

Pro Oral Testimony

Senate Assessment and Taxation Committee
Senator Caryn Tyson, Chair
Testimony by Karren Weichert, CEO
Midland Care Connection, Inc.
200 SW Frazier Circle
Topeka, KS 66606
785-232-2044

RE: Senate Bill 440

Chair Tyson and Committee members,

Thank you for the opportunity to offer comments on behalf of Midland Care Connection's request for sales tax exemption.

We have served Northeast Kansas as a not-for-profit hospice and home health provider for 40 years, and a PACE (Program of All-inclusive Care for the Elderly) provider for over 10 years. Our hospice/homecare services are 83% Medicare and Medicaid, 10% private pay/commercial insurance, and 7% other/fundraising. PACE is 98% Medicaid/Medicare funded. The average age of our PACE participants is 73; the average age of those in the hospice program is 75.

Midland Care Connection, Inc. provides services to individuals in Kansas communities that may not have adequate access or financial resources to receive the care they need. Many of these individuals live on an income at or below the state poverty level. As additional assistance to these individuals, Midland Care provides charity care. Currently, we raise approximately \$600,000 a year in donations from memorials, special events, bequests, and grants. We provide over a million dollars a year in charity or unreimbursed care.

Under PACE and hospice, we are required to provide all medical equipment, medical supplies, and food supplements to clients in the course of their care. Simple home modifications are also provided for those in the PACE program.

Following is a breakdown of Midland Care Connection sales tax expenses for 2017 related to providing healthcare services to the communities we serve in Northeast Kansas,

	Sales Tax Paid 2017
Medical Supplies and Equipment	\$120,000
Food and Supplements	\$ 35,000
Transportation Costs	\$ 35,000
Residential Services	\$ 25,000
Hospice House (inpatient hospice care)	\$ 45,000
PACE Centers	\$150,000
Administrative Overhead Costs	\$100,000

Currently, we are renovating a building to house our partner, Meals on Wheels of Eastern Kansas, and serve as our PACE (Program for All-Inclusive Care for the Elderly) Center for Topeka. This \$6.8 million project for which we are fundraising will cost approximately **\$640,000 in sales tax** that we will have to raise through donations. The renovation for Meals on Wheels will enhance the meal pick up process for volunteers and provide a new state of the art kitchen which will allow us to expand our meal services to the community and low income seniors. The new PACE center will have a day center for enhanced socialization, expanded clinic space and updated gym space where participants can receive specialized therapy.

There are hundreds of Kansas not-for-profits who are sales tax exempt. There are three not-for-profit PACE organizations in Kansas; two of them are sales tax exempt because they are operating as programs of their sales tax exempt parent company. The third organization, Midland Care PACE, is required to pay sales tax on all purchases. Additionally, hospices that are programs of hospitals are sales tax exempt because the hospital is – our program deserves to be exempt as well.

An exemption from sales tax for Midland Care Connection, Inc. will allow us to serve more people in Kansas communities by providing healthcare services and other assistance to individuals who may not otherwise receive that care.

Thank you again for the opportunity to present today. I'll be happy to stand for any questions.