



Melissa Memorial HOSPITAL

How We Get Paid—and Why It Matters: A Look Inside Your Local Hospital

By Michael Hassell, CEO, Melissa Memorial Hospital

At Melissa Memorial Hospital, we're proud to be part of your lives—caring for your parents and grandparents, treating injuries, managing chronic conditions, supporting patients in emergencies, and being here when you need us most. But behind every clinic visit, therapy session, hospital stay, and lab draw is a financial reality that many people never see: how small rural hospitals like ours get paid.

We don't talk about this much. We'd rather focus on care. But it's important to understand how your community hospital stays afloat—because the system we rely on is complex, and decisions being made in Washington can have a real impact on rural healthcare.

Our hospital's financial health is shaped by something called **payor mix**—in simple terms, who pays for the care we provide.

Here's how it breaks down at Melissa Memorial:

- About **50% of our patients are covered by Medicare**, the federal program for people over 65.
- **11% are covered by Medicaid**, which serves low-income individuals and families.
- The remaining **39%** are covered by commercial insurance, pay out of pocket, or receive charity care.

Each of these payors reimburses differently. Commercial insurance pays the most—but those patients are fewer in number. Medicaid pays the least—often well below the cost of delivering care. And while Medicare is supposed to reimburse Critical Access Hospitals like ours at 101% of allowable costs, the federal policy known as **sequestration** has quietly reduced those payments by 2% each year since 2013. That adds up to tens of thousands of dollars annually—funds that could otherwise support local services, equipment, or staffing.

Recently, Washington passed what's been called the “**one big, beautiful bill**”—a broad piece of legislation that includes healthcare reforms and funding changes. Fortunately, it includes a **rural transition payment**—a short-term financial boost designed to help hospitals like ours adjust to reimbursement shifts. It's a welcome step and shows that rural healthcare is finally part of the conversation.

That support is meaningful, and it helps. But we know it won't solve everything. Like many small hospitals, we'll continue to face challenges tied to low patient volume, tight margins, and growing community needs. What makes the difference is staying proactive, adaptable, and connected to those we serve.

Melissa Memorial doesn't just serve Holyoke—we *are* part of the fabric of this community. We're proud of the care we provide and grateful for the trust you place in us every day. With continued



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support—from policymakers, partners, and people like you—we believe we can keep moving forward, strengthening rural healthcare for years to come.

Because here in Holyoke, access to local care isn't just essential, it's worth protecting.

With appreciation,

Michael Hassell

Chief Executive Officer

Melissa Memorial Hospital