



# Kansas Advocacy Issues January 2019

## Sequestration

The *Budget Control Act of 2011* imposed two percent (2%) reductions on Medicare claims submitted by providers on or after April 1, 2013.

Nearly five years into these cuts, the results are not good: nearly two-thirds of Kansas' hospitals are projected to operate in 2019 with negative profit margins. While this hardship is driven by a combination of factors including Medicare cuts from the Affordable Care Act and Kansas' lack of Medicaid expansion, sequestration's added burden has put many hospitals' financial solvency at risk. Each year, the overall Medicare reductions through sequestration impact Kansas hospitals by roughly \$36 million.

When a hospital faces losses like this year after year, they are forced to make difficult decisions. Do they ask their communities for increased revenue through property tax hikes? Do they scale back services? Do they close their doors? Unfortunately, Independence, Kansas, lost its hospital in 2015 when no other option but closure made economic sense. Around the country, 67 hospitals have closed since sequestration went into effect.

Now that the Department of Defense has a fiscal year 2018 appropriations law that waives their previously enacted sequestration caps, it is time for Congress to look if it should do the same for other federal programs. The Kansas Hospital Association believes that Medicare reimbursement caps should lead that discussion: health care costs inflate faster than the consumer price index, so not addressing this problem as soon as possible will leave providers in increasingly challenging financial positions over time.

Congress needs to act now and restore the funding that has been lost through sequestration.



**Kansas Hospital**  
ASSOCIATION

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## Action Needed

Many Kansas hospitals are facing financial challenges as a result of reimbursement reductions such as the two percent Medicare sequestration. In Kansas, the financial impact of sequestration is over \$36 million per year.

Congress needs to act now to restore the funding lost through sequestration.

## More Information

Contact your Kansas hospital or Chad Austin, Kansas Hospital Association, to learn more.

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