



MEDIA RELEASE

For further information:

Contact - Cindy Samuelson

Mobile - (785) 249-1727

csamuelson@kha-net.org

New Study Explores the Impact of Commercial Payers on Health Care Sustainability in Kansas

In-depth study by PYA evaluates the financial health of Kansas hospitals, the financial strength of private payers and hospitals' financial challenges as compared to neighboring states.

(June 13, 2025) – The current health care environment is presenting multiple challenges for Kansas hospitals and other health care providers. One challenge that is straining the ability of Kansas hospitals to serve their community is related to the financial environment. The Kansas Hospital Association has collaborated with one of the top-ranked CPA firms in the nation, PYA, to perform an in-depth study to evaluate:

- the financial health of Kansas hospitals,
- the financial strength of private payers and
- Kansas hospitals' financial challenges as compared to hospitals in neighboring states.

Historically, reimbursement from commercial payers has helped offset losses from services provided to Medicaid and other underfunded/uninsured patients. With more than half of Kansas hospitals operating at a loss, the question arises: from where will the funds needed to maintain access to health care come from?

The 2024 in-depth study, *Financially Distressed Hospitals – Impact of Commercial Payers*, evaluated the financial health of Kansas hospitals, included 46 Prospective Payment System hospitals and 78 Critical Access Hospitals. The study focused on patient services revenue and the overall financial position of these facilities, using Medicare Cost Reports from 2019 to 2022 as the primary data source. Each hospital was assigned a risk score ranging from limited risk to higher risk. In addition, PYA assessed the financial strength of key health insurers in the market to understand how they compared with hospital providers during this period. PYA also evaluated the impact of increased commercial reimbursements to understand what level of rate increases would move hospitals from financial distress to sustainability. An [executive summary](#) of the study also is available.

Kansas has the highest number of rural hospitals at immediate risk of closing (25 hospitals), according to the March 2025 report from the Center for Healthcare Quality and Payment Reform, *Rural Hospitals at Risk of Closing*. CHQPR identified the primary driver of this crisis is that private insurance plans are paying at-risk hospitals less than the actual cost of delivering services to patients. The results of the PYA study help Kansans better understand the overall financial challenges facing Kansas hospitals and possible solutions.

The PYA study showed most Kansas hospitals are losing money on patient services. In FY 2022, the median operating margin for Kansas hospitals was -12.7% (PPS hospitals were -7%, CAHs were -19%), with most hospitals losing money on patient services. PYA also evaluated hospitals in neighboring states and found that Kansas had the lowest median operating margin compared to Nebraska and Oklahoma.

Another key finding of the PYA study showed Kansas hospitals had low financial reserves. The hospitals at greatest financial risk were burdened with more debt than net assets (equity). In FY 2022, more than one-third of Kansas hospitals were in this position.

The PYA study noted Kansas ranks 49th in the nation for having one of the lowest average annual family premiums per enrolled employee (for employer-based health insurance in 2022); however, the Kansas Hospital Association payer scorecard shows patients in Kansas pay more out-of-pocket on patient bills than most other states. Kansas ranks the second worst on patient responsibility dollars. Patients are responsible for paying on average 18% of the health care bill in Kansas.

PYA's analysis underscores the severe financial challenges facing hospitals and that without additional funding, many hospitals will continue to operate at a loss, threatening their ability to provide essential health care services, maintain infrastructure and support necessary staffing levels. By aligning hospital funding more closely with the actual costs of care, whether through commercial reimbursement or other sources, Kansas hospitals can move from financial distress to sustainability, ensuring they continue to serve their communities. An [infographic](#) on this issue is available.

The Kansas Hospital Association is a voluntary, non-profit organization existing to be the leading advocate and resource for members. KHA membership includes 240 member facilities, of which 121 are full-service, community hospitals. Founded in 1910, KHA's vision is: "Optimal Health for Kansans and Kansas Hospitals."