

Mark Leonard
CEO
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Thank you Mr. Chairman and Mr. Davis for allowing me to present the hospital perspective of providing care to our uninsured patients. The increasing large numbers of Americans and North Carolinians without health insurance is a growing problem, and I applaud your efforts in bringing us together to discuss it. Let me briefly describe our health system and the impact of a growing uninsured population.

WestCare Health System consists of Harris Regional Hospital in Sylva, Swain County Hospital in Bryson City, Mountain Trace Nursing Center in Webster, WestCare Medical Parks of Franklin, Sylva and Bryson City along with a variety of ancillary programs and services.

WestCare employs over 1,020 staff members. Each year we will see over 6,000 hospital admissions and another

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95,000 outpatient encounters. Our medical staff performs almost 6,500 surgeries each year and deliver over 750 babies each year. We see over 27,000 patients in our two emergency departments annually.

Our primary service area consists of Jackson, Macon, Swain and Graham Counties. Almost 90,000 citizens live in this service area. Approximately 18% of western North Carolina's population is 65 or older as compared to the State average of 11.7% and the national average of 12.1%. Additionally, our region experiences greater incidence of poverty than the State average.

Being uninsured can create grave negative health consequences. Uninsured patients will often put off seeking care until a condition is serious and includes multiple complications. These patients will seek care

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through our emergency departments as well as ERs throughout the country. Uninsured patients make up over 24% of all patients treated in the emergency departments at WestCare Health System. An Emergency Room is the most costly setting to provide care. Unfortunately, the emergency room often times becomes the family physician for people without health insurance.

I am embarrassed to tell you that the Institute of Medicine estimates that approximately 18,000 people die each year nationally from diseases and conditions that are treatable and preventable simply because they do not have health insurance.

At WestCare, we like many other hospitals, define uncompensated care as consisting of shortfalls from the

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Medicare program, the Medicaid program, and from the uninsured.

At WestCare, the total annual cost of the uncompensated care we provide exceeds \$8,200,000. Five million dollars of that amount is the cost of care provided to our uninsured patients. And at WestCare, we have seen this trend line accelerate at an alarming rate. In 2003, we provided \$2,500,000 in cost of care to the uninsured. Remember, we project that amount to double to over \$5,000,000 this year.

And at WestCare, over 25% of our uninsured patients are employed. That is to say, \$1,250,000 in cost of care is provided to patients who are employed but for which we receive little or no reimbursement. And, of course, when the uninsured do receive care, their care is paid by

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others. We like other health systems make the difficult decision to pass along the costs of their care to privately-insured patients. This reality is necessary in order to come close to recovering our daily operating costs. This creates a vicious cycle. As the uninsured increase or when Medicare or Medicaid cut reimbursement rates, we are forced to shift our costs and ask the privately insured patients to pay more. This puts a greater burden on employers, who often decide they can no longer provide health insurance. In turn, more people are uninsured and the problem only gets worse. To continue to breakeven, WestCare and other hospitals must shift these losses to the privately insured which will only result in more uninsured.

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Yesterday, the Census Bureau announced that the number of people without health insurance coverage rose from 44.8 million in 2005 to 47 million in 2006. The Census Bureau looks at the total population. However, just about everyone over 65 is insured through the Medicare program. By including the over-65 population, the Census Bureau's figures are somewhat misleading and understate the problem. If you look at just the 18-64 age group, the uninsured rate for the US is 20.3%, the rate for North Carolina is 19.5% and the rate for western North Carolina is 20.1%.

Mr. Chairman, Mr. Davis, thank you again for your leadership in highlighting this significant issue.