



September 27, 2013

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

Dear Commission Members:

Recent cuts in Medicare reimbursement coupled with the economic challenges faced by Southwest Virginia, is threatening the viability of most rural hospitals in our region. The Affordable Care Act that was passed by Congress sought to reduce the number of uninsured patients coming to our facilities by providing federal funding to expand Medicaid programs. As a result I am urging you to take swift action to use these federal dollars to expand and reform the current Medicaid program.

Russell County Medical Center (RCMC) is a 78 bed acute care facility located in Lebanon, Virginia. RCMC's primary service area includes Russell County which has an unemployment rate of 9.2% compared to the statewide average of 5.8%. RCMC's payor mix includes 21.63% Medicaid and 9.45% Self-Pay. Recent growth in the unemployment rates are shifting a larger percentage away from commercial insurances into Medicaid or Self-Pay. Additionally growth of new jobs in the region has been painfully slow. This growth in unemployment and uninsured if it continues will begin to impact the ability of RCMC to continue to provide services. At risk are emergency services with the next closest hospitals with these types of services being 23 and 27 miles away while some residents of our area drive up to an hour to get to RCMC. Another service potentially at risk is our behavioral medicine services with only one other private inpatient facility in this part of the state.

A recent study completed by the East Tennessee State Bureau of Business and Economic Research identified the total economic impact of RCMC to the region is \$28,105,108. Annual Federal, State, and Local taxes associated with this impact amount to \$3.17 million and state/local taxes comprise \$840,000 of this amount. Failure to address the Medicaid Expansion will put this economic impact at risk which would have a dire impact on the region and the ability to recruit other industries to the area.

Again the Affordable Care Act has allowed for federal dollars to be used in our region to combat the growth in uninsured patients. I urge you to act now to use these dollars. If I can provide further information or answer questions please let me know.

Sincerely,

Stephen K. Givens
AVP/Administrator



MEDICAID RESTRUCTURING & EXPANSION
DRAFT 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, Russell County Medical Center/Mountain States Health Alliance provided care for 30,402 Medicaid insured patients and 3,421 uninsured patients in 2012; and

WHEREAS, Russell County Medical Center/Mountain States Health Alliance employs 219 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 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.

Randall Hillman, Chairman
January 21, 2013