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Senate Joint Resolution 15

Benefis operates 502 licensed beds on two campuses in Great Falls. We are a faith-based, not-for-profit, locally governed hospital, and our service area includes approximately 225,000 residents within a 45,000 square mile region.

This region is among the poorest in Montana and Benefis treats a large percentage of Montana's Medicaid patients. Healthcare delivery to this population accounts for approximately 14% of our inpatient care, approximately 9% of our outpatient care – and approximately 12% of our total patient revenue. Even after netting out provider fee and DSH payments, Benefis sustains annual Medicaid losses in the millions. The cost of unreimbursed (Medicaid) care to Benefis, even after netting out provider fee and DSH revenues, was \$3.22 million in 2006.

As a mission driven, not-for-profit provider, Benefis treats everyone in need of medical care, regardless of his or her ability to pay, and we will continue to do so. However, the establishment of a physician-owned, for-profit specialty hospital in Great Falls certainly presents challenges in this endeavor. The physician-owned, for-profit facility, which is not bound by law to accept all patients, also threatens our continued ability to offer robust emergency services (which are internally subsidized), and the long-term fiscal viability of our community hospital.

Our relationships with physicians are critical, because physicians -- not hospital administrators -- refer patients to hospitals. The vast majority of doctors in this community have privileges at Benefis, and we want them to have privileges at Benefis. Some of our hospitalists are also our competitors.

Unfortunately, physician self-referral creates an unhealthy dynamic in a state like Montana, where overall patient volumes are low, Medicaid and Medicare patients typically account for the majority of a hospital's payor mix, and over 20% of the population remains uninsured. Cherry picking privately insured patients can significantly harm a community hospital, which must, under law, accept every patient without regard for ability to pay.

Enclosed you will find two exhibits. Exhibit A is a table comparing the total number of surgical cases referred to Benefis by surgeons with ownership in the competing, for-profit facility against the total number of cases referred to Benefis by surgeons within the independent physician community, who have no ownership in the competing for-profit, specialty hospital.

Although the table does not break down the cases by payor mix, it illustrates the significant decline in the number of cases brought to Benefis by surgeons invested in the competing, for-profit specialty hospital. Surgeries performed at Benefis by Great Falls Clinic surgeons declined by over 600 cases from the years 2005 - 2007, while surgeries performed at Benefis by surgeons within the independent community remained stable or increased during that same period.

The second exhibit, or Exhibit B, is a clinical message noting a Great Falls Clinic doctor's order for a patient to receive an MRI at Benefis because the patient had no health insurance. Although overall cases referred by Great Falls Clinic physicians are declining, this exhibit demonstrates one case wherein a Great Falls Clinic physician intentionally steered an uninsured patient to the not-for-profit community hospital.

Make no mistake, for-profit hospitals pose significant dangers to the long-term stability of not-for-profit community hospitals. Benefis nonetheless accepts the reality of competition in this community and is rising to meet this challenge. Benefis does not engage in economic credentialing – or the practice of denying a physician's application for staff membership or clinical privileges to practice medicine in a hospital on criteria other than the individual's training, current competence, experience, ability, personal character, and judgment. And Benefis has no plans to do so.

Benefis does not employ a large number of doctors and will continue to rely on physicians from the independent community as well as the Great Falls Clinic to refer cases to our facility.

EXHIBIT A

GFC													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2005	187	174	198	189	210	217	192	206	194	164	190	211	2332
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2006	191	182	219	191	174	170	154	182	164	144	152	159	2082
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2007	179	153	168	140	154	151	120	144	131	145	141	104	1730
Independents													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2005	529	441	541	550	552	558	493	576	550	550	587	538	6465
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2006	554	476	608	546	524	616	414	508	549	565	558	544	6462
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2007	592	484	594	570	599	589	530	558	544	654	564	550	6828
TOTAL													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2005	716	615	739	739	762	775	685	782	744	714	777	749	8797
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2006	745	658	827	737	698	786	568	690	713	709	710	703	8544
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2007	771	637	762	710	753	740	650	702	675	799	705	654	8558

GFC Difference 05 vs 06

(250) -10.72%

IND Difference 05 vs 06

(3) -0.05%

Total Difference 05 vs 06

(253) -2.88%

GFC Difference 06 vs 07

(352) -16.91%

IND Difference 06 vs 07

366 5.66%

Total Difference 06 vs 07

14 0.16%

EXHIBIT B not available due to privacy concerns