

## **Deckerville Community Hospital at a Crossroads.**

The annual meeting of the Hospital Boards of Directors and Incorporators will be held on October 21, 2009 and will focus on the sustainability of the hospital.

The financial woes of the facility seemed isolated and rare for a local business only a few years ago, but in this community, business closure has become part of a declining economic landscape. Sanilac County has one of the largest unemployment rates in the country. With the loss of employment, most individuals eventually lose healthcare benefits. As a result, more patients who either have no insurance or who have been added to the roles of Medicaid are presenting to the hospital.

Hospitals have always struggled to maintain a positive bottom line and the majority of hospitals lose money on direct patient care services. On average, Medicaid pays less than 75% of cost in the State of Michigan, and Deckerville and similar hospitals receive less than 30 cents on the dollar. Payments from commercial plans (primarily Blue Cross) that pay more than cost are the only source of positive revenue. In Deckerville, the BCBS share of patients today is around 20% (compared to 35% ten years ago) and Medicaid represents more than 20% (compared to 5% only a few years ago).

The State budget problems have also contributed to the latest struggle of the hospital, as when Michigan diverted Federal Stimulus dollars which had been set aside for our hospitals to support other State priorities.

"Frankly, I see nothing that will get the attention of the Governor or State Legislature concerning the inadequacy of Medicaid payments for rural hospitals until hospitals start closing," states Ed Gamache, Administrator.

In 2003 the community successfully conducted a fund raising effort to keep the hospital open, and raised \$400,000 in only two years. There is no anticipation that another effort of this extent will occur at this time. On September 18th, the hospital Administration met with employees to outline a plan approved by the Board of Directors that included across the board pay reductions, increased cost controls, and plans to ask private contractors to accept reduced reimbursements. These changes are significant enough to help stabilize a difficult financial condition of the rural facility.

As in the past, the Annual Community Meeting will be held in the Deckerville School Cafeteria at 7 PM in the evening. The public is welcome and encouraged to attend.