

Laurel Health System
Ron Butler, President and CEO
Testimony
PA House of Representatives
House Health Committee
Matthew Baker, Chairman
June 21, 2011

- LHS is a non-profit community controlled integrated health and human services delivery system in Tioga County; like many rural community hospitals and health systems, we are the largest employer
- Tioga County is a rural county of nearly 40,000 people spread over 1100 square miles in north central PA
- We have 6 FQHCs distributed throughout the county so that we have a primary care physician within about 20 minutes of every residence
- SSMH has 83 acute care beds and is the only hospital in the county
- Our hospital and health centers treat all people regardless of their ability to pay, so no one is denied access to care in the current system (with MA insurance or no insurance)
- The MA FFS reimbursement rate is significantly less than the cost of providing services to the 6,000+ MA beneficiaries in Tioga County
- This fiscal year, MA accounts for 19.6% of our net revenue
- Tioga County routinely has one of the highest rates of uncompensated care in the state
- SSMH qualifies for some supplemental payments to help ease the burden of providing care to a disproportionate share of MA and indigent patients. Section 7 of the bill excludes these payments, so we would receive several hundred thousand dollars less in reimbursement using the MA FFS rates
- We meet or exceed all quality standards of public agencies and private review organizations, and receive related incentive payments

- While we support expansion of MA managed care throughout the state, the MA FFS default rate would
 1. strip any negotiating position that we may have to obtain reasonable reimbursement rates from the MCO
 2. eliminate consideration for the disproportionately high rate of MA beneficiaries who we serve
 3. eliminate consideration for quality of care
 4. Reduce our MA payments by hundreds of thousands of dollars annually, thereby threatening our ability to sustain services for our community
- Section 7 of House Bill 1480 should be deleted.