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October 2, 2017



Rep. Nancy Ballance, Chair
Legislative Finance Committee
State Capitol
Helena, MT 59620

Legislative Finance Committee
Oct. 4, 2017
Exhibit 21

Dear Chair Ballance and Committee Members:

On behalf of the Board of Directors for Providence St. Patrick Hospital in Missoula and Providence St. Joseph Medical Center in Polson, I am writing to address the proposed 10% cuts in the state budget, particularly those cuts regarding the Department of Public Health & Human Services. I appreciate the opportunity to share our views and concerns with you.

As you may know, our Mission to which we are extremely dedicated is to improve the lives and health of people of our communities, especially the poor and vulnerable. These severe budget cuts will not only harm our ability to provide a wide range of high quality services to our patients, but they will also seriously hamper the ability of several individuals and organizations in our communities who provide much needed care and services to the less fortunate in our society. As community leaders in Missoula and Polson, we are concerned about the overall health and well-being of our citizens, and these 10% cuts, which are in addition to earlier proposed 3.47% cuts to Medicaid providers pursuant to the triggered provisions of SB 261, are going to put a tremendous strain on the ability of many groups and organizations that are currently helping those among us who need help the most. The most negatively affected by these cuts are the patients, clients and their families whose quality of life and well-being will be in jeopardy if these cuts are enacted.

For the record, you should know that we have estimated the financial impact of the 10% cuts at our two hospitals. Based on our understanding of where the cuts will impact us, for Providence St. Patrick Hospital in Missoula, a 10% cut in Medicaid reimbursement would likely cause a reduction in revenues of \$1,750,000, and at Providence St. Joseph Medical Center in Polson the estimated drop in revenues would be \$500,000. This loss in revenue will quite likely cause our hospitals to seriously consider reducing some services, which will be another blow to the people our communities and surrounding areas.

Therefore, we request that this committee and the whole legislature work collaboratively with Governor Bullock to explore and develop an alternate plan that will sidestep the 10% cuts to DPHHS that the Governor's budget director has previously outlined. In fact, we ask that you involve the stakeholders impacted by these cuts to learn if there are good ideas worthy of exploring. In the short-term, if you can figure out a way to shore up the ailing state budget without enacting these cuts to DPHHS, then we can all turn our focus to examining ways to improve our state's economy so that in the long-term significantly more well-paying jobs can translate into increased

state revenues and a healthy state budget. We pledge to be an active partner in that very worthwhile endeavor.

Thank you for considering our views and concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "William Bekemeyer, MD". The signature is fluid and cursive, with a long horizontal stroke at the end.

William Bekemeyer, MD
Chair of the Board
Providence Western Montana Service Area