

# Stormont-Vail HealthCare

TO: House Appropriations Committee  
FROM: Randall Peterson  
DATE: February 22, 2013  
RE: HCR 5013 – Prohibiting Medicaid Expansion

On behalf of Stormont-Vail HealthCare and our health care professionals, I would like to state our opposition to House Concurrent Resolution 5013. The proposed resolution seeks to prohibit Medicaid expansion in Kansas. We believe this resolution is premature as there is no official deadline for a state to decide whether to expand the Medicaid program, and we should study what flexibilities the federal government will allow as we work to make Medicaid expansion a Kansas-based program. Many states are looking at creative ways to minimize or eliminate the state share of the cost of expansion. We should look at similar solutions for Kansas. Once alternatives have been considered, we have the option to later decide to discontinue the program if it is not serving the people of Kansas.

As you are aware, the U.S. Supreme Court ruled last summer on the constitutionality of the Affordable Care Act. While most attention focused on the individual mandate provision, which the Court ultimately upheld as constitutional, the Court also ruled that states could not be required to expand their Medicaid eligibility. This decision has placed our hospital in a difficult financial position. Included in the Affordable Care Act are significant reductions in Medicare and Disproportionate Share Hospital payments. These reductions were supported by Congress to help fund Medicaid expansion in the states. It is estimated that the ACA will reduce Medicare revenues for Kansas community hospitals by \$1.3 billion over the next ten years. The impact on Stormont-Vail is a reduction in Medicare revenues of \$100 million over the next ten years as well as another \$10 million for funding included in the Disproportionate Share Hospital program. Collectively, these reductions will have a significant impact on our ability to serve our patients and support our local community. As you know, Stormont-Vail is one of the largest employers in Shawnee County and has a tremendous economic impact on our community.

Kansas hospitals recognize the importance of controlling health care costs, especially as it pertains to the Medicaid program. This is why Kansas hospitals have been working from the beginning with the administration to implement the KanCare program. While other states are still operating under inefficient and ineffective Medicaid programs, Kansas is leading the nation in working towards a more sustainable system. We agree with the governor's goals under KanCare: focusing on primary care coordination, improving health outcomes, controlling health care costs, and instituting patient accountability.

At present, many individuals who fall within the expanded Medicaid eligibility guidelines are uninsured and are driving up everyone's health care costs by seeking services in high costs areas such as emergency rooms. Many hospitals, including Stormont-Vail are seeing an alarming rate of growth in uncompensated care. We continue to see record numbers of patients in our ED, well beyond our budgeted projections. A decision to refuse federal funding associated with Medicaid expansion amounts to real cuts to Stormont-Vail and other Kansas hospitals at a time when we are serving as the primary safety net for many uninsured individuals.

While we understand the difficult decision presented to the governor and the legislature, we believe this decision must be carefully considered. Electing to forgo the federal funding to expand the KanCare program will unquestionably have an impact on our local hospital, patients we serve and the community we reside in.

We appreciate your thoughtful consideration of this issue and strongly urge you not to adopt HCR 5013.

Sincerely,

A handwritten signature in cursive script, appearing to read "Randall Peterson".

Randall L. Peterson  
President and CEO