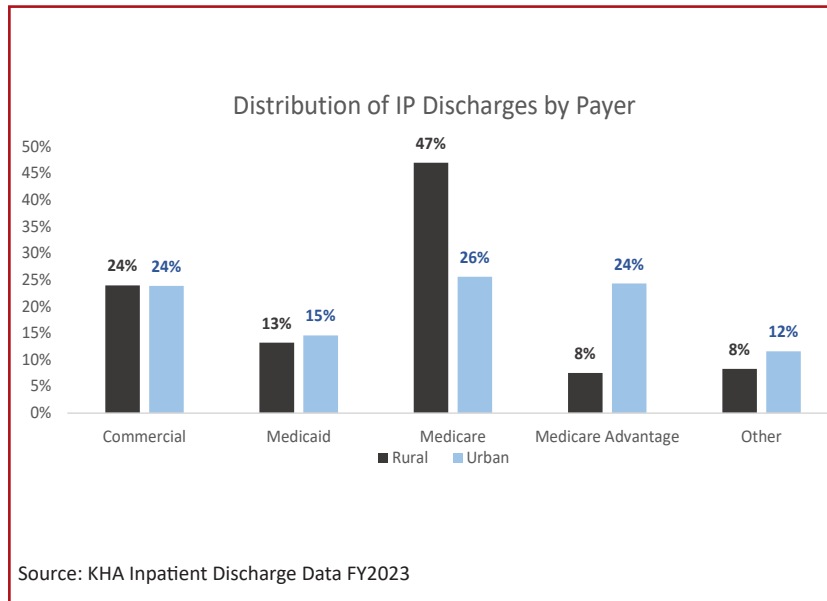


THE SOLUTION:

Eliminate cuts to protect the state’s health care safety net and implement reimbursement policies to reflect current market forces.



A SIGNIFICANT PORTION OF HOSPITAL REIMBURSEMENT

According to 2021 census data, 419,000 Kansans or 14.7 percent of the state’s population were covered by Medicare. That 14.7 percent, however, is responsible for over 40 percent of Kansas hospital patient days. Since Medicare reimbursement is foundational to a hospital’s finances, margins are very important. Data from 2020 indicates Medicare margins in Kansas are negative 5.3 percent. Even if sequestration were eliminated, Medicare would still fail to cover the cost of care.

PAYER MIX

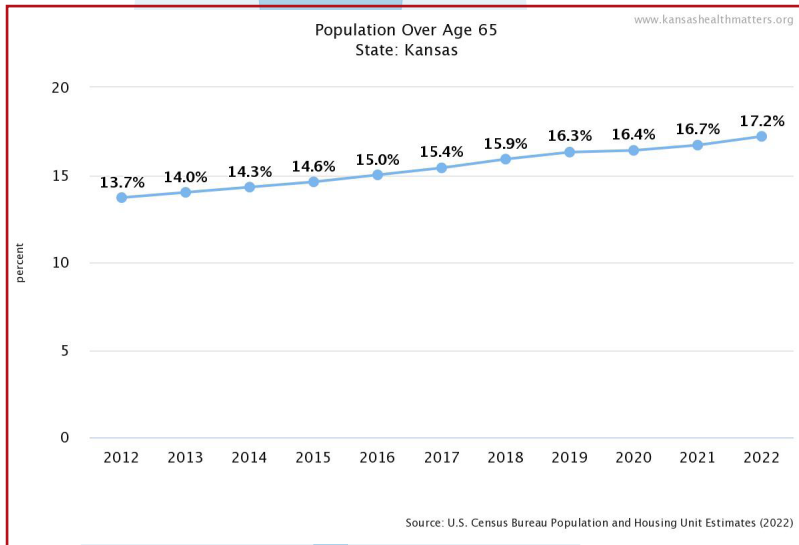
Payer mix also is integral to a hospital’s financial stability. If a hospital’s payer mix is out of balance, it will struggle. Medicare inpatients make up the largest percentage of patients in both rural and urban areas of the state. When Medicaid, which pays significantly less to providers than the cost to provide care, is added to the mix, the result is that 54 percent of urban patients and 66 percent of rural patients receive services that leave hospitals in the red after reimbursement. While commercial payers help balance the system, the gap continues to widen as Medicare beneficiaries become a larger share of the patient mix. This is made more dire when payments from Medicare are both slashed by sequestration and lose value due to inflation.

MEDICARE POPULATION GROWS; MEDICARE FUND SHRINKS

Similar to other states, the number of Kansans on Medicare is growing each year and will continue to grow as nearly 20 percent of the state’s population is between 50 and 64 years of age. At the same time, the Medicare Trust Fund is shrinking with the Hospital Insurance Fund projected to run out of money by the end of this decade. This imbalance will impact the financial viability of hospitals throughout Kansas, ultimately threatening access to care for all Kansans.

THE SOLUTION:

Eliminate cuts to protect the state's health care safety net and implement reimbursement policies to reflect current market forces.



A CONGRESSIONAL SOLUTION

Eliminate Affordable Care Act Disproportionate Share Hospital cuts. The DSH program helps fill the gap between commercial and government payers and offsets uncompensated care. The ACA cut DSH program payments because the bill's authors assumed that all states would expand Medicaid. This assumption proved faulty. Fortunately, Congress has acted many times to delay these cuts, but this respite is again set to expire on March 8, 2024. States like Kansas that have not expanded Medicaid need DSH cuts delayed to protect the state's health care safety net. We ask that Congress act again to maintain the status quo.

Eliminate sequestration. The Kansas Hospital Association has always opposed sequestration because it rests on the incorrect assumption that when it comes to Medicare, the federal government should only have to pay for 99 percent of its bills. An additional 4 percent cut to Medicare reimbursement looms at the end of fiscal year 2024 due to PAYGO waivers during the pandemic sequestration holiday. We ask Congress to eliminate the possibility of a PAYGO cut and not add years to sequestration on the back end to pay for it.

Implement Medicare reimbursement policies that reflect current market forces like inflation and staffing costs to cover more of the cost of care for Medicare patients.



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