Mercy

Mercy Hospital
401 Woodland Hills Blvd.
Fort Scott, KS 66701
www.mercy.net

TO: House Health and Human Services Committee

FROM: Reta Baker, President

DATE: March 12, 2015

RE: House Bill 2319 – Support

On behalf of Mercy Hospital – Fort Scott, I am pleased to provide a letter of support for House Bill 2319, which requires the Kansas Department of Health and Environment to develop a federal Medicaid waiver for a budget-neutral managed care program known as KanCare 2.0. KanCare 2.0 would provide access to healthcare coverage options for newly eligible individuals while employing personal responsibility through cost sharing and rewarding healthy outcomes and responsible health choices.

As the area's largest employer our hospital currently employs 348 co-workers who depend on Mercy for their livelihood. We have experienced a reduction in force due to shrinking reimbursements, rising operating costs and an ever increasing rate of uncompensated care provided to patients without insurance coverage and inability to pay out of pocket. All these negative influences have had an enormous impact on our hospital's financial performance resulting in our parent company, Mercy Health, operating in the states of Missouri, Arkansas and Oklahoma, to re-evaluate its continued investment in the Kansas communities which places our community in grave danger of losing much needed health care services.

Our service area includes a total population of 15,173 who depends on Mercy and their needs are dynamic. The lack of insurance keeps many people from receiving regular health care, thus they often seek non-emergent care in the emergency rooms due to their health not be managed. The cost of caring for those who would be covered under KanCare expansion is being absorbed by hospitals, health care providers, business and other payers through uncompensated care and higher insurance premiums. To forego KanCare expansion results in real cuts to hospitals that are currently serving as the primary safety net for many uninsured individuals, and it comes at a time when the uncompensated care burden on those hospitals continues to grow at an alarming rate.

As a non-profit Catholic organization, Mercy follows the principles of our founder, Catherine McAuley, and provide traditional charity care for those most in need. In FY14, the combined traditional charity care, unpaid costs of Medicaid and community benefit provided by Mercy Hospital-Fort Scott totaled $2,226,273.

In the past five years alone, regulatory and legislative reimbursement cuts to Medicare programs already have amounted to more than $2.4 million in losses. The projected negative impact of these already established cuts – to our facility alone – is another $15 million in the next 10 years. Additional cuts currently under consideration, if enacted, would mean another $5.8 million lost. All totaled, these cuts represent more than 10.1 percent of our total Medicare revenue over a 15-year timeframe from 2010-2024.

In addition, by not expanding KanCare, job creation and economic growth is hindered because Kansas will not be capturing hundreds of millions in federal matching dollars that would otherwise flow into the state economy to make expansions more affordable. Statewide, nearly half the jobs not created would be in health care. Statistics show that KanCare expansion would bring $2.1 billion in federal dollars to Kansas over the first three years and nearly $8.0 billion over the next ten years to care for the most vulnerable Kansans.

I am asking you to please consider the KanCare 2.0 expansion and bring Kansas money back to Kansas.

Sincerely,

Reta Baker

Reta Baker
President
Mercy Hospital Fort Scott, Kansas