



## **Letter To The Editor Response: Humana Plan**

(Huntsville, TX) – I would like to address the comments in Mr. Howard Stanton's letter to the editor (04/14/11) about Huntsville Memorial Hospital (HMH) in regards to not accepting the Humana Gold Choice Program. More importantly, I would like to respond to Mr. Stanton's question, "Do you have a management problem that makes you different from Conroe Regional, Woodlands Hermann or St. Luke's or all the many Houston hospitals?" The answer to that question is simply "no." And while there is certainly not a problem with the management team at HMH, there most certainly is a problem with the reimbursement that Humana provides to HMH for services provided to patients.

It is important to realize that the hospitals mentioned in Mr. Stanton's letter are all part of large hospital systems and therefore have the ability to negotiate from a much stronger position of power due to their system volume of patients. HMH is a small community hospital that is not part of any large system. As a result, the rates offered to us from Humana are much lower than the rates offered to the larger systems. The Management Team at HMH is quite aware of this rate disparity, due in large part to the fact that we all came from large hospital systems and therefore have a clear understating of their finances. HMH is an affiliate of the Memorial Hermann Healthcare System (MHHS) but that ONLY means that MHHS provides the leadership personnel to our hospital. HMH cannot legally participate in any managed care rates that are offered to the MHHS since HMH is not owned by MHHS. We do however feel that the care we are providing our community is worthy of the rates they are offering large healthcare systems just 30 miles down the road. In fact, since 2008, HMH has treated approximately 1,108 patients enrolled in the Humana Gold Choice program. For those specific patients, the hospital incurred a total cost of \$5,556,519.00 and yet only \$1,373,131.00 was actually paid to HMH. That kind of a payment rate for the cost of the services provided to those patients is a difficult shortfall for any organization to have to sustain.

I think it is also important for readers to know that HMH participates in a national survey of hospitals, relative to our size, throughout the United States. You would be proud to know that Huntsville Memorial Hospital ranks among the top tier of hospital performance, being ONE OF THE MOST COST EFFICIENT in how we operate your community hospital. We are also honored to be recognized with some of the highest clinical quality ratings of comparative hospitals in the United States. Readers should remember that Huntsville Memorial Hospital and many dedicated medical staff members continue to lead the nation in Physician-Hospital alignment. Our Co-Management model allows HMH to deliver the highest quality and most cost efficient health care services to this community; and all while acting together as co-management partners. If you were to ask your personal physician, one of the HMH Physician Partners, they would tell you that the cost they bear in the delivery of care that is provided in their office to you is far less than the cost HMH bears when they have to admit you to the hospital for a serious

illness. Some of these physicians will try to absorb the loss they receive from the Humana PPO contracts as a service and a convenience to you. Their operating loss may be much smaller compared to the loss HMH has to take from the Humana contract based on the resources we have to expend in getting you healthy and back to your family. Their primary responsibility is to each of the individual patients they treat in their practice. The Hospital's responsibility is to the entire greater Huntsville community.

Humana is a for-profit, publicly traded company, owned by its stockholders. Humana contracts with representatives of CMS (The Center for Medicare and Medicaid Services, i.e. Medicare) at similar rates for hospital reimbursement that the hospital would receive directly from CMS. However, Humana will need to pay profits to its' stockholders out of their CMS reimbursement in addition to paying the physicians and hospitals that actually provide the care to its Medicare enrolled members. HMH has chosen to contract directly with Medicare and by doing so we cut out the 'middle man' and ensure that all the funds provided by the Federal Government are allocated directly to your care. HMH is a not-for-profit organization that uses all the resources given to the hospital and reinvests those resources back into Huntsville's community hospital, and the greater Huntsville community health needs. Why should HMH contract with any Medicare Advantage Plan that would ultimately 'reduce the overall benefits that the hospital can provide' to the citizens of Huntsville and give that money to 'for profit insurance companies' that will in turn give some of that money away to their stockholders?

I hope that this letter clearly explains to the Huntsville community why HMH is not participating in any Medicare Managed Care Program, like the Humana Gold Choice Program, since it takes money away from the Huntsville community and disperses it among the stockholders of the various Medicare Advantage Plans.

In the Medicare enrollment period, please call Huntsville Memorial Hospital directly to verify if our facility participates in the contracts being offered to you. Please do not depend on these companies to validate that HMH is contracting with them.

Sally Nelson  
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Huntsville Memorial Hospital