

January 10, 2005

SENATE PUBLIC HEALTH, WELFARE & SAFETY

EXHIBIT NO. 8

DATE: 1-10-05

BILL NO. SB 60

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