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It Takes Strong Leadership to Strengthen Our Hospitals

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Almost two years after the first cases of the COVID-19 were reported in the U.S., the pandemic continues to affect communities across West Virginia, and it has pushed our hospitals to the brink.

Fortunately, for all West Virginians, Governor Justice and the West Virginia Legislature have taken notice and are demonstrating strong leadership to strengthen West Virginia hospitals. They're engaging in tough conversations and looking for solutions. We thank the Governor and all legislators for their support.

This week, the West Virginia Senate took decisive action to strengthen our hospitals by unanimously passing SB 574, an enormous step to help stabilize hospitals and ensure access to care for West Virginians. Governor Justice too has exhibited strong leadership on and support for SB 574, and we are extremely grateful for his commitment to protecting health care delivery and West Virginia hospitals. We look forward to continued support for hospitals by the West Virginia House of Delegates when they begin their work on SB 574 in the coming days.

What is the motivation for SB 574, which provides state funding for PEIA, the health insurance program for state employees and some others? Basically, fewer West Virginians receive their health insurance from private sector employers compared to the national average. In West Virginia, 75% of West Virginians treated in our hospitals receive their health insurance from government programs – Medicare, Medicaid, and the Public Employees Insurance Agency (PEIA). Medicare and Medicaid pay providers less than the cost of care. By far the worst of the public payors, however, is PEIA, which pays hospitals only 45% of costs. The ultimate consequence of underpayment by public payors, including notably PEIA, is that costs are shifted to private sector employers and employees through higher health insurance premiums. These severe underpayments also threaten access to care for all, as West Virginia hospitals struggle financially, while simultaneously competing for nurses and doctors due to the nationwide staffing shortage.

SB 574, as passed by the Senate, will utilize PEIA reserve funds to bring inpatient rates for hospitals and rates for emergency medical services up to 110% of the Medicare rate. This is a monumental step in the right direction to require PEIA to pay fairer rates to health care providers without raising premiums on state employees or the non-state agencies who are enrolled in PEIA. The bill contemplates using PEIA reserve funds as a bridge to a long-term funding source to be identified in the future. This bill is consistent with policymakers' long-standing commitment to strengthening PEIA through programmatic changes that ensure access to care for our residents while also supporting our hospitals and EMS providers on the frontlines of care.

Hospitals are a critical piece of the economic infrastructure that employers consider when locating their businesses. Recently, West Virginia has received lots of good news in the form of major investments and new jobs being created by companies opening plants and facilities in West Virginia. In order for West Virginia to continue to compete successfully for new jobs and investment, West Virginia needs a strong and healthy network of hospitals. SB 574 will strengthen hospitals and help West Virginia continue to attract good jobs. Plus, hospitals are large employers themselves – employing some 49,000 people – and creating economic vibrancy in the communities throughout our state. This is why SB 574 is so important.

The bottom line is that without vibrant, healthy hospitals, West Virginia and its people remain vulnerable. What happens at this critical point will determine whether our hospitals can maintain the many services necessary to provide quality health care here in the Mountain State. We're at a tipping point, but we have an opportunity to steer our health care system in the right direction with improved PEIA payments under SB 574, so that hospitals have the resources to recruit and retain doctors, nurses, and other health care providers, and ensure quality care to all West Virginians.

It is encouraging to see the Governor and the Senate working together to provide the strong leadership needed to address this challenge, and we look forward to working with the House of Delegates in the remaining days of the legislative session to get SB 574 over the finish line.