April 22, 2009

Honorable House Members,

My name is Susan Klabo. I am the CEO of Mahnomen Health Center in Mahnomen, Minnesota. I am here today to speak to you because I want to help you to understand the extraordinarily grave circumstances we find ourselves in at our hospital today. As a hospital administrator, I am a conservative person, not prone to exaggeration or overstatement, so when I say the circumstances are grave, I do not make that statement easily or without much thought.

I've always thought of my leadership as one that looks at the big picture, as far as economy of scale. And in the seven years I've been the CEO of the Mahnomen Health Center, I've given some thought to what might happen if our hospital had to close and how I might prepare this rural area for that possibility. Given current economic circumstances and proposals for more cuts to hospital reimbursements, I fear that the time may be coming soon for our community to face this reality. With that said, I have been reminded at least weekly of the need for the facility to continue to exist and why it became Minnesota's first Critical Access Hospital in April of 1999. There are cases that wouldn't make it 37 miles down the road for help, and if they did, their final outcomes due to delay are unreasonable to consider. Seldom do our many trauma cases make it on the news, but the recent shooting of a sheriff's deputy did become national news, where he sustained a bullet wound to his head and abdomen. Mahnomen Health Center played a vital role in that day's outcome.

Currently there are 79 Critical Access Hospitals in Minnesota. The benefits of this federal designation gives special allowances for the number of Medicare patients served. It doesn't, however, allow any allowances for the number of Medicaid and uninsured we serve. In Minnesota, there is a 9 percent uninsured population, but in Mahnomen County, 17 percent is uninsured. In fact, 30 percent of Mahnomen Health Center's patient base is Medicare, 29 percent is Medicaid, 6 percent is BCBS and 20 percent have no coverage. For every four patients that access our ER, one has coverage. Under a federal law called the EMTALA law, we are not allowed to turn patients away from our ER and as health care providers, nor would we want to.

We are in the middle of one of the most dangerous industries out there for accidents … farming. Mahnomen is rated first in violence, per capita, in the state. With that brings injuries to our ER. The price of gas is a challenge for many patients and some don't have the money to drive further to seek care. We find ourselves giving out free over-the-counter meds as they can't afford to buy them for feverish children being seen in our ER. Mahnomen Health Center is being swallowed up by the uninsured and under-insured, and the benefits of being a Critical Access Hospital are quickly going away.

In 2005, our hospital had a net operating margin of 5 percent for the first time in the 50-year history of the facility serving Minnesota's poorest county. In 2008, the number plumaged to

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-(minus) 7 percent. I’m employed by a large health system to manage Mahnomen Health Center, and for the past seven years have found significant efficiencies in having such a relationship. The facility is owned by Mahnomen County and City and when the board approached the health system, it was out of the need to keep such an essential community health provider available to an at-risk service area. Due to the economy, the gained efficiencies are tapped. There is nothing more to abstract or provide.

For two years we worked to get a mobile dental clinic to come to Mahnomen Health Center’s campus to serve two counties without dentists willing to take those on Minnesota health programs. The medical center received national recognition for that effort. If the budget cut goes through, we will lose the mobile unit, as those on Medicaid will lose their dental coverage. We will be back to treating costly emergent dental visits in our ER, and ramping up our supplies and training to do that as was the case prior to the mobile unit. Mahnomen isn’t unique to this type of project. This is just an example of the many services hospitals put in place with the goal to keep people healthier, requiring fewer emergent visits and to have better health self-management. Many hospitals are looking to cut these special services. The result? More patient visits to hospitals and clinics, or worse.

The most frustrating part of my job is seeing our volumes increase, (meaning the need is there) reimbursements currently declining and uninsured and under-insured climbing. With or without the governor’s proposed cuts, salaries at our facility will have to be frozen this year. To lay off staff in a rural hospital is the last resort due to the fact that we have worked so hard to recruit them to their technical positions in the first place, like lab and x-ray techs, therapists, registered nurses and so on. When there is nothing else to cut, it places rural hospitals in a unique and difficult dilemma. Once lost, they will be impossible to get back. What’s the recourse?

When the state’s initial budget cuts were announced, I felt like I heard an audible gasp from every hospital administrator’s office in Minnesota. ...Why this? Why now? At that very time, we were fearful of the national economic news we were all hearing about (and feeling) and quickly realizing its impact on health care. As people lose jobs, they are still going to get sick and injured. We are financially marginal now. How are we going to be able sustain services through this long economic crisis?

To close our rural facilities is only sending our problems down the road. To close our facilities is not in the best interest of the public we serve ... there is a reason why we are there. We support health care reform and want to partner with the opportunity for change as we are well aware of the demographic and economic changes that are coming. But not this way — not now.

Thank you for this opportunity to speak on behalf of rural Minnesota.

Respectfully submitted,

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