



TO: House Appropriations Committee

FROM: Ken Bacon, President & CEO  
Shawnee Mission Medical Center

DATE: February 22, 2013

RE: HCR 5013 – Prohibiting Medicaid Expansion

On behalf of Shawnee Mission Medical Center (SMMC) and our health care professionals, we would like to state our opposition to House Concurrent Resolution 5013. The proposed resolution seeks to prohibit Medicaid expansion in Kansas. We believe this resolution is premature as there no official deadline for a state to decide whether to expand the Medicaid program.

As you are aware, the U.S. Supreme Court ruled last summer on the constitutionality of the Affordable Care Act. While most attention focused on the individual mandate provision, which the Court ultimately upheld as constitutional, the Court also ruled that states could not be required to expand their Medicaid eligibility. This decision has placed our hospital in a difficult financial position. Included in the Affordable Care Act are significant reductions in Medicare and Disproportionate Share Hospital payments. These reductions were supported by Congress to help fund Medicaid expansion in the states. It is estimated that the ACA will reduce Medicare revenues for Kansas community hospitals by \$1.3 billion over the next ten years. This estimate does not include the required reduction in federal funding for the Disproportionate Share Hospital program. Collectively, these reductions will have a significant impact on our ability to serve our patients and support our local community. As you know, SMMC is one of the largest employers in the area and has a tremendous economic impact on our community.

Kansas hospitals recognize the importance of controlling health care costs, especially as it pertains to the Medicaid program. This is why Kansas hospitals have been working from the beginning with the administration to implement the KanCare program. While other states are still operating under inefficient and ineffective Medicaid programs, Kansas is leading the nation in working towards a more sustainable system. We agree with the governor's goals under KanCare: focusing on primary care coordination, improving health outcomes, controlling health care costs, and instituting patient accountability.

At present, many individuals who fall within the expanded Medicaid eligibility guidelines are uninsured and are driving up everyone's health care costs by seeking services in high costs areas such as emergency rooms. While we understand the difficult decision presented to the governor and the legislature, we believe this decision must be carefully considered. Electing to forgo the federal funding to expand the KanCare program will unquestionably have an impact on SMMC, patients we serve and the community we reside in.

We appreciate your thoughtful consideration of this issue and strongly urge you not to adopt HCR 5013.