Fulton-Dekalb Hospital Authority and Grady Memorial Hospital Corporation

Atlanta, Georgia MSA

OPERATIONAL

Organizational structure

In January 2008 a coalition of state and community leaders agreed to create the Grady Memorial Hospital Corporation (GMHC), a nonprofit corporation charged with administering the hospital. In March, members of a new 17-member board were announced.

The GMHC oversees the day-to-day operations of Grady Health System, through an agreement with the Fulton-DeKalb Hospital Authority.

The 10-member Fulton-DeKalb Hospital Authority Board oversees the operations of the Grady Health System. Fulton County Commissioners appoint seven members, and DeKalb County Commissioners appoint three.

Grady Health System consists of:

- Grady Memorial Hospital
- Henry W. Grady Health System Foundation (501c3) improves the quality of health care services for metro Atlanta's indigent, uninsured, and critical care patients through education, capital renovation, research and development, and advanced medical technology and support.
- A network of eight Neighborhood Health Centers (17,000+ visits in 2008) and one Primary Care Center at Grady Memorial Hospital (30,000+ visits in 2008)

Academic Affiliation

Grady Memorial Hospital (Grady) is the teaching hospital for the Emory University School of Medicine and the Morehouse School of Medicine, and is staffed exclusively by these doctors. Appears to be via contract in which the medical schools are paid.

In addition, Grady sponsors The School of Radiologic Technology, the oldest in Georgia.

25 percent of all doctors practicing medicine in Georgia have received some or all of their training at Grady.

SERVICES OFFERED/AREAS OF EMPHASIS

- Only Level One Trauma Center within a 100-mile radius.
- Nationally certified Stroke Center of Excellence—building a new Neuro Intensive Care Unit. Grady's Neuro ICU will provide cutting-edge acute emergency care for traumatic brain injury and stroke patients.

- One of only two Burn Units in the state.
- Georgia Cancer Center for Excellence.
- Renowned Diabetes Detection & Control Center.
- One of the nation's top Infectious Disease Programs.
- Regional Perinatal Center/Neonatal Intensive Care Unit.
- The ambulance provider for the city of Atlanta.
- Primary Care Center.
- Eight Neighborhood Health Centers.
- Crestview Health & Rehabilitation Center.
- First Comprehensive Sickle Cell Center in the world.
- Teen Services & Rape Crisis Center.
- 24-hour Advice Nurse Line.
- Dedicated 60 Plus service line for older adults.

2008 Patient Volume:

Licensed Hospital Beds..... 953+

Annual outpatient visits..... 600,000+ outpatient visits

Inpatient Discharges.....(~2,250 in December 2008 alone)

Emergency Department visits.....(9,600 in December 2008 alone)

Personnel

- Management team structure
- Hospital Authority

FINANCIALS

Financing mechanisms

County payments, Hospital Foundation, Indigent Care Trust Fund

Payer mix

Uninsured .....29–34% (Outpatient 43–51%)

Medicaid Pending ..... 12–15% (Outpatient 4–7%)

Private Insurance 14–18% (8–10%)

Medicare.....15–19% (17–20%)

Medicaid Managed Care 5–8% (5–6%)

Medicaid.....12–16% (11–18%)

2008 revenue and sources (Unaudited from annual report)

Revenue

Net patient service revenue $357.6 ($336.0)

Indigent Care Trust Fund revenue $75.3 ($74.6)

Grant and other operating revenue.....$94.4 ($83.1)

Total Revenue.....$527.3 ($493.7)

Expenses

Labor costs $319.5 ($334.0)

Physician services.....$74.9 ($74.0)

Supplies and purchased services.....$172.0 ($175.6)

Other operating expense.....$63.7 ($37.8)

Depreciation $30.9 ($31.0)

Interest.....$5.2 ($12.8)

Total Operating Expenses $665.9 ($665.2)

Contributions to or from others:

FDHA*.....$–1.6 ($0.0)

CHOA* & State.....$3.2 ($5.2)

Operating loss before contributions from counties ..... $–137.0 ($–166.3)

Contributions from counties $90.4 ($126.1)

Operating Loss.....$–46.6 ($–40.2)

Non-Operating Income

Investment Income.....$–0.5 ($0.6)

Other $13.6 ($4.3)

Deficiency of revenue over expenses.....$–33.5 ($–35.3)

*Fulton-DeKalb Hospital Authority (FDHA)
*Children's Healthcare of Atlanta (CHOA)

SIMILARITIES TO NASHVILLE

- Working to improve image to community
- Re-structured itself to address financial crisis
- Affiliation with historically black medical college (Morehouse)
- Like Vanderbilt, Emory also has its own health care system

DIFFERENCES FROM NASHVILLE

- Reputation of Emory and Morehouse is more prominent than that of Meharry.
- Hospital is much larger
- Atlanta is a more internationally diverse and prominent city/can attract larger donors
- Fulton and Dekalb Counties make a contribution, possibly based on uncompensated costs:
- Fulton County 2008 ~$100 million in uncompensated costs/~$65 million contributed
- Dekalb County 2008 ~$50 million in uncompensated costs/~$10 million contributed

OTHER NOTABLE FACTS/ISSUES

From 2008 Annual Report:

"The year 2008 was a transformational one for Grady Health System, a year of planning and of building momentum. We became a tax-exempt, charitable institution, and along with a new organizational structure came a powerhouse Board of Directors. We began installing a new, highly experienced leadership team." In response to the board's fund-raising campaign to raise $100 million for the hospital, the Robert W. Woodruff Foundation pledged $200 million over four years, and the medical insurance company Kaiser Permanente pledged $5 million.

We received a $200 million pledge from the Robert W. Woodruff Foundation that kick-started a fundraising effort that is on pace to hit its $325 million goal.

2008 was also a year of redefining ourselves—to our patients, physicians, staff and legislators, as well as to the communities and regions we serve. Our message going forward: Grady is the beating heart of our region's health care system. Let's make sure it's healthy."

This change led to a game-changing commitment of $200 million from the Woodruff Foundation for capital improvements. For a health system that hasn't been able to invest in new equipment in more than a decade, this is a major advance.

Since the beginning of 2009, we have seen additional funding commitments of more than $65 million. The change in governance has also led to our recruitment of top-flight health care executives who believe this is the start of Grady's renaissance.

Dwindling government and county payments, rising costs, and a scarcity of privately insured patients have left Grady with annual shortfalls of more than $40 million in recent years.

In 2009, Grady paid out more than $40 million in past due payments for pharmaceuticals, pension funding, and for past services provided by Emory University and Morehouse schools of medicine.

Some of our costs have been offset by more than $60 million in cost savings we have delivered since mid-2008, made possible through the great work of our dedicated staff. In 2009, we have reduced overtime dollars per pay period by more than 50 percent compared with 2008. Length of stay, another important metric, is down by THREE days in the past year. We have also increased the efficiency of our operating rooms by going to an early start program with scheduled turnover times. Finally, through the efforts of our medical and nursing staffs and our triage system, we reduced the number of nonemergent Emergency Room visits."