

October 7, 2013

Dear Chairman Hanger and Members of the Medicaid Innovation and Reform Commission,

Let me thank the Medicaid Innovation and Reform Commission (MIRC) for the opportunity to make comments on behalf of Inova Health System concerning the proposal to reform and expand Virginia's Medicaid program. We see, in coverage expansion, the opportunity to address a critical problem that hospitals and health systems across the Commonwealth have faced for years – the growing number of citizens in our communities who are in need of medical care but lack the financial resources to pay for it.

I want to state, unequivocally, that our organization supports the important efforts of the Commission to oversee the key reforms proposed by the Department of Medical Assistance Services (DMAS), and urges the Commission's members to approve Medicaid coverage expansion as the reforms are approved by the federal government and implemented by the Commonwealth. Medicaid reform and coverage expansion is critical to Virginia's working poor as well as to the future of Virginia's hospitals and health systems.

Medicaid coverage expansion would provide comprehensive healthcare coverage to all Virginians at or below 133% of the Federal Poverty Level (just \$15,282 for a single individual, or \$31,322 for a family of four). Most of our neighbors here in Northern Virginia who fall into this category are employed, but do not have access to affordable health insurance coverage. In many cases, they have no alternative but to seek primary care treatment in the most expensive and least efficient setting – our system's hospital emergency rooms. As you well know, this drives up costs for everyone, including those with private insurance, wastes valuable Emergency Department resources, and is the least desirable setting to receive primary care.

We all know that the benefits of healthcare coverage are clear - when afforded access to insurance coverage, those in other states at similar income levels report better health outcomes and greater financial security. According to analysis by the Urban Institute, the communities we serve in Northern Virginia will see up to a 47% decrease in the rate of uninsured – that's up to 30,000 newly covered individuals in Fairfax County alone. All told, roughly 70,000 residents of Northern Virginia would gain access to quality healthcare coverage if the Commission elects to move forward with Medicaid coverage expansion. This dramatic shift will have a tremendous effect on the health and well being of the neediest in our communities, many of whom are still facing significant challenges from the economic downturn.

As has been reported to the Commission over the past months, the benefits of Medicaid coverage expansion to the Commonwealth are not just reserved for those 400,000 working poor Virginians who will become eligible for much-needed coverage. Coupled with reforms to the Medicaid program, Medicaid coverage expansion will save the Commonwealth hundreds of millions in General Fund dollars – an estimated \$645 million from 2014 to 2018 alone. Additionally, as Virginians are facing the cost of \$10.2 billion in new federal taxes from the Affordable Care Act, the Commonwealth can ensure that 97 percent (roughly \$9.9 billion) of those dollars are spent to benefit Virginians by electing to participate in Medicaid coverage expansion. Without coverage expansion, those taxes will still be collected, but their benefit will be felt in other states like Arizona, Michigan, New Mexico, New Jersey, Nevada, North Dakota, Minnesota, Illinois, Colorado, West Virginia, California, New York, and Maryland.

Moreover, Medicaid coverage expansion is critically important to hospitals and health systems across Virginia. As I have stated, many of our citizens who would qualify for healthcare coverage under Medicaid coverage expansion are patients we already treat in our facilities every day – we're just not compensated for the cost of the care we provide them. As part of the Affordable Care Act, the funding hospitals currently receive from the federal government to offset some of the cost of indigent care will be eliminated regardless of whether or not Virginia participates in expansion. Medicaid coverage expansion is vital to offsetting, at least in part, the significant federal funding cuts that will serve as a burden on Virginia's hospitals and health systems. In total, Medicaid coverage expansion means an estimated \$100 million to offset what is now uncompensated care at our system hospitals. Additionally, the funding will help support our system's efforts to reinvest in the Northern Virginia community by providing critically important health and wellness services such as our Juniper HIV/AIDS program, Inova Diabetes Centers, Life with Cancer program, and Partnership for Healthier Kids.

Like many of you, we have heard the concern that the federal government is unlikely to uphold their funding commitment to Virginia, thereby leaving the Commonwealth vulnerable for the future costs of an expansion population. The "circuit-breaker" feature of the budget language, approved on a bi-partisan basis by the General Assembly this past year, is a key part of Virginia's path forward to Medicaid coverage expansion. It provides that if the federal government does not uphold its funding commitment, Virginia can withdraw from the Medicaid expansion program. This is a possible solution that other states have enacted to protect themselves against unexpected future costs, and something Virginia could implement as well.

The juxtaposition of losing significant funding from Medicare combined with declining the federally-funded Medicaid coverage expansion leaves all Virginia hospitals in a lose-lose situation – reduced Medicare reimbursement and a growing uninsured (charity care) population. The Commonwealth has a unique opportunity to place Medicaid on a fiscally sustainable path forward, implement meaningful program reforms, make an impact on Virginia's uninsured population, and partially offset drastic funding cuts that otherwise would affect the ability of our hospitals to best serve our communities for years to come.

In conclusion, on behalf of our Board of Trustees and over 15,000 Inova employees serving Northern Virginia, I want to thank you for this opportunity to express our support for the Medicaid reform efforts and the proposed coverage expansion. As a health system, we stand ready to assist with the implementation of these important reforms and to take on the responsibility of caring for the expanded population as a major provider of health and medical services for the Northern Virginia community.

Sincerely,

A handwritten signature in black ink, appearing to read "Knox Singleton". The signature is fluid and cursive, with the first name "Knox" and last name "Singleton" clearly distinguishable.

Knox Singleton
CEO, Inova Health System