

My name is David Zehring. I am a retired surgeon. I practiced in Seattle, where I was Clinical Professor of Surgery at the University of Washington. I moved to Colorado eleven years ago, and am currently serving my second term as Chairman of the Huerfano County Hospital District Board. My testimony today concerns the financial difficulties that we face in Huerfano County at the Spanish Peaks Regional Health Center Family Clinic, conditions that threaten our ability to keep the clinic open.

In 2008, the Spanish Peaks Regional Health Center Family Clinic, staffed by 2 ½ FTE physicians and 2 ½ FTE mid-level providers, again saw a record number of patients, yet once again the clinic operated at a loss. The clinic collected 45 cents on every dollar of charges to Medicare, 24 cents from Medicaid, 7 cents from the uninsured and 7 cents from CACP, so it is easy to see why these four revenue sources, accounting for 73 percent of total charges, again resulted in a loss. If reimbursement for Medicaid, CACP and the uninsured had been at Medicare levels, the clinic would have made a profit, enabling it to consider hiring more providers to address the increasing healthcare needs of the community.

Billing accounts for nearly 20 percent of our clinic's expenses, due largely to the fact that last year claims were submitted to 85 different insurance plans from 68 different vendors. While one half of our patient visits are Medicare visits, they account for only one-tenth of our billing costs. Private insurance patients account for less than 19 percent of our visits but three-quarters of our billings costs.

There are approximately 800,000 Coloradans without health insurance of any kind, the 13th highest in the country. This is despite the fact that Colorado has the third highest number of citizens per capita with college experience. This disparity is due in part to the fact that Colorado does not have as many large employers as many other states, and because Colorado ranks 48th in per capita enrollment in Medicaid, due to an unusually low income threshold for qualification. Those small businesses in Colorado offering health insurance to their employees fell for the sixth straight year in 2008. As cost shifting increased charges to private insurance, insurance premiums went up, and fewer employers and individuals were able to afford them. WellPoint and United Health Care, two large vendors of health insurance, stated unequivocally that they would rather lose customers than modulate the increases in premium costs. They need to make a profit to satisfy their stockholders and reward their executives.

Unless Colorado and the nation move away from the present "system" of multiple vendors, multiple plans, excessive administrative costs and wasteful spending, the numbers of the uninsured will continue to rise, the struggles of rural and inner-city hospitals and clinics will continue and some of them will fail. House Bill 1273 provides an opportunity to standardize reimbursement and reduce administrative costs and wasteful spending, thereby enabling our clinic and many others to flourish rather than struggle to survive.