

**Testimony of Michael Waldrum, MD, MSC, MBA
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Hearing on “Investing in America’s Health Care”

**United States House of Representatives
Committee on Energy and Commerce
Subcommittee on Health**

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Good morning and thank you Chairwoman Eshoo, Ranking Member Burgess, and distinguished Members of the Subcommittee for inviting Vidant Health to testify at today’s hearing. I am Michael Waldrum, chief executive officer of Vidant Health, a health system guided by its mission to improve the health and well-being of Eastern North Carolina, a geographic region the size of Maryland that 1.5 million people call home—including the district of the subcommittee’s vice chair, Congressman Butterfield.

I am honored to speak to you today about the vital importance of Medicaid disproportionate share hospital (DSH) support for my health system and the people and communities we serve.

Vidant Medical Center, in Greenville, is one of four academic medical centers in North Carolina. It is a tertiary referral center and the only level I trauma center on the Eastern seaboard between Norfolk, Virginia and Charleston, South Carolina. Overall, our system is the site annually of more than 64,000 inpatient admissions, 347,000 outpatient visits, 265,000 emergency visits, and 5,600 births.

Vidant Health also is a major employer and source of economic activity in our state. We employ more than 14,000 North Carolinians and contribute \$2.85 billion to the gross regional product of Eastern North Carolina and \$3.5 billion statewide.

But those numbers reflect care largely inside our walls, and they tell only part of the story about our service to the community and our vision to be a national model for rural health care.

Vidant Health and the hundreds of essential hospitals like it across the country reach well beyond their walls to meet people where they are and help communities cope with social, economic, and environmental factors that influence health.

We have ample experience with this. According to the 2016 County Tier Designations, a majority of the counties we serve are among the most economically distressed areas of our state. In Vidant Medical Center’s primary service area, Pitt County, 60 percent of public school students are enrolled in free or reduced lunch programs, and the poverty rate is 24 percent, compared to about 18 percent statewide. Feeding America calculates that nearly a quarter of Pitt County’s residents experience food insecurity. With this reality, our care providers work hard to combat climbing rates of obesity, chronic conditions, the infant and maternal mortality crisis, and the opioid epidemic.

So, we fund programs throughout our system that empower hospitals and community partners to overcome socioeconomic factors that contribute to poor health. From chronic condition support to food banks to school health programs and many other initiatives, we're making a difference. In fact, last year, Vidant Health partnered with more than 159 different programs across Eastern North Carolina, contributing almost \$2 million in grant contributions to other social service organizations and serving more than half a million of our neighbors.

Today's hearing is about investment in health care, and these programs represent our investment in the health and productivity of our community. We can do these things because Medicaid DSH helps ease the financial pressure that comes with our commitment to meeting the health care needs of all people, including those who face severe financial hardships.

That commitment to mission translates to more than \$200 million in uncompensated care costs annually for Vidant Health. This includes charity care, bad debt, and shortfalls from government programs. Medicaid DSH helps close that gap.

Our situation is not unique. The 300 hospitals in our national association, America's Essential Hospitals, alone provide nearly a quarter of all charity care nationally and more than nine times the amount of uncompensated care per hospital than other U.S. hospitals.

Vidant Health and the nation's other essential hospitals depend on Medicaid DSH to offset the financial losses we sustain caring for our nation's most vulnerable people, who often are the most complex and costliest patients due to their socioeconomic challenges. This leaves essential hospitals with no financial cushion to absorb a cut the magnitude of this year's DSH reduction: \$4 billion, or a third of total DSH funding.

A cut this size—and the following year's unthinkable \$8 billion reduction—would deeply damage our ability to meet the needs of the individuals and families who depend on Vidant Health. These cuts will be felt even more so by the patients in states that have not expanded Medicaid, such as North Carolina. DSH cuts would devastate the nation's safety net and jeopardize health care access and jobs in eastern North Carolina and communities across the country, with a particularly acute impact on rural America. It is important to recognize that 102 rural hospitals have already closed between January 1, 2010 and March 19, 2019.

Congress has wisely chosen to delay these cuts four times previously—each time, with strong bipartisan votes that underscored the concern of how broadly these cuts could impact care. We're greatly encouraged to see the same bipartisanship on this issue this year. We thank Congressmen Engel and Olson for organizing a letter to House leaders calling for a further delay, and we thank their 300 bipartisan House colleagues, including the members of this subcommittee, who signed that letter.

Thank you for letting me share the story of Vidant Health, the people and communities we serve, and the vital need for strong federal funding support to help us meet our mission.