



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

As President and CEO of Wellmont Health System, a 7 hospital system with facilities located in Northeast Tennessee and Southwest Virginia, I appreciate the opportunity to respond to the public comment period for the Medicaid Innovation and Reform Commission, whose tasks carry tremendous impact and responsibility. Your leadership will require the commitment to both restoring fiscal sustainability while achieving meaningful reforms of our healthcare delivery system. We, Wellmont Health System and the patients in our service area, are asking that you ensure continued access to care while also providing that government programs pay fairly for the care their beneficiaries require. We have already begun and continue to be committed to doing our part in achieving meaningful reforms that will drive greater quality, control cost growth while ensuring that Medicaid and Medicare remain viable.

With all of the payment reductions impacting our system, Wellmont faced a \$25 million budget deficit this fiscal year. Approximately \$17 million of that deficit was due to the ACA Medicare reductions and sequestration. VA Medicaid Expansion could have potentially offset cuts such as this by as much as \$6 million (an annual figure of the fully phased in cuts) and that was in our VA facilities alone. The offset potential from our TN hospitals, had TN chosen to Expand Medicaid, would more than double that number. Without the potential for the expanded coverage of Medicaid patients, Wellmont and numerous other hospital systems around the Commonwealth will ultimately face the tough decisions of when and where to stop the bleeding. It has been estimated that as many as 45,000 additional residents of the 9<sup>th</sup> Congressional District would receive expanded coverage under the expansion guidelines. I would be remiss if I didn't mention that right now Wellmont already provides the much needed healthcare for these uninsured patients, mostly uncompensated.

I mentioned in my opening statement that we are a 7 hospital system. However, prior to October 1, 2013, we were an 8 hospital system. Wellmont made the extremely difficult decision to close one of our most rural hospitals, Lee Regional Medical Center, located in Pennington Gap, VA (Lee County), on October 1. One of our greatest fears with the rapidly changing healthcare environment came to fruition for SWVA, the closure of one of VA's most rural healthcare facilities. Despite significant efforts by hospital administrators and the local board of directors to secure its future, Lee Regional Medical Center joined the list of hospitals across the country to close in an era of unprecedented changes to health care.



The closure is due in part to major cuts in Medicare reimbursements by the federal government associated with the Affordable Care Act and a lack of Medicaid expansion by the Commonwealth of Virginia. More than 60 percent of the hospital's payments come from federal and state programs. Through the American Hospital Association, hospitals across the country agreed to initial cuts in the reimbursements with the understanding Medicaid would be expanded to compensate for that lost revenue. But the U.S. Supreme Court's ruling on the Affordable Care Act left it to the states to decide whether Medicaid should be expanded.

Other factors that led to the decision to close LRMC are the additional 2 percent cut in Medicare reimbursements enacted because of the federal sequester, extremely low patient volumes, and Wellmont's challenges with physician coverage and delivery of quality care. Hospitals rely on physicians from the community for call coverage. When that coverage is no longer available, no one can appropriately manage patient care in the hospital. We cannot create the quality or environment of care the community needs and deserves without a reservoir of physician coverage. Approximately 137 people or approximately 1% of the county's workforce has been affected by the closure. This comes at a time when Lee County has suffered from extreme economic depression in numerous other arenas. The median household income for residents in Pennington Gap, VA is \$17,353 versus the national median household income of \$51,914 and the Commonwealth of Virginia medium household income of \$61,406.

Please note that although Lee Regional ceased all operations on Oct. 1, Wellmont's other facilities stand prepared to continue to provide patients who need a broad spectrum of care with seamless access to other Wellmont Health System facilities in the community and throughout the region. Lonesome Pine Hospital in Big Stone Gap is approximately 25 miles from central Lee County, and Holston Valley Medical Center is approximately 40 miles.

In closing, I want to thank you for your service to our great Commonwealth, as it is often a thankless job. Your dedication and work on this Commission carries tremendous responsibility in these unprecedented times. If I can ever be a resource to you in your work, please know that I am available and willing to help in your important work that lies ahead.

Best regards,



Denny DeNarvaez

President and Chief Executive Officer

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF  
WELLMONT HEALTH SYSTEM**

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, WELLMONT HEALTH SYSTEM provided care for 98,286 Medicaid insured patients and 54,509 uninsured patients in 2012; and

WHEREAS, WELLMONT HEALTH SYSTEM employs 6,574 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.

