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Augusta Healthy: Local hospital one of a few not struggling in Virginia

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Bob Stuart

Many of Virginia's acute care and rural hospitals are struggling financially, according to numbers released this week by Virginia Health information.

However, Augusta Health in Fishersville is not one of those struggling hospitals. The hospital's board chairman attributes Augusta Health's continued financial success to strong management and the leadership of the community-based hospital board.

Virginia Health Information reports that in calendar year 2014, 25 percent of Virginia's acute care hospitals and nearly 42 percent of the commonwealth's rural hospitals operated in the red. Augusta Health meanwhile recorded net revenues and gains of nearly \$75 million in 2014, according to Virginia Health Information. Part of the reason, hospital officials say, is the fact they've been very careful about spending only what they can afford.

Augusta Health Board Chairman John Peterson said since the hospital opened in 1994, the board has made it a practice not to accumulate significant debt. And whenever possible, Peterson said revenues have been



Michelle Mitchell

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reinvested into facilities.

"In 20 years plus, we have more than doubled the size," said Peterson, who said the hospital has been able to maintain services rather than paying large interest payments.

Peterson said the hospital's management has also played a major role. "We have had great leadership with Dick Graham and Mary Mannix and the administrative team," he said, of the past and current administrators of the hospital.

Peterson said a plan was initiated a few years ago to cut \$38 million in expenses over a five-year period. He said the plan has allowed the hospital to keep programs such as behavioral health services, which does not receive as strong a reimbursement as other services.

Earlier this year, Virginia lawmakers put forth a proposal that will be discussed in the next session of the General Assembly. Virginia is one of 49 states that use a type of fee, called the provider assessment. The law allows healthcare providers to basically tax themselves, with those funds then matched by the federal government, so that the state gets more funding from Medicaid. The cost of the tax is paid back to these providers by an increase in the Medicaid reimbursement rate for their patient treatment. Alaska is the only state that doesn't take part in this. Currently, Virginia only does this for some facilities. For example, in 2011, the General Assembly approved a 5.5 percent tax on revenues for 40 intermediate care facilities for people with intellectual disabilities. That tax raised \$13 million. The facilities got back the money they were taxed and the state in turn got \$6.5 million from the federal government, which was used to help balance the budget. Now state officials are considering an expansion of that idea, as of the things to discuss in the next General Assembly session.

Moving forward, Sen. Emmett Hanger, R-Mount Solon, said a number of strategies are needed to reverse the trends for struggling Virginia hospitals. Among rural hospitals, Hanger said some are having difficulty obtaining doctors.

"This is something we can address by helping with residency slots to get scholarships to provide incentives for doctors to practice in rural areas," Hanger said. Hanger has offered a private insurance alternative to expanding Virginia's Medicaid program. He continues to believe Virginia should accept the federal money available under expansion if enough reforms can be made in the Virginia Medicaid program. "We are not there yet, but we can get there," he said of reforming Medicaid delivery.

The expansion of Medicaid in Virginia would benefit the hospital, Peterson said. "That would enable us to get money back from patients we get nothing for," he said.

Virginia Health Information reports that Virginia hospitals provided \$627 million in charity care in 2013. But the trajectory of that number is alarming. The increase in charity care for Virginia hospitals is 57 percent since 2008.

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