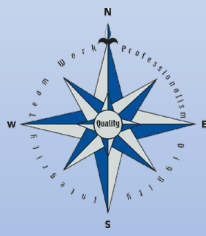


Petersburg Medical Center

The impact of Medicaid at Petersburg Medical Center, a rural critical access hospital in Petersburg

Philip Hofstetter, CEO



Petersburg Medical Center

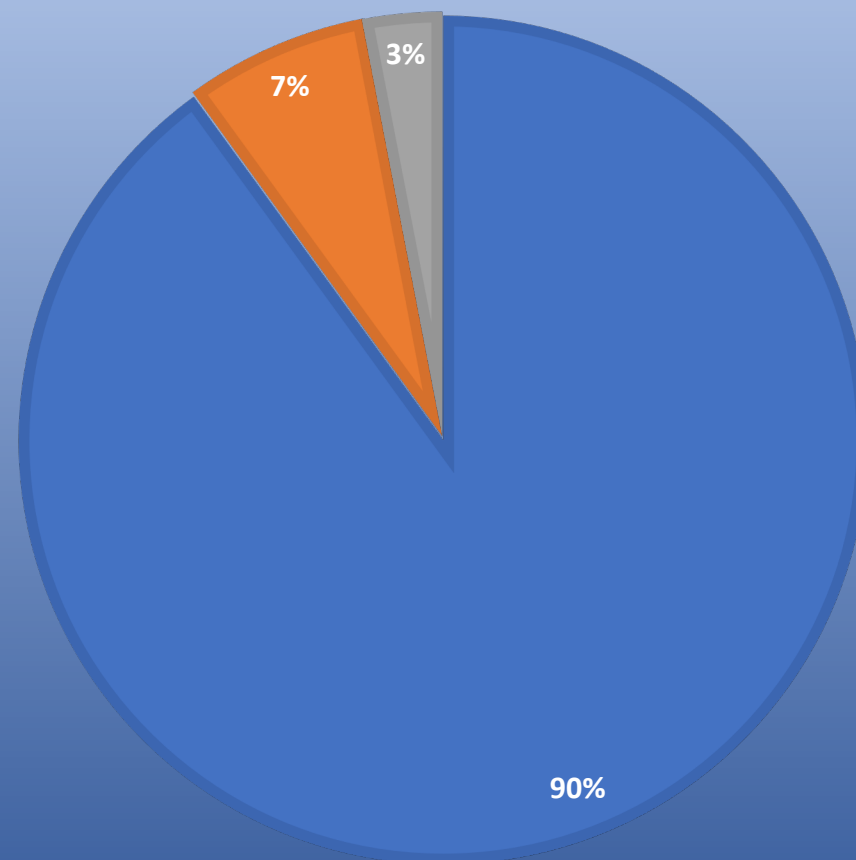
- Petersburg Medical Center (PMC) has delivered healthcare to the community since 1917.
- PMC operates efficiently and independently as a component of the Borough with tight operating margins of less than 1%.
- Over 95% of our employees live in the community and a large number were born and raised in Petersburg. Employee turnover rate is less than 10% yet salaries are at the 10th percentile.
- 47% of Petersburg Medical Center's \$15M annual budget goes toward employees.

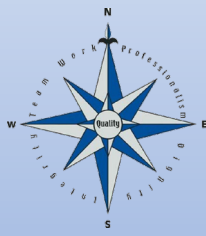


Petersburg Medical Center

UTILIZATION

■ Primary Care ■ ER ■ Acute Care/Skilled Nursing





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Medicaid and Uncompensated Care

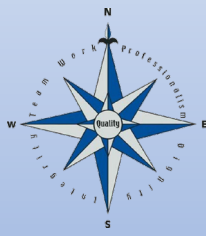
- Medicaid: 33% of overall revenue, 40% of overall cash receipts
- After the initiation of Medicaid expansion in September of 2015, PMC saw a 31% (\$394,000) reduction in total uncompensated care write-offs.



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Medicaid & Uncompensated Patients

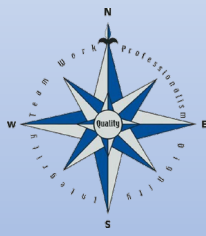




Petersburg Medical Center

Health impact:

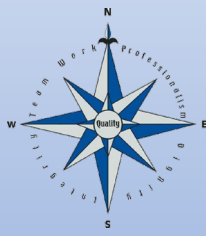
- Compensated care (Medicaid) patients are 4 times more likely to come to primary clinic.
- Uncompensated care patients are less likely to come in to primary care clinic (4 times less).
- Opioid and substance abuse are managed more with compensated care. Suboxone program reduces charges by 1/3 compared to patients not in suboxone treatment.
- During 2014 and 2015, 83% of uncompensated inpatient stays were attributable to mental health disorders or substance abuse. 100% of the charges for these stays were written off to bad debt.



Petersburg Medical Center

Healthcare impact:

- Each 1% overall reduction in Medicaid would equal \$50,000.
- Uncovered patients would present at a higher level to ER.
- Unmanaged care would increase overall costs. Unmanaged patients more frequently present to ER, are admitted to Acute care, or are medevaced to tertiary care.
- Uninsured/undersinsured patients would increase uncompensated care.



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Community impact:

- Low operating margins
- Reduction in services.
- Workforce reductions.
- Negative economic impact to community.
- PMC is an at-risk facility.