

Hospital association warns of financial pressures

By TAMMIE SMITH Richmond Times-Dispatch | Posted: Wednesday, September 16, 2015 10:00 pm

Some Virginia hospitals are financially struggling, threatening the delivery of medical services especially in rural areas, hospital executives warned Wednesday.

Government decisions, such as 2 percent cuts to Medicare payments, failing to expand Medicaid, and penalizing hospitals for readmissions that are beyond their control, are driving some facilities, particularly those in rural areas, to financial insolvency, the executives said at a news conference convened at a hospital in Richmond's East End.

To get that message out and warn of other possible repercussions, such as reductions in services, the hospital lobbying group Virginia Hospital and Healthcare Association has launched a statewide campaign to alert businesses, consumers, policymakers and others to financial pressures on hospitals.

It may be a hard message to sell, since many of the hospitals in the state are profitable and consumers faced with expensive medical bills from hospitals may find it difficult to feel there is a problem.

"There are a lot of hospitals and health systems in the state today that are bailing water pretty seriously," said James B. Cole, president and chief executive officer of 350-bed, not-for-profit Virginia Hospital Center in Arlington. "So we need to engage with all constituencies, all parts of the political spectrum, in a dialogue to come up with a Virginia solution that will be sustainable in the long term."

Cole and four other hospital executives talked about financial pressures on their systems, but they did not propose solutions. Virginia Hospital and Healthcare Association spokesman Julian Walker said the association will as usual have a package of legislative proposals it would like to see passed when the Virginia General Assembly meets.



Virginia hospitals take their case for dire financial times ahead to the public

Mark H. Merrill, Valley Health System president and chief executive officer, standing with microphone, makes a point at a Virginia Hospital and Healthcare Association press conference on financial pressure facing Virginia hospitals Sept. 16, 2015 in Richmond. Seated at the table are, from left, James B. Cole, president and CEO of Virginia Hospital Center in Arlington, Toni R. Ardabell, CEO of Bon Secours Richmond Health System, and Mary N. Mannix, president and CEO of Augusta Health.

Virginia's Republican-controlled legislature has repeatedly rejected the Medicaid expansion that was a key component of the 2010 Patient Protection and Affordable Care Act — “Obamacare” — and that would have increased the number of people who have health insurance while mitigating the burden on hospitals for indigent care. At the same time, hospitals that treat a lot of poor people face reductions in federal dollars that traditionally have helped with those costs.

The “Virginia Hospitals: Our Lifeline” campaign will include television, print and radio advertisements, posters on buses and a website, www.isupportVirginiaHospitals.com, and will tout the community benefits of hospitals, including providing health care but also providing jobs to thousands of people and serving as economic drivers in their local communities. Walker would not say how much is being spent on the campaign but described it as a significant investment.

All Richmond-area acute care hospitals except one reported a positive margin — in other words, profit — for fiscal year 2013, according to Virginia Health Information's 2014 Industry Report. VHI, a nonprofit agency that has a state contract to collect and report health care data, releases a report on the hospital industry annually.

Positive margins ranged from 2.9 percent at Bon Secours Memorial Regional Hospital to 15.1 percent at the VCU Health System. John Randolph Medical Center, an HCA Virginia hospital, reported a negative margin of about 6 percent.

“While Bon Secours will not allow the current environment to keep us from our mission, ... it's important to note today that we face challenges we've never faced before as a health care system,” said Toni R. Ardabell, chief executive officer of Catholic-run Bon Secours Richmond Health System.

“It's become more and more difficult to meet the needs of the underserved while keeping our hospitals fiscally sound. That is sometimes especially true in rural areas,” Ardabell said.

Mark Merrill, president and chief executive officer of Valley Health System, which has six hospitals in rural communities in Virginia and West Virginia, said that last year four of those hospitals lost money.

“Fortunately, we were able to cross-subsidize through the profitability of our largest hospital in Winchester,” Merrill said.

“What will occur in the future? Clearly we think service consolidation is occurring, and that has occurred in our organization. We have closed obstetrical services,” Merrill said. “We are a level-two trauma center. ... That trauma center is something that we are evaluating. It's a very expensive proposition to maintain a trauma center.”

Asked about specific proposals, the hospital executives said they just want to get a broader dialogue started.

“Let's be candid. We started out talking about solutions, and it hasn't really gotten us anywhere,” said Mary N. Mannix, president and chief executive officer of Augusta Health System.

“What we need to do is stand back and make sure that we have the correct problem statement, that we're

all speaking the same language, that everybody's on the same page here about what the issues and what the challenges and what the potential implications are," Mannix said.

Mannix said the campaign is targeting everyone — consumers, elected officials, insurance companies and others. She also raised the politically volatile issue of Medicaid expansion.

"We believe there should be some way to come up with a mutually acceptable solution to provide coverage expansion so that the dollars that we are spending and sending to Washington in taxes can be brought back into our commonwealth to support the infrastructure that we have here," Merrill said. "If it's not traditional Medicaid expansion, (we need) some creative way that the two parties can come together and have a conversation about what can we do to increase the coverage expansion here."