

ALABAMA RURAL HOSPITAL COALITION

Bill Introduced to Help Rural Hospitals State Health Plan Must Be Amended

FOR IMMEDIATE RELEASE

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(MONTGOMERY) – The availability and quality of health care for thousands of rural Alabamians will continue to decline until legislative changes are made to protect rural hospitals.

As it stands, rural hospitals lose significant amounts of money on vital basic services such as emergency room, delivering babies and caring for the elderly, needs that are even more critical to rural Alabamians. Rural hospitals depend greatly on income from surgery, diagnostic imaging and other exempted services to cross-subsidize these vital services for rural Alabamians.

“If free standing imaging centers drain the profitable procedures from hospitals and leave only the uninsured and Medicaid patients, all hospitals are financially hurt,” said Steve Mahan, CEO of Vaughan Regional Medical Center. “Diagnostics and surgery are where hospitals make money to cross-subsidize vital and unprofitable services such as 24 hour ER coverage, delivering babies and caring for the uninsured. Rural markets are not large enough or financially attractive enough to absorb this kind of fragmentation of the rural healthcare market without having a negative effect on the local hospital.”

Vaughan Regional Medical Center, Parkway Campus is located in Selma and is just one of 54 rural hospitals that stands to benefit from the passage of Senate Bill 505.

On Thursday, April 22, Senator Hank Sanders introduced SB 505, a bill that will reinstate Certificate of Need (“CON”) review for services such as magnetic resonance imaging (“MRI”), extracorporeal shockwave lithotripsy and positron emission tomography (“PET”) to all providers, including non-hospital providers, located in rural or micropolitan counties. Micropolitan counties represent a new census bureau designation designed to describe more populous rural counties such as Dallas county or Cullman county. SB505 would help restore fiscal stability to rural and micropolitan hospitals and, as a result, help improve short and long-term health care for rural Alabamians.

Health care leaders from across the state say it is time to take action to change the State Health Plan. Such a change in the State Health Plan is necessary to ensure that quality care is available in the 46 rural counties where one-third of all Alabamians currently reside.

Under the current State Health Plan, a Certificate of Need is required before certain health services can be offered; however, there are a number of exemptions to the requirement. Those exempted services – including MRI, extracorporeal lithotripsy and PET – can right now be provided by non-hospital or “boutique” firms without the need for a CON review. These firms now take away the much-needed revenue from rural hospitals. If such situations are allowed to continue, the quality and availability of rural health care could suffer. SB 505 would require CON review for any provider who wishes to establish these services in rural or micropolitan counties.