

March 14, 2017

Chairman Hawkins
Kansas State Capitol
Room 186-N
300 SW 10th Street
Topeka, KS 66612

Dear Representative Hawkins,

On behalf of Saint Luke's South Hospital and Saint Luke's Health System, I would like to provide testimony in opposition of House Bill 2065.

Saint Luke's Health System is a faith-based, not-for-profit, aligned health system caring for communities across 67 counties in Missouri and Kansas. We operate three Kansas Hospitals, serving a diverse range of patient needs. Saint Luke's South Hospital has been serving the Overland Park Community for nearly 20 years, and is proud to employ 645 of Saint Luke's Health System's 10,000 employees.

We have an ongoing commitment to provide quality care to all patients regardless of insurance status or ability to pay. In 2015, Saint Luke's South Hospital provided \$1.5 million in charity care. This number has remained consistent in recent years as the financial pressures associated with subsidizing care continue to persist and impact all providers at every level of our Health System.

It is no secret that hospital costs in Kansas have continued to increase in recent years, contributing to a reduction in operating margins. The average operating margin for our hospital is about 3 percent: That is, 97 percent of the revenue that flows into our hospital flows out in the form of expenses such as nurses' salaries, prescription drug costs and the like.

Passing House Bill 2065 would put an unnecessary financial burden on our hospital by increasing the provider tax from its current level of 1.83% to a staggering 4.65%. This proposed increase would cost Saint Luke's South Hospital over \$1.3 million annually.

Implementing a dramatic increase in provider assessments at a time when community hospitals are providing substantial amounts of charity care while operating on thin margins is a recipe for disaster. Kansas hospitals of all sizes are struggling in the current environment and this proposal would intensify those struggles for many.

Furthermore, we feel that this proposal undermines one of the central principles of the assessment program-- that funds generated by the assessment should be used to help fund the Medicaid

program and not to replace the state general fund. Community Hospitals should not be looked to as a source of funding for the state.

We stand in opposition of House Bill 2065 and it's dramatic and unprecedented increase in assessments on community hospitals. We believe it constitutes reckless fiscal policy, undermining the principles of the provider assessment program.

For these reasons, I urge you to oppose HB 2065. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "ROlShipman". The signature is fluid and cursive, with the first name "ROl" being particularly prominent.

Robert Olm-Shipman
President & CEO
Saint Luke's South Hospital