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TO: Members of the House Health and Human Services Committee

FROM: Bob Copple
President
Via Christi Hospital in Manhattan

SUBJECT: Testimony in support of House Bill 2065

DATE: March 16, 2017

Good morning Chairman Hawkins and members of the committee. My name is Bob Copple with Via Christi Hospital in Manhattan, Kansas. Via Christi is the largest healthcare system in our state and serves Kansas through our 9 owned or co-owned hospitals, physician clinics, and outpatient ancillary and retail (home based services).

We are testifying in opposition to House Bill 2065 and appreciate the opportunity to provide an overview of the financial challenges we are currently experiencing as a result of the reimbursement cuts under KanCare that went into effect on July 1, 2016. These reimbursement cuts have had a crippling effect on our organization and have resulted in a negative financial impact to Via Christi of approximately \$7.6 million annually. The Administration's decision to reduce healthcare provider reimbursement under KanCare to balance the state budget was implemented with very little notice, thus was something we were not able to fully anticipate and immediately put us in a negative margin. As a result, this action threatens access to care for all Kansans and is creating an intense financial strain on hospitals and health systems.

These KanCare reimbursement cuts are on top of the \$43 million in annual Medicare cuts we have been absorbing since 2013. This very challenging healthcare reimbursement environment has forced Via Christi to reduce our workforce by 650 positions over the last four years.

In the meantime, Via Christi provided \$ 44.2 million in community benefit through the 2nd quarter of FY 17, which represents a 16.6 percent increase compared to the same period in FY 2016. In addition, our complete charity care write-offs have increased dramatically through the first two quarters of FY 2017, nearing \$125 million.

These reimbursement cuts combined with the staggering increase in charity care and unpaid costs of KanCare services which we subsidize are placing Via Christi in the unfortunate position of considering whether we will be able to continue the same services we provide to KanCare



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beneficiaries in the communities we serve. If these cuts result in a reduction in access to primary care physicians or the elimination of vital services, it will affect all Kansans, not just KanCare beneficiaries. This is why this program needs to be improved administratively and funded appropriately, and done so very soon.

The intent of House Bill 2065 is to restore the KanCare provider reimbursement cuts by both increasing the hospital provider assessment and MCO privilege fee. We oppose this approach because increasing the hospital provider assessment from 1.83 percent to 4.65 percent would cost Via Christi an additional \$12.3 million annually to restore \$7.5 million in annual KanCare reimbursement cuts. With respect to the Via Christi Hospital in Manhattan, increasing the hospital provider assessment would cost our hospital an additional \$1.2 million annually to restore \$300,000 in annual KanCare reimbursement cuts. As you can see, this does not make any financial sense.

We have testified in support of Senate Bill 94 and House Bill 2180 which would generate more than enough revenue to restore the KanCare provider reimbursement cuts by increasing the HMO privilege fee alone. Passing either Senate Bill 94 or House Bill 2180 would fully restore the \$7.5 million in annual KanCare reimbursement cuts Via Christi has absorbed since July 1, 2016.

Thank you for inviting us to share this testimony with your committee today and urge your opposition to House Bill 2065.