**SECRETARY'S CERTIFICATE**

The undersigned, being the duly elected Secretary of Wellmont Health System, a Tennessee nonprofit corporation, does hereby certify that the resolutions to which this Certificate is attached were duly adopted and approved by the Board of Directors of Wellmont Health System at a duly called regular meeting of its Board of Directors, held on January 29, 2013, upon proper notice and with a quorum present throughout the meeting, and such resolutions remain in full force and effect and have not been revoked, suspended, modified or otherwise amended, and that the originals of such resolutions appears of record in the minutes of Wellmont Health System which is in under my custody and control.

Date: January 29, 2013

  
Julie Bennett  
Secretary

**MEDICAID RESTRUCTURING & EXPANSION**  
**BOARD 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, Lonesome Pine Hospital, a member of Wellmont Health System, provided care for 14,758 Medicaid insured patients and 6,526 uninsured patients in 2012; and

WHEREAS, Lonesome Pine Hospital, a member of Wellmont Health System, employs 422 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 Lonesome Pine 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.

Wellmont Lonesome Pine Hospital  
Board of Directors

**OFFICERS:**

Glen Skinner . . . . .Chairman  
Marcia Quesenbery . . . . .Vice Chairman  
Martha Spurlock . . . . . Secretary

**DIRECTORS:**

Mike Allen  
Nancy Bailey  
Chris Basham, M.D.  
Roger Bays, D.D.S.  
James Cornett  
Winston Ely  
Betty Fleenor  
Barney Gilley  
Larry Jackson  
Alberta Mitchell  
Cecilia Robinette  
Ed Roop  
Souhail Shamiyeh, M.D.  
Michael Vacco, M.D.  
Ryan Witt  
M. Blake Wilson, Jr.

**MEDICAID RESTRUCTURING & EXPANSION**  
**BOARD 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, Lee Regional Medical Center, a member of Wellmont Health System, provided care for 10,529 Medicaid insured patients and 3,470 uninsured patients in 2012; and

WHEREAS, Lee Regional Medical Center, a member of Wellmont Health System, employs 172 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.

**Lee Regional Medical Center  
Board of Directors**

**OFFICERS:**

Diana Pope, Chair

Virginia Wilder, Vice Chair

J. Scott Litton, Jr., M.D.

**DIRECTORS:**

Guy Clark, M.D.

Robert Estes

Hossein Faiz, M.D.

Wayne Kirk

Fred Marion

L.C. "Sonny" Martin

Beryl Owens, M.D.

Benny Sergeant

**RESOLUTION TO REQUEST THAT THE GENERAL ASSEMBLY**

**AND GOVERNOR OF VIRGINIA**

**ACCEPT AND IMPLEMENT THE FULL EXPANSION OF MEDICAID**

**AS PROVIDED BY THE AFFORDABLE CARE ACT**

WHEREAS, the Patient Protection and Affordable Care Act (“Affordable Care Act”) is a 2010 federal law which, among other things, expands the availability of health care through an expansion of Medicaid;

WHEREAS, as a result of the United States Supreme Court’s decision in a case in which it upheld the constitutionality of the Affordable Care Act, states now have the option to choose whether to accept and implement the Act’s Medicaid expansion;

WHEREAS, the Affordable Care Act’s Medicaid expansion establishes a new income eligibility criterion of 138% of the federal poverty level and provides 100% federal funding for the expansion in the first three years, after which time the federal funding will be reduced to not less than 90% of the cost;

WHEREAS, Medicaid expansion will not only provide citizens with greater access to health care but will also support the state’s health care industry, employment and Virginia’s overall economy;

WHEREAS, Medicaid expansion will impact **Virginia households** by reducing out-of-pocket spending on healthcare, which can be diverted to other parts of the state economy;

WHEREAS, Medicaid expansion will impact the **Virginia healthcare industry** by potentially bringing new patients and spending into the industry and the reduced number of uninsured patients could also reduce the uncompensated care payment and cost for certain healthcare providers, mostly hospitals;

WHEREAS, Medicaid expansion will impact the **Virginia business community** by allowing Virginia businesses who offer health insurance to their employees to potentially see a cost savings in the provision of those benefits;

WHEREAS, even delaying Medicaid extension by a year **leaves \$3.1 billion going to other states** that could benefit Virginia’s economy;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BRISTOL, VIRGINIA:

That the City Council requests that the Governor and the General Assembly take the steps necessary to accept and implement in the Commonwealth of Virginia the full Medicaid expansion as provided by the Affordable Care Act.



Mayor