



VICE PRESIDENT *and* CHIEF EXECUTIVE OFFICER
of the MEDICAL CENTER

October 3, 2013

Medicaid Innovation and Reform Commission
201 North 9th Street
General Assembly Building
Richmond, Virginia 23219

Re: Public Comment on Medicaid Expansion

Dear Commission Members:

The University of Virginia (UVA) Medical Center thanks each of you for your service to the Commonwealth as you consider the important question of whether to expand the Medicaid program within the Commonwealth. We welcome the opportunity to comment about expanding Medicaid, and we thank you for allowing us to participate in this important discussion.

The mission of the UVA Medical Center and its physicians is to provide excellence, innovation and superlative quality in the care of patients, the training of health professionals, and the creation and sharing of health knowledge within a culture that promotes equity, diversity and inclusiveness. As a pre-eminent academic medical center, advancing health care is at the heart of what we stand for: training the best clinicians, advancing the science of medicine, and caring compassionately for those we serve.

The UVA Medical Center serves as a statewide resource to patients and hospitals throughout the Commonwealth. We are able to provide specialized care that is not available in many parts of the state. Additionally, we are able to provide telemedicine services throughout the state, and particularly in southwest Virginia.

One of the Medical Center's key roles is to serve as a public safety-net hospital: we provide care for all those who enter our doors. The State's two academic medical centers, UVA and VCU, have this key mission in the state of Virginia. While other hospitals in Virginia provide indigent health care, a disproportionate share of indigent care is provided by UVA and VCU. In Fiscal Year 2012, UVA provided over \$644 million of indigent care and Medicaid services for Virginia residents.

The Patient Protection and Affordable Care Act of 2010 (ACA) will impact the amount of reimbursement the UVA Medical Center and its physicians receive by imposing several significant payment reductions. Beginning in 2010, ACA reduced, and will continue to reduce through 2019, the annual inflation factor for Medicare payments, including an additional productivity factor reduction. Moreover, beginning now (October 2013) both Medicare and Medicaid

disproportionate share hospital (DSH) payments are being reduced. Between Fiscal Year 2014 and Fiscal Year 2019 the cumulative amount of Medicaid DSH cuts alone to UVA Medical Center is estimated to be \$43,912,575. In addition, during the same time frame, the cumulative amount of Medicare DSH cuts is estimated to be \$29,915,622. The total impact of cuts incorporated in the ACA that affect the UVA Medical Center and its physicians is estimated to be \$142 million between Fiscal Year 2010 and Fiscal Year 2019. Needless to say, these reductions will impede the UVA Medical Center's mission of providing excellence, innovation, and superlative quality in the care of patients, the training of health professionals, and the creation and sharing of health knowledge, as well as treating all who enter our doors.

For the reasons cited above, but, more importantly, for the wellbeing of our patients, expanding the Medicaid program in Virginia is critically important to the UVA Medical Center and to hospitals throughout the Commonwealth. When ACA was passed in 2010 the DSH cuts made sense because it was contemplated that millions of uninsured patients nationwide would become eligible for Medicaid, and this would reduce the amount of indigent care currently provided. After the U.S. Supreme Court's ruling making Medicaid expansion optional for the states, the rationale behind the DSH cuts no longer makes sense in states that choose not to expand Medicaid. Virginia hospitals—especially the two state academic medical centers, UVA and VCU—will be left with significant budget shortfalls if Medicaid is not expanded in the Commonwealth.

In addition to the significant cost to the UVA Medical Center of not expanding Medicaid, the cost to the Commonwealth will be significant also. If Virginia chooses not to expand its Medicaid program, individuals who do not currently qualify for Medicaid and earn below 100% of the Federal Poverty Level (for example healthy single adults) will be stranded; there will be no coverage under Medicaid and no eligibility for premium subsidies in Virginia's federally facilitated exchange. These individuals will continue to seek care at the most expensive setting, (i.e., hospital emergency rooms) and will likely delay seeking care at the emergency room until their condition has worsened and is more expensive to treat. Hospitals will initially absorb the cost of the care provided to these individuals, but these costs will be passed on to insurers and other businesses as well as to Virginia residents who will ultimately foot the bill in the form of higher insurance premiums.

Expanding Medicaid is not about giving handouts; it is about providing affordable healthcare for hardworking individuals such as construction workers, restaurant employees, retail employees, hairdressers, custodians and other Virginians, some of whom might be constituents or neighbors. These are people who are performing essential but low-paying jobs that do not cover the cost of insurance premiums. The UVA Medical Center strongly encourages the Commonwealth to seize the opportunity to expand and reform its Medicaid program to provide more secure, affordable healthcare for all of its citizens.

Thank you for your consideration of our comments.

Sincerely,



R. Edward Howell
Vice President and Chief Executive Officer