Mercy

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TO: House Health and Human Services Committee

FROM: David Steinmann, President

DATE: March 13, 2015

RE: House Bill 2319 – Support

On behalf of Mercy Hospital Independence, 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 health care coverage options for newly eligible individuals while employing personal responsibility through cost sharing and rewarding healthy outcomes and responsible health choices.

Though Mercy is a small rural hospital, our facility is the sixth largest employer in our community, and 224 individuals depend on the hospital for their livelihood. Our employment figures are actually down rather significantly in the past few years, due to necessary workforce reductions precipitated by shrinking reimbursements, rising operating costs and an ever-increasing rate of uncompensated care provided to patients without insurance coverage or the ability to pay out of pocket.

In fact, the numerous influences negatively affecting our hospital's financial performance have led our parent company, Mercy Health – which primarily operates in the states of Missouri, Arkansas and Oklahoma - to re-evaluate its continued investment in its Kansas communities, leaving our community in jeopardy of losing much-needed health care services.

That is a very daunting proposition for the 48,000-plus residents of our southeast Kansas service area who have depended on our hospital for the past 88 years. The reality, however, is reflected in the numbers, which, quite frankly, are staggering.

In the past five years alone, regulatory and legislative reimbursement cuts to Medicare programs already have amounted to more than $1.5 million in losses. The projected negative impact of these already established cuts – to our facility alone – is another $10.5 million in the next 10 years. Additional cuts currently under consideration, if enacted, would mean another $2.6 million lost. All totaled, these cuts represent more than 10.5 percent of our total Medicare revenue over a 15-year timeframe from 2010-2024.

As I see it, expansion of KanCare for the residents of our state is vitally necessary and would be a win-win situation for all stakeholders. Expanded coverage would mean our state's most vulnerable citizens could afford much needed medical care, including preventive services that could reduce the need for more acute, more expensive care down the road. Likewise, more coverage means a reduction in uncompensated care for hospitals and medical providers, and therefore less cost that must be passed on to those with insurance and a more positive operational bottom line that would allow hospitals to reinvest into their facilities and maintain qualified staff.

Studies also indicate the expansion of KanCare would directly impact our state's economy through job creation, increased revenues and cost savings.

In short, this action could help preserve the health care system in our state, which is in imminent jeopardy due to already enacted and proposed measures significantly hindering our hospitals.

I implore you to carefully research and consider the KanCare 2.0 expansion proposal and fully understand the potential impact for our state with and without this crucial legislation.

Thank you for your consideration of my comments.

Sincerely,

David Steinmann, FACHE

David Steinmann, FACHE
President
Mercy Hospital Independence