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Subcommittee on Health Care Facilities
Hospital consolidation and closure
East Wing - Room 60

Panel 2 – Innovation to support independent hospitals

Joe Gribik
Chief Executive Officer
Pennsylvania Mountain Health Alliance

Written Testimony transcript from:

Michael Makosky, President and CEO
Fulton County Medical Center
McConnellsburg, PA

My name is Michael Makosky and was appointed the President and CEO of Fulton County Medical Center in June 2018. Prior to that, I was CEO of small, rural hospitals in New Mexico and West Virginia for corporate-owned, for-profit hospitals and not-for-profit community hospitals. FCMC is a 21-bed Critical Access Hospital with a 67-bed nursing home. We are 1 of 16 CAHs in PA and of those 16, 4 are independent. When I was hired, my marching orders from the Board of Directors were, and still are, to remain independent as long as possible. Since then, rural hospitals have endured many headwinds, including declining payments, increased administrative burdens, lack of timely EMS transfer to a higher level of care, provider and clinical staff recruitment, and recovery from the Covid pandemic. These issues impact all hospitals, but other factors affect independent hospitals more than hospitals that are part of a larger system, including increased pressure to improve computer EMR connectivity with other facilities, cybersecurity, securing telemedicine and other clinical partnerships, and providing competitive, yet cost-effective health insurance and other benefits to recruit and retain our employees, to name a few.

When times get tough and hospitals are facing adversity or unfavorable financial situations, hospital board members and Executive Teams typically huddle and ask "Who are we going to affiliate with". At FCMC, when facing issues that threaten our viability, we roll our sleeves up and say, "OK how are we going to pull ourselves out of this one." We are, however, realists facing real-life struggles to survive in this challenging healthcare environment and my Board realizes that affiliation is inevitable at some point in the future. Affiliating is a solution, but as my Board Chair put it, "Affiliation is plan Z, only until we have gone through Plan A, B thru Y will we consider affiliation". We will not wait until we are in dire straits and financially strapped, we will affiliate when our board feels the time is right. Until then, we will fight to remain independent. The most important aspect for us to remain independent is to keep the decision-making for the medical center local. The board feels this will:

the rural health crisis. Hospital billing is super complicated, and insurance companies do not make it easy. Medical insurance companies really serve as the judge, jury, and executioner when it comes to making payments to hospitals. It is also a fact that health plans want to keep people out of hospitals. It is a goal of the Rural Health Model to decrease emergency room utilization and readmissions to inpatient care. Other payment models, including Value-Based Purchasing goals also are geared towards, and offer incentives, to keep patients out of the hospital. These are great initiatives and I too want the people in my community to be healthy, but as hospital utilization decreases because of these initiatives, so does the hospital's financial viability. If the goal is for hospitals to be constantly ready to take care of all the patients that come through the Emergency Room doors, which we did during the pandemic, then medical payment plans, governmental payors and insurance companies must be ready and willing to make up the financial difference during times of lower patient census to keep hospitals financially viable. If the payors would simply pay hospitals fairly and eliminate the denial and certification games, and regulations were streamlined and updated to reduce the administrative burdens, ALL hospitals would have a fighting chance.