



TEXAS HOSPITAL ASSOCIATION

**Written Testimony to the
Senate Finance Committee on Article II**

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I regret that the Feb. 3 hearing ended before I was able to speak; because I am unable to return to Austin today, I am submitting written testimony.

Balancing the budget is a challenge everywhere. I cannot imagine the task you are facing as you make decisions about the budget for the State of Texas. In addition to working for a county hospital district, I serve on the local school board. There are tough choices being made everywhere.

Childress is a rural Panhandle community with a population of 7,000. Childress Regional Medical Center is a 39-bed hospital that serves as the primary health care provider for a five-county area. Our service area includes 30,000 residents. Childress Regional is 100 miles from any larger hospital.

Childress Regional Medical Center is the second largest employer in the county with 300 employees. There are nine local physicians. Childress Regional is a little too large to be critical access so the hospital is paid like larger, urban hospitals. Approximately 20 percent of our patients are Medicaid beneficiaries. Another 10 percent are uninsured.

I have been chief executive officer of Childress Regional Medical Center since January 2003. What concerns me most about statewide budget cuts are Medicaid cuts to hospitals and physicians.

All hospitals will feel the pain of the proposed budget cuts, but rural facilities will feel it first. **In addition, rural hospitals have less financial reserves and fewer options to offset the cuts in Medicaid.** Colleagues have told me their hospitals could close, and I believe them, but that is not the situation in Childress. Medicaid cuts won't shut us down, but there will be immediate effects:

1. Obstetrical Services will not be available. About 300 babies are delivered in Childress Regional Medical Center every year; 70 percent of these deliveries are to Medicaid beneficiaries. In May 2010, a total of 25 babies were born at the hospital, and 24 of those mothers were Medicaid beneficiaries. In 2003, seven of eight local family practice physicians delivered babies. In the past year, two of those have closed the obstetrical portion of their practices. Medicaid cuts to hospitals and physicians combined with long hours, low volumes, high malpractice premiums and the threat of litigation could cause the hospital to discontinue obstetrical services. In turn, that will lead to employee layoffs, patients driving 100 miles for care and other upstream implications for larger, tertiary care hospitals and physicians.
2. The financial burden will be shifted from the state to local government. The hospital's governing board will have to consider local tax increases, a possible rollback election, etc. Costs to insured patients likely will increase.

I realize there are more problems than solutions. The purpose of my testimony is to urge you to consider all options, not just Medicaid rate cuts.

- Review all covered services;
- Consider copayments;
- Look for new sources of revenue (sin taxes, removing tax exemptions, etc.);
and
- Use some of Texas' rainy day fund (this is what we've been saving for).

Thank you for the opportunity to submit these comments.