



Shelby County Board of Commissioners

160 N. Main Street • Suite 450 • Memphis, Tennessee 38103

(901) 545-4301

MIKE RITZ

Commissioner

District 1, Position 1

March 19, 2010

VIA EMAIL/FAX ONLY

Congressman Steve Cohen

349 Kenilworth Place

Memphis, TN 38112

RE: The Regional Medical Center, Memphis ("the MED")
Financial Assistance

Dear Congressman Cohen:

I write to request your further assistance and leadership concerning the MED's financial situation. Because copies of this letter are going to other Tennessee congressmen, Senators Corker and Alexander, and the congressmen from north Mississippi, east Arkansas, the Missouri bootheel, and west Kentucky and those state's senators I have included some background below. The 'reconciliation bill' may be a way to implement the suggested language noted below. However the extra Medicaid money for states that do not qualify for Medicaid funding now (only Tennessee at this time!) recently inserted on page 67, line 13 of the 'reconciliation bill', does NOT respond to the needs and the request of this letter. The reasons that amendment does not help the MED include (a) it's funding authority but nor authorization, (b) its failure to require the those new Medicaid funds to go to Disproportionate Share Hospital payments, and (c) all these funds could go to private hospitals.

The MED is an acute-care teaching hospital that provides a disproportionate share of indigent care to patients from a five-state region within 150 miles of Memphis, Tennessee. The region includes the West Tennessee, North Mississippi, Eastern Arkansas, the Missouri bootheel, and Western Kentucky, an area that is notable for high rates of poverty and lack of insurance, and for sharp disparities in health status. The MED is the safety net for those who are unable to get quality health care elsewhere. As the principal teaching and research hospital of the University of Tennessee Center for Health Sciences, the hospital has developed Centers of Excellence that are unique in the region and that address some of the most serious public health problems in the United States. These specialized resources include prenatal services to address Memphis' infant mortality rate, which is the highest in the nation. The MED operates the only Level 1 trauma center in the region and the only burn center. The MED is the region's principal resource for the treatment of sickle cell and HIV/AIDS. None of the other hospitals in the region can fill the needs now being met at the MED. As a result of lost revenues and increasing demands for indigent care, the MED faces budget shortfalls that threaten to sharply curtail the institution's essential services.

- The Centers for Medicare and Medicaid Services (CMS) at DHHS has recently approved Medicaid Plan amendments for Mississippi (March 9, 2010) and Arkansas (May 2009) so that both states can receive from CMS and in turn send to the MED disproportionate share hospital payments, challenges.
- CMS is working with Tennessee's TennCare officials to assist the MED in meeting its immediate \$30 million annual cash needs by matching 2 to 1 or 3 to 1 the additional \$10 million funding Shelby County Government is now providing the MED.
- It appears that the proposed Hospital Coverage Fee from private Tennessee hospitals will balance TennCare's budget for the foreseeable future.
- Even if all of the above are successfully implemented the overall needs of the MED require some additional specific federal help. The federal help we seek will also help Nashville General Hospital, the Meharry Medical College teaching hospital. Similarly the needed federal assistance would also aid Erlanger Hospital in Chattanooga.

This is a time when the federal government is investing in infrastructure and attempting to address racial and socioeconomic disparities in health access and health status. We suggest on behalf of the MED and Nashville General, with the collaboration of their medical school partners, the University of Tennessee Health Sciences Center and Meharry Medical College, a federal funding initiative that will enable them to adequately address disparities on a regional basis. On behalf of the MED I suggest the political support of congressional representatives from the MED's five service states, and get them to endorse the need for the MED to address disparities throughout the Delta. Meharry and General will benefit from this initiative, given Meharry's historical role in combating disparities.

To succeed, collaboration is imperative. The amount of targeted funding any one of these hospitals or academic centers can get on its own is much smaller (assuming it can even get any targeted federal funding at all) than what is possible if it is part of a larger consortium that has multi-state political support.

With respect to our needs at the MED (and Metro and Erlanger), the following language is needed to be inserted in the current health care bill before Congress:

"With respect to any publicly owned hospital that serves as the principal teaching facility for an accredited medical school located in a state in which all enrollees are mandatorily enrolled in managed care pursuant to a waiver approved by the Secretary under Section 1115 of the Social Security Act, the state Medicaid agency shall ensure that total Medicaid payments, including disproportionate share hospital and/or essential access payments but exclusive of revenues earned by the hospital for the treatment of beneficiaries or for graduate medical education, shall equal at least 60% of all certified public expenditures made by or on behalf of the hospital."

The effect of this amendment (MED, Metro, Erlanger) would provide that subsidized public hospitals that account for tens of millions of dollars in certified public expenditures which generates substantial federal reimbursement which the TennCare program is not reimbursing back to the hospitals that generate it. Memphis and Shelby County leaders are vigorously pressing for the state to correct that problem as it affects the MED. Metro Nashville-Davidson

County officials have recently joined with them. Chattanooga-Hamilton County subsidizes Erlanger Hospital at a lower rate than Memphis or Metro Nashville. I have not included the Georgia, Virginia and Alabama delegations but they should be supportive for Erlanger. Likewise Alabama for Metro.

If I can secure more information about the MED's needs or further explain this proposal, please call me at 901-277-6618 or email me at mcritz1@comcast.net.

Sincerely,



Mike Ritz, Commissioner
Shelby County Board of Commissioners

Cc: Senator Lamar Alexander
Senator Bob Corker
Senator Kit Bond
Senator Jim Bunning
Senator Thad Cochran
Senator Blanche Lincoln
Senator Claire McCaskill
Senator Mitch McConnell
Senator Mark Pryor
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