Scenario – Diminished Local Support

It is now 2018. Kansas legislative policies to change the economic environment have been fully implemented. Some new businesses have opened in Kansas and have increased employment in the larger metropolitan areas. The policies have had a neutral or negative impact on the viability of rural areas as population, especially young families, have migrated to take advantage of the new opportunities.

State budgets are challenging the legislature as large public needs outweigh the resources. Education, public health, Medicaid and growing welfare costs have all competed for these resources for many years. Medicaid has been the loser in the competition as education is continually touted as the future of Kansas. Medicaid DSH policies have been restricted, reducing that resource for many rural and urban facilities alike.

A large portion of the public health and education responsibility has been shifted to the local level, making tax subsidy for hospital services impossible. Most communities have reduced or eliminated subsidies for hospitals and emergency medical services, leaving the health system to rely on its own resources.

At the federal level, Medicare policy has continually moved in the direction of population health, challenging the traditional processes for hospitals and physicians. Reimbursement has not kept pace with the need for preventive services and care management.

Fifteen small rural hospitals have closed in response to the withdrawal of local funding. Retaining and attracting physicians and midlevel practitioners to rural communities is even more difficult than expected. All hospitals have seen increasing costs without the requisite increase in reimbursement. Significant alignment of hospitals has occurred, but all of these systems and networks are looking seriously at the infrastructure as a way to reduce costs.

Questions/Comments:

- How would this scenario impact your hospital and community?
- Has the Board discussed this option and developed strategic options?
- What additional funding options, if any, could replace lost local tax revenue?
- What would be the impact on the local workforce of discontinuing local tax revenue?
- What services would our hospital reduce or eliminate if local tax revenue ceased?

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