



Prevent Budget Actions that will Force CHKD to cut Access, Services and Jobs

Children's Hospital of The King's Daughters, the Commonwealth's only free-standing hospital dedicated exclusively to children, is facing devastating reductions in all versions of the proposed state budget.

Virginia's House and Senate conferees are now working diligently to produce a budget that overcomes shortfalls while protecting core services. **Without a doubt, CHKD is a core service.** While our representatives have difficult decisions to make in the next few days, we need your help in telling them that **CHKD cannot sustain any of the proposed reductions.** As it stands right now, proposed budgets could slash several million essential dollars from CHKD through cuts to disproportionate share payments, neonatal intensive care payments and rate reductions

The House recognized CHKD's extraordinary challenges and provided an exemption from hospital inpatient, outpatient and capital reimbursement reductions. CHKD applauds this policy that shields high Medicaid providers – those with more than 50% of inpatient days attributed to Medicaid – and urges the ongoing adoption of this provision. CHKD's inpatient Medicaid days comprise 53% of its total days. Virginia's next closest provider is at 28%.

Here is what is at stake:

- **The House budget will cut CHKD by about \$3.1 million in each year of the biennium.**
- **The Senate budget will cut CHKD by about \$2 million in FY 11 and \$4.4 million in FY12.**

Furthermore, **CHKD's pediatricians, pediatric surgeons and pediatric specialists would see significant rate reductions.** This could drive physicians out of Virginia and patients into the higher-cost Emergency Center setting. Cutting payments to these professionals will result in further losses for CHKD in order to operate a full-service children's hospital.

If not corrected, these budget actions could force CHKD to limit access to care, reduce the availability of services and cut dozens of jobs.

To protect the only facility of its kind in the Commonwealth and the hospital with the highest Medicaid utilization by far, we urge legislators to:

- 1. adopt House budget language that spares high Medicaid providers from rate cuts,**
- 2. use federal Medicaid matching funds to prevent cuts to health care providers**
- 3. elevate disproportionate share payments based on high Medicaid utilization**

After last year's Medicaid rate freeze, CHKD cut 137 jobs and a total of \$6.5 million in operating expenses to end the year with a mere 1% operating margin.

At CHKD, Medicaid and Medicaid HMO patients account for:

- 53% of inpatient days
- 57% of Emergency Room Visits
- 56% of NICU days
- 46% of Outpatient Visits

Medicaid enrollments are expected to increase by 12% in FY10. **Thus, CHKD's Medicaid population will expand, and the payment shortfall will deepen.**

We cannot afford to sacrifice the care of our children. Please protect CHKD.

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