



Virgil Watson, Jr.  
Chief Executive Officer

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March 14, 2017

To: Chairman Steve Johnson  
House Committee on Taxation

Ref: HB 203-Cowley County addition to ROZ

On behalf of South Central Kansas Medical Center I am pleased to provide a letter of support for House Bill SB 203 to designate Cowley County as a rural opportunity zone.

As the CEO for a rural hospital, I find that one of our greatest struggles is the inability to recruit physicians to our community. The financial strength of a medical facility is based upon and appropriate foundation of primary care providers. Without enough physicians to see the local citizens in a timely manner one of the two options occur: the patient leaves the community to seek care elsewhere, or they seek care through our emergency department. The first option takes dollars out of the community, weakens our facility financially, and creates and undue hardship for the patient through extended travel times. The second option creates unnecessary medical expenses, and regularly leads to higher rates of charity care and bad debt for our organization.

As we struggle to recruit new providers to our community, we look for every available benefit which can be used as selling point. A five-year State income tax waiver is a significant benefit when considering the salary range of most physicians. In addition, many of the physicians coming out of residency carry with them student loan debt in the hundreds of thousands of dollars. Any student loan assistance is seen favorably and is nothing short of a requirement by many physician candidates.

Designating Cowley County as rural opportunity zone will allow us to be competitive in recruiting talent, creating jobs, boosting our economy, protecting our hospital and improving the health of our community. For these reasons, I support the request for Cowley County to be designated a ROZ county as presented in SB 203.

If added, South Central Kansas Medical Center plans to utilize the business sponsorship piece of the program to recruit qualified employees to Cowley County. We will provide the matching \$1,500 for employees that we recruit that also meet the program requirements of moving to Cowley County and having student debt.

This will give us an enhanced recruitment offer to eligible employees and ask that you approve HB 203 adding Cowley County to ROZ.

Sincerely,

Virgil Watson Jr.

Chief Executive Officer

South Central Kansas Medical Center