

# GUNDERSEN HEALTH SYSTEM®

April 17, 2017

The Honorable Pat Grassley, Chair  
The Honorable Ashley Hinson, Vice Chair  
The Honorable Chris Hall, Ranking Member  
Iowa House of Representatives  
Appropriations Committee  
State Capitol  
1007 East Grand Avenue, Room 103, Sup. Ct. Chamber  
Des Moines, IA 50319

**Re: FY 2017-2018 Health and Human Services Budget**

Dear Representatives Grassley, Hinson, and Hall:

On behalf of Gundersen Health System, we write to express concerns regarding the proposed FY 2017-2018 Health and Human Services (HHS) Budget. We are committed to providing services close to home for our Iowa patients and communities, and the proposed budget would reduce service reimbursement to hospitals and providers, negatively impacting services we provide for patients in rural northeast Iowa.

Gundersen Health System provides integrated care for patients in predominantly rural areas along the Mississippi River in western Wisconsin, northeast Iowa, and southeast Minnesota. As the largest employer in the region with over 7,000 employees, Gundersen provides comprehensive services including: clinical care, level II trauma care, medical education, and air and ground ambulance services. As a Healthgrades Top 50 hospital in overall care, many clinical specialty services, and patient experience, we are committed to providing care close to home while supporting public policy that helps to enrich every life through improved community health, outstanding experience of care, and decreased financial burden.

As proposed, the Iowa HHS budget would reduce payments for providers and hospitals serving Medical Assistance enrollees. Specifically, reductions would impact our most vulnerable patients who are elderly, sick, and low-income. The budget bill decreases \$10 million in funds for inpatient hospital diagnosis-related group outlier thresholds, which is intended to reimburse hospitals for certain cases when costs for providing care exceed the established cost thresholds. In addition, a

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**Iowa Locations: Calmar – Decorah – Fayette – Lansing – Oelwein – Postville – Waukon – West Union**

proposed \$7.7 million cut would occur for services provided to low-income, elderly dual eligible beneficiaries. Patients who are enrolled in both Medicare and Medicaid are eligible to have Medicare out-of-pocket costs (co-pays, deductibles, etc.) covered by Medicaid. Estimates of these provisions would negatively impact Gundersen Health System approximately \$500,000 for our rural Iowa providers and clinics.

In sum, we ask the legislature to remove these proposed cuts in medical assistance reimbursement from the FY 2017-2018 budget. Reductions for serving Medicaid enrollees and Medicare beneficiaries provide barriers to achieve our mission of enriching every life through community health, provide outstanding experience of care, and decreasing the financial burden.

Please feel free to contact me with any questions.

Sincerely,



Brian Vamstad

Manager, Government Relations

Gundersen Health System

*Serving communities throughout Western WI, N.E. IA, and S.E. MN*

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