



February 3, 2017

The Honorable Carolyn McGinn
Kansas State Capitol
Room 545-S
300 SW 10th Street
Topeka, KS 66612

Dear Senator McGinn,

On behalf of Saint Luke's Health System and our over 10,000 employees, I am pleased to provide a letter of support for Senate Bill 94, an act to restore Medicaid funding through HMO privilege fees.

Saint Luke's Health System is an integrated system of 10 hospitals caring for communities across 67 counties in Missouri and Kansas. As the Kansas City region's only locally owned not-for-profit health system, we're proud of our faith-based heritage, which we believe sets us apart and truly impacts the quality of care that we provide.

The majority of our employees live and or work in the state of Kansas. Saint Luke's Health System operates three Kansas Hospitals, serving a diverse range of patient needs. Whether is be Saint Luke's South Hospital in Overland Park, Saint Luke's Cushing Hospital in Leavenworth, or Anderson County Hospital in Garnett, we are proud of our commitment to provide quality care to all patients regardless of insurance status or ability to pay. Unfortunately, the commitment to provide such care comes at a price.

The financial pressures associated with subsidizing Medicaid reimbursement rates is enormous. In 2015, our Kansas hospitals subsidized over \$2.3 million of unreimbursed Medicaid charges. This number will undoubtedly increase with the 2016 Medicaid provider reimbursement cuts, adding to the enormous financial pressures already in place.

We support Senate Bill 94 as a fiscally responsible solution that will capture additional federal funds to be used in restoring the Governor's 2016 Medicaid provider reimbursement cuts. Additionally, all KanCare MCOs will be held harmless, as they will recover their privilege fee through increases to their capitated payment rates from KDHE as required by federal law to maintain actuarial soundness.

We believe this is an equitable solution to the challenges we currently face, protecting our community hospitals and improving the health of Kansans.



For these reasons, I am happy to provide these comments in support of Senate Bill 94. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Van Zandt". The signature is written in a cursive style with a large initial "T" and a long, sweeping underline.

Tim Van Zandt
Vice President, Government & Community Relations