

February 24, 2016



Before the Hospital Provider Fee was created in 2009, our healthcare entities here in the Valley were in jeopardy. Private physicians were financially vulnerable and San Luis Valley Health, including the SLV Regional Medical Center in Alamosa and Conejos County Hospital in La Jara, operated at a loss over a period of several years.

Why? Because our region is among the poorest in the state and a higher percentage of our residents rely on Medicaid for health care than anywhere else in Colorado. Our hospitals provide millions in charity care and uncompensated care. And very few of our residents are covered by private insurers.

As a not-for-profit, mission-driven organization, our hospitals are morally and legally bound to provide care for anyone who arrives on our doorstep. Therefore, we operate on a very slim margin. After providing healing care for the region's poorest residents, there simply isn't enough money to update equipment, make capital investments in infrastructure, expand life-saving services, or recruit and retain medical specialists like cardiologists and oncologists.

Before the Hospital Provider Fee was put in place, our hospitals received 54 cents on the dollar for what it actually costs to provide care to a Medicaid patient. After the Provider Fee was implemented, hospitals receive 72 cents on the dollar.

Even with the reimbursements the Provider Fee generates, our hospitals remain uncompensated for some of the care they provide. Reduce reimbursements from Provider Fee and our hospitals will lose millions of dollars needed to care for our residents.

Since the Hospital Provider Fee reimbursements began, San Luis Valley Health, has received \$47 million from the Provider Fee. In this same five years, we have provided \$91 million in charity services and uncompensated care. Without reimbursement from the Hospital Provider Fee to offset the care provided to our community, our hospitals will find themselves in financial dire straits.

Due to the state's budget conundrum, the budget proposal for the coming year includes \$375 million in cuts to health care funding statewide. It's not just patients who will suffer from a decrease in funding. San Luis Valley Health is the region's largest employer. Our 650 employees have a tremendous impact on our local economy.

Since the fee and matching federal dollars have been in place, San Luis Valley Health's financial situation has rebounded. While we continue to operate on a slim margin, the health system is financially viable and highly capable of providing care and jobs for residents of Southern Colorado for years to come.

If these cuts remain as the legislature takes up the state's budget next month, it will negatively impact patient care, the health system's ability to recruit and retain providers, jobs, and it will undermine the financial stability gained over the past five years. But there is a better path forward: transition the Hospital Provider Fee into an enterprise. Although it's not a permanent fix to problems in our state budget, it is a common-sense solution that will allow policymakers to fund key state priorities and stave off proposed and future cuts to health care that will hurt our communities. We are calling on our legislative leaders to act and establish a Hospital Provider Fee enterprise this year.

A handwritten signature in black ink that reads 'Konnie Martin, CEO'.

Konnie Martin, CEO

A handwritten signature in black ink that reads 'Karla Hardesty'.

Karla Hardesty, Board President

Your Trusted Partner in Health

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