

Stormont-Vail HealthCare

TO: House Health and Human Services Committee

FROM: Randy Peterson, President and CEO



DATE: March 18, 2015

RE: House Bill 2319 – Support

On behalf of Stormont-Vail HealthCare, I am providing 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. Kansas is the only state where the number of uninsured has risen.

Stormont-Vail is an Integrated Delivery System that includes a 586-bed acute care hospital and 222-member physician clinic practice which employs 4400 employees. We are the second largest employer in Topeka. Annually, our hospital treats approximately 126,000 outpatients, 63,000 emergency department visits, and over 20,000 inpatient admissions. The Cotton O'Neil Clinic additionally has over 600,000 patient visits. We are the largest healthcare provider in our community. Stormont-Vail provides care to patients regardless of their ability to pay. Last year SVHC provided free or reduced fees to patients qualifying for financial assistance in excess of \$33 million. This year, projections are that this number will be \$42.7 million. SVHC's total uncompensated care is projected to be \$66.5 million in 2016. This financial burden continues to grow and results in higher healthcare costs to those patients who are insured. Additionally, Stormont-Vail provides many community health education and health screening events that benefited approximately 37,000 people in our community.

As one organization, however, we are limited in our ability to continue to provide care to the increasing numbers of uninsured and underinsured. As a result of the ACA, SV will experience a loss of approximately \$10 million a year in reduced Medicare reimbursement. The ACA intent was that this reduction in Medicare reimbursement would be offset by expanded coverage through the exchanges and Medicaid Expansion. The healthcare industry represents approximately 12% of all jobs in the state and is an important economic factor. Losses in reimbursement are not sustainable and hospitals and health systems will not be able to continue to provide the same level of uncompensated care that our citizens require. We need this revenue in order to continually update technology and provide our citizens with the standard of care in the industry.

If Medicaid expansion is not adopted and charity care continues to rise, hospitals will have to position themselves to remain financially viable which could lead to reductions in work force that would impact the overall economy in the state. Some hospitals may face closure.

The benefits of expanding Medicaid in Kansas would have a substantial impact on our citizens. Access to healthcare is important. Most individuals who do not meet Kansas Medicaid eligibility or Health Care Exchange eligibility do not have adequate resources to purchase health care insurance. Therefore, these individuals typically do not have access to preventative care through primary care providers. Without this care, many become so debilitated with their illnesses or disease processes that they turn to emergency departments for care. At this point, many of these patients are so ill that they require hospitalization. The cycle repeats after discharge, as these patients do not have resources to pay for adequate follow up care to maintain their health.

The Kansas Hospital Association has completed a study through George Washington University referred to as the REMI report. This report states that the economic impact of Medicaid Expansion on the State of Kansas will exceed \$35 million per year even after the State pays their portion of the cost to expand Medicaid. This \$35 million impact to the economy should be considered as the legislature continues to struggle with balancing the State budget.

Thank you for your consideration of my comments.