

Sumner Regional Continues to Face Cash Flow Problems

KanCare Expansion Would Provide Up to \$750,000 Annually

WELLINGTON – An effective operational plan being implemented by a new management team, strong support from its medical staff, and a supportive community and city leaders have put Sumner Regional Medical Center on the pathway to long-term survival, according to Terry Deschaine, a hospital trustee. However, with the hospital “barely meeting [its] monthly operating costs, plus a backlog of expenses and debt, we have to make sure the hospital survives in the short-term so we can thrive for the long-term,” he added.

While operational improvements look good in the long term, the hospital continues to experience a cash flow problem, Deschaine said. The \$900,000 contributed by the Wellington City Council and the \$100,000 provided by Sumner County Commissioners have helped the hospital survive. The voter-approved 1 percent sales tax dedicated to the hospital, which took effect in April, also will be helpful as it will produce \$1 million to \$1.2 million per year.

Despite the improvements in collections and increased utilization of the hospital and clinic, the hospital still needs more cash to meet current obligations and pay its creditors.

State expansion of KanCare, the Medicaid program that covers low-income Kansans, would provide an increase in cash flow to the hospital. “The frustrating thing is that the refusal to expand seems to be politically driven, and state leaders and many lawmakers don’t want to be bothered with the facts,” Deschaine said.

“The people who would be covered by KanCare expansion already are getting health care – in the emergency room. The hospital doesn’t get paid anything for their care,” he explained. “KanCare expansion would be a win-win for everyone....the patients, the hospital and the state.” Since the Affordable Care Act went into effect, Kansas has failed to claim nearly \$1 billion in federal funds intended to expand Medicaid. Expansion would give low-wage workers and their families access to preventive and primary care, leading to better health, Deschaine explained.

Sumner Regional Medical Center would receive approximately \$750,000 annually if KanCare were expanded.

“I’m not sure everyone knows the real impact of the hospital,” the trustee/former hospital CEO said. “Most people don’t think about the hospital until they need it. In addition to providing needed health care services, the hospital makes a major financial impact on the community,” he said. The hospital employs 130 individuals, and injects about \$6 million annually into the economy through wages paid.

These wages “ripple” through the community creating other jobs and contribute to the county’s \$1.028 million in retail sales and another 1.6 percent or \$706,480 in “re-spending.” If the hospital closed, nurses, physical therapists, laboratory and X-ray technicians would have no place to work, and would either move or commute. So if the hospital were to close, the total retail sales lost to the community could be as much as \$1.734 million, according to a study by the Kansas Hospital Association.

Deschaine cited other changes that would occur if the hospital were to close, including a shrinking population and tax base. Some businesses might have to move if their insurance premiums increased due to higher costs for treating on-the-job injuries out-of-town. “It would be impossible to recruit new doctors without a hospital,” so elderly and other patients would have to go out-of-town for services. The city-owned ambulance service is concerned about additional costs to transport patients if the hospital should close, especially since many patients lack health insurance, Deschaine explained.

“It’s pretty scary,” Deschaine admitted. “That’s why we have redoubled our efforts to survive. KanCare expansion would make a significant difference to our small, rural hospital,” he concluded.

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