

**CAH Assessment**  
**March 2 and 3, 2010**

First I would like to thank Representative Garthwaite and the members of the committee for acting quickly and holding a hearing on this issue. Thank you for the opportunity to testify before you today. I would also like to personally thank Representative Garthwaite and Senator Schultz from our district for being co-sponsors on the bill. I appreciate the support they have given to us and the other hospitals in their districts.

My name is John Russell; I am the Administrator at Boscobel Area Health Care. I am a CPA and I spent 12 years in public accounting working with health care facilities of all sizes all over the State of Wisconsin and across much of the Country. I spent 4 years as the CFO of a company that operated rural hospitals. For the past two years I have been the Hospital Administrator at Boscobel Area Health Care. My job and our team's mission in Boscobel is to preserve local access to health care for Boscobel and the local communities we serve.

Boscobel Area Health Care is a 25-bed critical access hospital with an attached 50 bed nursing home. We are located in Boscobel, WI which is a town of 3,000

people located 90 minutes West of Madison. We provide a wide variety of health care services for the communities we serve. Approximately 13% of our charges are for Medicaid beneficiaries with an additional 43% that are for Medicare beneficiaries. Last year Boscobel Area Health Care paid almost \$9,000,000 in salaries and benefits. We are the third largest employer in our community with 206 total employees. In addition, we paid approximately \$865,000 more to local and state businesses. As shown by these numbers we have a major economic impact in our area.

In the past two years the recession has been felt throughout the entire Boscobel area. We had bad debt and community care write-offs last year of approximately \$1.3 million. Due to declining volumes, and with it declining revenue, we have been forced to make some difficult decisions. In July of 2008 we closed our inpatient mental health unit. Mental health services are needed in our community and many other rural communities, unfortunately we couldn't continue to sustain the losses from this service. In February of 2009 we were forced to reduce 10% of our workforce. And this past month we announced that we have sold our nursing home. In this case we were able to preserve the jobs and the services for the community, but we could no longer

afford to subsidize this service. With the increase in coinsurance and deductibles some of our community members have decided to forgo needed medical services. This in turn impacts the health of our local community members and the volumes at Boscobel Area Health Care.

As a result of the reduction in Medicaid payments, which began on January 1<sup>st</sup> of this year, we are tightening our belts and being careful with every dollar spent. Our estimated impact from this reduction is \$150,000 per year. We are doing our best to ensure access to health care because to our community this means the difference between life and death.

When I learned of the impending cuts I knew I needed to be a part of the solution. Thanks to the leadership of the Wisconsin Hospital Association, the Rural Wisconsin Health Cooperative, and Ed Harding we formed a task force to find a proactive solution during difficult economic times. After numerous meetings we arrived at a potential solution worth taking to our State leaders. I had the opportunity to meet with Representative Garthwaite and Representative Hilgenberg in Boscobel and Senator Schultz in Reedsburg for their input. I'm proud to say that I was a part of this process. The cuts in program

reimbursement could be devastating for hospitals across the state during hard times. If the Rural Healthcare Access Act is passed it will restore our payments plus a small amount of additional reimbursement. In addition there will be added dollars for the rural physician residency program. As you all know physician recruitment is very difficult and even harder in rural communities with the shortage we are facing of primary care physicians.

I would like to end by thanking the committee for your support and quick action on this legislation.