

**TESTIMONY OF TOM VAUGHN, CHAIR, FRANKLIN HOSPITAL BOARD
TO JOINT TASK FORCE ON RURAL HEALTH AND
MEDICALLY UNDERSERVED AREAS**

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The next time I go through my local grocery store line and the cashier totals up the bill, I'm going to tell her, "Look, that total is the charge you want me to pay, but I'm only going to give you sixteen per cent of that amount." She's going to protest, but I'm going to tell her, "Wait, it gets worse. I don't actually even have that amount for you right now. You're going to have to wait a few months, but I promise I will come in and give you the sixteen percent then, okay?"

It sounds ridiculous, but it's what those trying to run health care facilities like Franklin Hospital constantly face. We have a price we charge for services at the hospital based on what it costs to deliver care. In our case, we recover our costs on Medicare patients because that is the benefit being a Critical Access hospital gets us. But the Medicaid program only gives us between sixteen to twenty cents on each dollar we charge. In addition to that, it takes up to six months to receive payment because the state withholds the money owed for long periods of time.

When the manager at the grocery store confronts me, I'll explain to him that I'm on a fixed income and a little short of cash. He's going to have to get his money some other way. I'll suggest that he raise his prices and collect full price from people that have a lot of money, like that guy in line behind me with the really nice watch.

Hospitals in Illinois that treat Medicaid patients have to do this. We raise our rates to get our money from those who pay well – patients with commercial insurance. In reality, we don't usually get full price from them either, but insurance is still better than any other payer source. This is one of the reasons your health insurance premiums are so high, if you're fortunate enough to even have insurance.

You may say, “Your problem is just the nature of business in a capitalist economy. If you can’t compete, you just close.” In the case of the grocery store, customers could just drive to another store a little farther away. The difference is that they are probably not going to die on the way to the more distant store. Also, the loss of one store wouldn’t affect the business climate for the entire county like losing its hospital would.

Our management team at Franklin Hospital fights this battle every day they come to work. The entire work force at Franklin never stops trying to make the hospital better every day for our patients. We are proud of them all. I just wish the powers that have the purse strings would commit fully to the mission that is health care. They need to reform this crazy pay system so that facilities that care for the neediest among us can survive.