

# Mercy Hospital Fort Scott Faces More Hard Decisions

## *Expanding KanCare Is Part of the Solution*

FORT SCOTT – Almost two years ago, the city got a wake-up call when Mercy Hospital Fort Scott initiated a discernment process to determine if the hospital would remain open, and if so, in what capacity. Concerned businesses and residents breathed a sigh of relief when the hospital decided to remain open. However, that doesn't mean that health care delivery may not change in Fort Scott.

"In the next few years, we will have to make some hard decisions as we anticipate continued reductions in payment due to the Affordable Care Act," said Reta Baker, president of the less than 50-bed facility. "More Medicare and Medicaid funding cuts are coming, and the offset by Medicaid expansion isn't. This creates a challenging environment," she explained. Compounding the problem is that many people who are buying health insurance through the marketplace have high-deductible plans and cannot afford to pay the deductibles/copays.

Acknowledging that "KanCare expansion will not ensure that health care will be available in our community" in the future, Baker says expanding KanCare is an "important sliver of the pie." In Fort Scott, about 6 percent of population would be eligible for this new coverage. These low-wage workers and their families cannot afford to buy health insurance in the marketplace, but they currently do not qualify for KanCare, so they are uninsured.

"Someone has to pay for health care for all who live in a community. While Mercy is a nonprofit hospital fulfilling a charitable purpose in providing health care services, no hospital can totally fund the uninsured. Without state or federal government funding, the burden of uncompensated care becomes unsustainable, shifting the burden to another community with a hospital to provide care, and challenging them financially," Baker explained.

The federal cuts that occurred in Medicaid "really just moved money around," Baker said. The problem is that now the hospital "can't get to that bank account." Disproportionate Share Hospital dollars – previously paid by government payers to help compensate hospitals for unpaid care – is going away because "hospitals are supposed to be getting additional Medicaid dollars through state expansion." The State of Kansas has chosen not to expand KanCare, leaving more than \$1 billion in federal funding on the table over the past three years.

"During the discernment process, Mercy looked at various options for service lines and the type of care model that Fort Scott can sustain. We questioned if the hospital should deliver babies, provide general and orthopedic surgery. We tried to determine what the community really needs, not just wants," Baker said. "This is an approach we will continue to take. What is the demand for a service, and what is its utilization? What impact would discontinuing the service have? How far would patients have to travel to receive that service?"

Underscoring the hospital's close relationship with its community, Baker shared one of the positives of the focused look at hospital services and the community's needs. "The most remarkable thing I experienced in the discernment process was realizing the full impact of community support for the hospital."

Dave Martin, Fort Scott city manager, also knows the value of having quality health care in the community. "Health care and education are the top two things people evaluate in terms of quality of life. Without the hospital and the health care it provides, I don't know how a city our size would maintain businesses, industries and retirees, and attract young families who want to live in a smaller town."

Like most rural communities, Fort Scott has an aging population that requires more health care services. Beyond the health needs of the elderly and young families, Fort Scott reaps a tremendous

economic benefit from Mercy Hospital Fort Scott. "Mercy is the second largest employer in the community," Martin said. "To lose the jobs at the hospital would be devastating, and it would have a tremendous impact on our community college nursing program. The hospital helps train nursing students, and is a major source of employment when they graduate," he explained.

"As a city manager, I'd like to see KanCare expanded," Martin said. "KanCare expansion would help pay for care that already is being provided, and that would help our rural hospital and community," he added. "Lawmakers at both the state and federal levels have done some great things for our community and rural Kansas over the past several years. Looking at the economic benefits, I think expanding KanCare is a win-win situation."

"Fort Scott recognizes the importance of the hospital to the community, and the City has stepped up. We learned a valuable lesson during the discernment process; it has to be a team effort. The City has to be working with the hospital, and citizens and businesses have to work with hospital," Martin said. "KanCare expansion would give the hospital some cash flow relief. We have to work together to make things work in a small community. It all has to work together," he noted.

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