

Jeremy Normington Testimony 3/2/10 & 3/3/10  
AB 770 and SB 553 Wisconsin Rural Health Care Access Bill

Thank you Chairman Garthwaite/Carpenter and committee members for allowing me the opportunity to speak on an issue that is already affecting the Critical Access Hospitals of our state. Thank you additionally for speed with which you are moving on this matter. Finally, I would like to thank my district representatives Senator Julie Lassa and Representative Marlin Schneider for their co-sponsorship of this bill.

My name is Jeremy Normington and I am privileged to serve as the CEO of Moundview Memorial Hospital in Adams-Friendship, WI. We employ approximately 150 individuals with good paying jobs, who, in turn, support our local economy by spending their hard earned money close to home. We offer inpatient medical services along with our Emergency Department and ancillary services including Rehabilitation, Laboratory, Radiology, and Surgery. We also own and operate a rural health clinic in the community that employs 3 physicians, 1 nurse practitioner and 1 physician assistant. The overall percentage of Medicaid patients we currently serve is 17%.

I have been with Moundview for over 2 years, but I have been utilizing rural health care in Wisconsin for over 30 years. Furthermore, I have delivered rural health care directly as a licensed Doctor of Physical Therapy.

I will tell you that this is my first public testimony, and even though you may sense some nerves in my tone of speech, I assure that I am speaking on a topic that I am very comfortable with. And while I will admit to asking the WHA how I am supposed formally to address this committee, I can assure you that the content of this testimony is my own.

In the summer of 2009 I was notified that DHS was considering cuts in the Medicaid Program that would decrease reimbursement to the Critical Access Hospitals of our state. It was then that I came to Madison first. I came to Madison for two reasons. 1. For the people of Adams County and 2. For the Staff of Moundview Memorial Hospital.

Both of these groups had recently seen a tremendous change in the delivery of local health care. In August of 2008 Moundview Memorial Hospital realized a loss of 2.3million dollars from their FY 2008 which had ended in June. The facility had less than 1 day of cash on hand. We were bleeding. An emergency, unsecured, line of credit from a local bank was the only thing that kept us from not making payroll. The reason for this downturn was a culmination of many factors including: 1) The inability to retain health care executives and physicians 2) Declining reimbursement 3) And an unfavorable payor mix with increasing uninsured and underinsured.

By last summer, 12 months after our worst time, much work had already been accomplished. Unfortunately, the road to recovery caused the hospital to make some difficult choices that decreased access to health care services in Adams County.

In October of 2008 the Hospital's Nursing home transferred its last resident out. In December of 2008 the hospital discharged its final home health patient. And on June 30<sup>th</sup>, 2009 the hospital used its ambulance for the last time to transport an injured patient.

Jobs were also lost in the effort to save the hospital. In June of 2008 the hospital employed over 150 Full Time equivalent employees. Today we are at 112 Full Time Equivalents, a reduction in over 25% of our work force. However, these efforts allowed one of the area's largest employers to stay in business. And we had a plan!

With our financial downturn we went into technical default on our bond covenants. We were working hard to get back into compliance, but the road was long. FY 2009, which had just ended in June, showed a loss of 361K, substantially better than the 2.3 million of 2008. FY 2010 had a budgeted loss of nearly 200K, but when we looked out five years to 2014 we could see that sustained profitability was in our future.

The news of the Medicaid cuts last summer was devastating and couldn't have come at a worse time. The cuts would equate to a loss in revenue of over 100K annually for Moundview. We are a system with no more juice to squeeze. It just isn't there. In preparation for this testimony, I labored in coming up with options for the future should these cuts continue. And I honestly don't know what to report. We have cut every service line that is not absolutely essential. We have thinned staff to a bare bones level. We have been on a 2 year wage freeze for staff, we have stopped matching our retirement plan for employees, we have called our 3 bargaining units back the table 5 separate times now for concessions. We have had to replace a Medical Doctor with a Physician Assistant because I couldn't compete with the sign on incentives totaling \$80K from our larger competitors. There is simply no fat left to trim. We have had a going concern opinion for the past 2 years from our auditing firm and these reimbursement cuts may be just the thing that causes those opinions to come to fruition.

I also fear for my fellow CAH's and what they will have to endure should these cuts stay in effect. I can sympathize with how difficult it is to have your community members shop for health care locally when all they see is service after service leave their community hospital.

I can empathize with my peer rural hospital administrators who will walk with their heads down thru their local grocery store not wanting to meet eyes with the 1 in 5 members of their staff who have been laid off.

I understand the incredibly daunting task that the State is facing with its budget. And I realize that decreasing access and increasing unemployment was never an intent of the rural Medicaid cuts, but it will certainly be a result.

And that is why I became involved. I was there at the initial DHS meetings to share my thoughts and perspectives. And I was very appreciative that the Department asked us to come up with thoughts of our

own. I was able to Invite Rep Schneider and Sen Lassa to Moundview where we discussed the issue. When a WHA Task Force was formed to address the concern, I volunteered without hesitation. We worked hard to come up with a solution. Ideas were shared, opinions were expressed and ultimately consensus was achieved. Consensus not only of the Task Force Members, but consensus of Wisconsin's Critical Access Hospitals as a whole. The bill before you is the result. And it is a win-win for both the state and critical access hospitals.

Without this bill, Moundview Memorial Hospital would sustain a loss in revenue of approximately 165K over the next 18 months. With this bill, the effect would be a net break even (no loss), with an opportunity for increased reimbursement going forward.

Without this bill, I have been recruiting for 6 months and only received 1 resume for a physician candidate that I could get an interview with. With this bill, the presence of rural physicians in Wisconsin will be increased thru rural residencies and the loan repayment opportunities will also grown substantially giving the people of Adams County a greater chance to access physician care.

Moundview is in a critical time in its history. With this bill, we can start to think about increasing services, generating more revenues, and creating jobs. No company I have ever been associated with has been able to cut its way to prosperity, and Moundview is no different, but funding is essential to support the growth efforts needed.

I was discussing this testimony with my wife on Monday night and she made a striking comment that has stuck with me. She said, "Jeremy you are not dealing with a piece of paper here, you are dealing with a community." She is right. We are not dealing with the piece of paper that signed the Medicaid cuts into effect. We are not even dealing with the signature page that would sign this bill into law. We are dealing with Wisconsin communities, much like Adams-Friendship, who need their jobs and access to local health care.

Please vote "yes" on this bill. A "yes" vote will allow continued access to health care in otherwise underserved areas, and will protect the economic heart of our rural communities. I sincerely appreciate your allowing me to share my perspective comments and I thank you in advance for your consideration of them.