EXHIBIT 2
DATE 2-11-05
SB 60

MHA AN ASSOCIATION OF HEALTH CARE PROVIDERS

Testimony by John W. Flink
MHA...An Association of Montana Health Care Providers
on SB 60

My name is John W. Flink with MHA...An Association of Montana Health Care Providers. Our association represents hospitals, nursing homes, home health agencies, hospices and other health care providers.

As the department has testified, critical access hospitals are a category of small rural and frontier acute care hospitals authorized by federal law and licensed by the state of Montana. Under current state law, CAHs may have no more than 15 acute care beds and up to 25 swing beds.

The Medicare Modernization Act -- the federal law that created the prescription drug benefit – made a number of other changes in the Medicare program. Among them was a provision that authorized hospitals with 25 acute care beds to be licensed as critical access hospitals beginning in January 2004.

For us in Montana to take advantage of this change in federal law, we must change our state's licensure provision. SB 60 would accomplish this goal.

The critical access hospital program is a Montana success story. The concept was created through the Medical Assistance Facility (MAF)demonstration project in 1987. It is designed to ensure that Montanans living in the most remote parts of our state have continued access to medical treatment.

MHA and the department worked closely together for 10 years to develop the program. As a result of these efforts, the CAH program was established nationwide in 1997. As of January 2005, there are over 1000 CAHs nationwide, with 42 here in Montana.

The CAH program has enabled a number of facilities that would have been forced to close to remain open. SB 60 will ensure that Montana's CAH program is consistent with federal regulations and will allow Montana's hospitals to take full advantage of this program and thus ensure their continued survival.

We urge your support for this bill. Kip Smith, director for the CAH program is here today to answer any technical questions.

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Glendive Medical Center

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January 7, 2005

Mr. Brent Cromley, Chair
Senate Public Health Committee

Re: Support for Senate Bill (SB) #60

Dear Chair Cromley,

My name is Scott Duke and I am the Chief Executive Officer for Glendive Medical Center (GMC), a 25 bed Critical Access Hospital (CAH) located in Glendive, Montana. I am writing to ask you and the Senate Public Health Committee to support the passage of SB #60. The bill proposes to increase the acute care bed limit for CAH from its current limit of 15 beds to a 25 bed limit. Your support of SB #60 will help ensure Montana CAH's are able to continue providing much needed healthcare services in rural communities.

Since converting to CAH status in January 2003, GMC has been hampered in its efforts to provide healthcare services due to the current acute care bed limit of 15 beds. By increasing the bed limit to 25 beds, GMC will have the capacity to treat patients locally. Over the past two years GMC has reached the 15 bed acute care limit on a number of occasions. When this happens, GMC is required to transfer patients to another facility outside of the community. The closest facility is more than 50 miles away and this can be problematic for family members and loved ones. Montana's rural health care delivery system is quite fragile. The CAH program has helped to stabilize access throughout the state.

In closing, your support of SB #60 is vital to the future success of CAH in rural Montana. In addition, your support will help bring Montana law into compliance with changes in federal laws that were made last year as result of the passage of the Medicare Modernization Act.

Thank you for the opportunity to express my concerns. I would be happy to visit with you if you should have any questions.

Sincerely,

Scott A. Duke
Chief Executive Office

St. Luke Community Healthcare Network

January 7, 2005

Senate Public Health Committee

Dear Chairamn Cromley & Members of the Senate Public Health Committee,

I am writing this letter urging you to support Senate Bill 60 which will bring Montana's Law into compliance with changes in Federal Law made in the Medical Modernization Act. This change will ensure that the Critical Access Program continues to help communities and guarantee access.

Your support for strengthening this program will be greatly appreciated.

With Kindest Regards,

Shane H. Roberts
Chief Executive Officer

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January 10, 2005

TO: Senate Public Health Committee - Montana Legislature

FROM: John Bartos, CEO
Marcus Daly Memorial Hospital - Hamilton, MT

Dear Senators:

I am writing this letter to you requesting that you approve and recommend to the entire Senate the passage of Senate Bill 60, which would increase the acute care bed limit for Critical Access Hospitals from 15 to 25 beds. I am certain that you will hear testimony today for the need to bring the Montana law into compliance with the changes in the federal law made in the Medicare Modernization Act.

Marcus Daly Memorial Hospital converted to Critical Access Hospital designation as of December 1, 2004. There are a number of reasons for the conversion. The hospital this past fiscal year has experienced a deficit in its operations totaling $1,100,000. The first four months of the current fiscal year we were $500,000 in the hole. The Bitterroot Valley is a retirement area, and the Medicare utilization of this hospital is in excess of 64%. Medicaid patients account for 10% of the hospital's utilization. With these two government programs being 3/4 of our business, the reimbursement does not even cover cost.

Converting to a Critical Access Hospital will enable us to at least cover 101% of our costs for the Medicare/Medicaid programs. However, one of the stipulations attached to the CAH designation is bed capacity. That stipulation is an issue for us in that the hospital's average census for the past several years has been 16 patients. If Senate Bill 60 does not pass, we may be found in violation of State statute and will lose our Critical Access Hospital designation. If the bill doesn't pass, access to medical treatment will be curtailed -- when the 16th patient comes to our hospital, that patient will have to be transferred to Missoula. That would not only be an inconvenience to the patient, in that they would not have their attending physician available to provide care for them, but also would create a hardship for family members to visit and support their loved one.

I have been a hospital administrator in the State of Montana for 30 years, working in rural communities. We need Senate Bill 60 to be passed to stabilize access throughout our state. Your support for expanding this program will be greatly appreciated.

Sincerely,

John M. Bartos, CEO
Marcus Daly Memorial Hospital