least in part by the State, it must be borne by the citizens of the area through increased hospital costs or local subsidies.

The citizens of Eastern Virginia have already made large contributions towards the costs of hospital and medical care of the indigent and the costs of the medical education programs by way of donations and

substantial annual subsidies from the municipalities of the area. These local resources are not unlimited and are already committed to the medical school extensively. The Commission is cognizant of the fact that the communities in this region can no longer continue to provide the financial support of both the medical education programs and the medical care of indigents. Therefore, the Commission supports increased subsidy of the costs of hospital and medical care for the medically indigent at hospitals affiliated with the Eastern Virginia Medical School.

### Recommendation

It is the view of this Commission that the evidence presented at public hearings has documented and proved the need and the equitable and legal justification for appropriate financial support by the Commonwealth of Virginia for the treatment, care and maintenance of indigent Virginia patients in hospitals and programs affiliated with the medical schools under the aegis of the Authority; and it hereby recommends to the Governor of Virginia that a substantial appropriation be included in his budget for such purpose. A copy of the resolution is appended.



Respectfully submitted,

Willard J. Moody, Chairman

Vincent F. Callahan, Jr.

Mrs. Maxwell Dudley Davidson

Franklin P. Hall

William R. Hill

Henry Clay Hofheimer

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## FOOTNOTES

1. Presentation by the Eastern Virginia Medical Authority to the Commission to Study the Funding of Hospital and Medical Care for the Medically Indigent in Virginia, September 7, 1977, p.5.

## APPENDIX

### RESOLUTION

WHEREAS, when the need for an academic medical center in Eastern Virginia was apparent, the citizens of the area utilized local resources to establish the Eastern Virginia Medical School; and

WHEREAS, care of the medically indigent is a major function of every academic medical center; and

WHEREAS, medical schools provide a large portion of medical care for medically indigent persons, particularly in metropolitan areas; and

WHEREAS, public subsidy of the care provided the medically indigent by medical schools is essential so that other available resources can be used to support the other necessary expenses of a medical school; and

WHEREAS, the cost of the care provided medically indigent persons by the hospitals affiliated with the Eastern Virginia Medical School is not fully covered by medicaid, the local hospitalization program, the crippled children's program, and other programs; and

WHEREAS, the amount not covered by these programs is estimated to be fifteen million dollars for the next biennium; and

WHEREAS, this entire amount, if not subsidized in part by the State, must be borne by the citizens of Eastern Virginia either through increased hospital costs or through local subsidies; and

WHEREAS, the amount of such local resources already committed to the Eastern Virginia Medical School is extensive and those resources are not unlimited; and

WHEREAS, the General Assembly appropriated three hundred fifty thousand dollars in fiscal year 1977-1978 for the care of indigent patients in hospitals and programs affiliated with the Medical School; and

WHEREAS, this amount is far short of the expected cost of such care; now, therefore, be it

RESOLVED by the Commission to Study the Funding of Medical and Hospital Care for the Medically Indigent in Virginia, That, in view of the anticipated fifteen million dollars deficit cited above, the Commission recommend to the Governor, for inclusion in his budget, as substantial an appropriation as he deems appropriate to the Eastern Virginia Medical Authority for the treatment, care and maintenance of Virginia patients in hospitals and programs affiliated with the medical schools under the aegis of the Authority.

