



September 27, 2013

Medicaid Innovation and Reform Commission (MIRC)

Dear Commission Members:

My name is Sean McMurray, and I serve as CEO of Johnston Memorial Hospital (JMh) in Abingdon, Virginia. Our facility is the only hospital in our rural county in far southwest Virginia. I am writing to encourage you to support Medicaid expansion. Failure to do so could have a significant negative impact on both our hospital and community.

Johnston Memorial Hospital is a major employer in our town with about 950 team members, including our employed physician practices. A recent study by East Tennessee State University projected the economic impact of JMh on our community in excess of \$105 million per year. Failure to expand the Medicaid program in Virginia will significantly harm the hospital and potentially jeopardize our economic impact on our community.

Presently, JMh's Medicaid percentage is 12.1%. In addition, JMh provided/incurred \$9.3 million of charity care/bad debt last year. Our operating margins are already razor thin. The direct impact on JMh of not expanding Medicaid is \$2.8 million, more than our entire annual operating profit!

As our operating environment becomes increasingly difficult, JMh is facing difficult choices. We have already had to lay people off. Without the funds from Medicaid expansion, JMh will be forced to consider additional layoffs and the elimination of services. For example, JMh is currently the only provider of obstetrical services in our county and several adjoining counties. Can you imagine the impact that closing our obstetrical services would have on access to such an essential service?! Please act to make sure that that scenario does not occur in our region.

I implore you to do everything within your power to help secure the Medicaid expansion.

Sincerely,

Sean McMurray, FACHE
Vice President, CEO



MEDICAID RESTRUCTURING & EXPANSION
RESOLUTION

WHEREAS, providing compassionate, high-quality health care to our community is our highest priority; and

WHEREAS, health care should be delivered using available evidence-based best practices; and

WHEREAS, our health care system must achieve long-term financial sustainability; and

WHEREAS, approximately one million Virginians currently lack health insurance, significantly lowering the health status of the Commonwealth and shifting the financial burden to the privately insured population; and

WHEREAS, hospitals' emergency departments function as the provider of first, last and only resort for most Virginians without insurance; and

WHEREAS, Johnston Memorial Hospital, a part of Mountain States Health Alliance, provided care for 19,809 Medicaid insured patients and 12,628 uninsured patients in 2012; and

WHEREAS, Johnston Memorial Hospital, a part of Mountain States Health Alliance, employs 850 individuals; and

WHEREAS, the passage of the Patient Protection and Affordable Care Act (PPACA) by Congress in 2010 includes provisions that place significant, undue financial burden on hospitals and health systems; and

WHEREAS, in June of 2012 the Supreme Court of the United States ruled that Medicaid Expansion by states under the PPACA is optional, potentially removing many of the benefits of health care reform for uninsured individuals and health care providers; and

WHEREAS, it is desirable and prudent for the Commonwealth to provide to those currently without health insurance coverage certain Medicaid benefits, and

WHEREAS, Virginia should, in a fiscally prudent fashion, seize on the expansion opportunity provided by the PPACA to foster overall Medicaid sustainability by reforming the current program and structure the best possible approach to providing coverage to the currently uninsured; now, therefore, be it

RESOLVED, that the Johnston Memorial Hospital Board of Trustees supports a fundamental reform of the Medicaid program, including but not limited to benefit adjustment and care management reform ; and, be it

RESOLVED FURTHER, that the Board shall communicate this position to the Members of the General Assembly who represent constituents within our service area as well as the Governor, Lieutenant Governor, and Speaker of the House of Delegates.

Hugh Ferguson
Chair

January 23, 2013