



MOUNTAIN STATES HEALTH ALLIANCE

October 1, 2013

400 N. State of Franklin Road • Johnson City, TN 37604

423-431-6111

Medicaid Innovation and Reform Commission
201 North 9th St
General Assembly Building
Richmond, VA 23219

Dear Commissioners:

Mountain States Health Alliance (MSHA) was formed in 1998 and is the largest health care system in Northeast Tennessee and Southwest Virginia. We employ 9,000 team members, associated physicians and volunteers, with approximately 2,500 of those being in Virginia. Our service area in Virginia includes the counties of Lee, Scott, Wise, Russell, Dickenson, Buchanan, Tazewell, Wythe, Smyth, Grayson, and Washington.

Our region has faced significant challenges, as have most rural communities, during the recent downturn in the economy. However, MSHA continues to be an economic engine in Southwest Virginia. A recent study done by East Tennessee State University estimated that the five Mountain States Health Alliance hospitals located in Southwest Virginia generate over \$274 million in total economic activity that supports 2,526 jobs in the region. These jobs generate labor income of over \$108 million and a total value added of over \$134 million. Finally, it is estimated that these hospitals also generate \$7,994,473 in state and local taxes for Southwest Virginia and \$19,904,639 in federal taxes.

That being said, without the expansion of Medicaid in Virginia, our rural hospitals are at risk. The positive economic impact of our health care system on the communities we serve is being jeopardized. Reductions in federal funding coupled with a declining patient volume driven by a shift in the country's health care philosophy could spell the end for many health care facilities. In fact, our region has already seen the closure of a small, rural hospital, namely because of government reimbursements.

To give you an idea of what Medicaid Expansion in Virginia would mean to Mountain States Health Alliance, we estimate that there would be approximately 19,000 Medicaid eligible patients in our Virginia service area under an expanded program. With that, we estimate an annual increase in new net revenue of nearly \$18 million, which would help to offset \$38 million in bad debt currently recognized by our system and the nearly \$18 million in charity care that MSHA currently writes off.

The Affordable Care Act was built around the notion that the nation's uninsured would be covered, either by Medicaid or through the Healthcare Marketplace. Hospitals and health systems around the country agreed to significant cuts on the front end with the promise of an expanded Medicaid population. Please consider all options for extending Medicaid coverage to nearly 400,000 that would be eligible under an expansion. Remember that these Virginians are in desperate need of health care and many conservative states across the country have implemented very creative ways of approaching this issue. The health of our Commonwealth, our Country and our health care system depend on it.

Sincerely,

Dennis Vonderhecht
President and CEO