Opening Statement of Ted Matthews, Anson General Hospital

Good afternoon, my name is Ted Matthews. I am the Chief Executive Officer of a small rural hospital in Anson, Texas, located in Jones County. Thank you for the opportunity to testify before the House Ways and Means Committee regarding our recent conversion to a Rural Emergency Hospital. I am truly honored to have this opportunity to come before this distinguished committee to discuss the challenges of maintaining access-to-care in rural Texas.

Some background information on rural healthcare in Texas. Geographically, 85% of Texas is considered rural, but we have only 15% of the voting bloc. Since 2010, 27 rural hospitals have closed in the state. Fortunately, we have had only one rural hospital close in the last four years (La Grange, Texas). As expected, not only does a hospital closure affect healthcare availability, the closure of a rural hospital also takes a huge economic toll on a rural community. On average, when a closure occurs, up to180 local jobs are lost with a negative economic impact in the community of $20M. According to a recent study, Texas currently leads all states with 45 rural hospitals at risk of closure (28% of the 157 total rural hospitals in Texas). **In February 2023, it was the consensus that Anson General Hospital would be the 28th rural hospital to close in the state.**

Why do we lead the nation in the closure of rural hospitals?

1. Declining rural census across the state.
2. Payor mix – Texas leads the nation in the number of uninsured/underinsured state residents (17%).
3. Demographic challenges – A rural patient base is disproportionately older (Medicare), poorer (Medicaid), has more chronic care issues than those patients living in Metropolitan areas.
4. Rural hospitals treat many of the same health conditions as urban areas but do so with lower patient volumes and less leverage when it comes to purchasing power and/or contract negotiations (payor source).
5. Socioeconomic issues associated with rural economic industry, for example, in Jones County it is farming and agriculture.
6. Healthcare recruitment difficulties in rural areas (primarily physicians and specialized healthcare workers).
7. Infrastructure, and the age of rural facilities - Plant Property and Equipment. Most rural hospitals were constructed in the 1950s.

At one time, we had three hospitals in the county. After the closure of two of those hospitals, we were now the sole remaining hospital. Our hospital was constructed in 1952, making our infrastructure 72 years old. In our Rural Health Clinic adjacent to the hospital, we have two family practice doctors, one has practiced for 3 years and the other has practiced for 49 years in our rural community.

In early 2023, Anson General Hospital was experiencing many of these issues referenced earlier. We had an outstanding debt of $1.9M, and aging accounts payable of $860K. We had incurred net losses in the prior three years and faced a continuing decline in the population base, leaving us with only 2,200 residents in our community and 17,000 in the county. Basically, a sparsely populated area where, through farming and ranching, we are known for our fiber and food. As one of our board members states often, "we feed and clothe America." In financial hardship, and with a deteriorating infrastructure, we surmised that if we continued along the path we were on, our hospital would close.

So, when the opportunity presented itself to convert to a Rural Emergency Hospital, and based upon our precarious financial position, we elected to move immediately in that direction. After completing community needs assessments, the hospital board voted to initiate the conversion to a Rural Emergency Hospital. In early January 2023, we started the application process by completing Form 855A to change our Federal designation from a Prospective Payment System Hospital to become one of the first Rural Emergency Hospitals in the state and nation. Effective March 27, 2023, we received notice from CMS that our PTAN number (Provider Transaction Access Number – Medicare Identifier) of 72 years had changed to 670781, and that we were now designated as a Rural Emergency Hospital. So, at that time our whole mindset or emphasis shifted away from providing care to our community on an inpatient acute care system and/or swing bed basis to providing Access-to-Care on an **outpatient basis**. Our focus now was to address the healthcare needs of our community through the; 1. Emergency Room, 2. Radiology, 3. Laboratory, 4. Physical Therapy, 5. Observation, 6. Outpatient Surgery (still in discussion), and 7. Behavioral Health (a future consideration).

Over the past year, after initiating additional cost-cutting measures, and increasing our traditional Medicare reimbursement to105%, plus receiving a monthly Facility Payment of $277K, we have seen our financial position improve substantially. In fact, based upon our Rural Emergency Hospital conversion we are confident that our hospital now has a future, and that we will be here for years to come to meet the healthcare needs of our rural community.