July 3, 2019

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services 200 Independence Avenue SW
Washington DC 20201

Dear Administrator Verma:

I am writing you today to express the support of Blue Cross Blue Shield of Kansas for the work you are doing in association with the Kansas Hospital Association to set up a pilot program for new Medicare payment models for rural hospitals. As the largest private health insurance provider in the state of Kansas, we work with these hospitals on a daily basis and bear witness to their steadfast commitment to maintaining access to quality medical care despite declining patient volumes.

Throughout rural America, communities are experiencing various demographic changes that make sustaining a viable community hospital a difficult financial proposition. First, rural agricultural economies are incredibly efficient, but that efficiency results in the need for fewer workers to produce the nation’s food supply. This means that while rural communities retain their economic importance despite lower population density, these dynamics put stress on hospitals since revenue is driven by volume. Second, the remaining population is aging which requires hospitals to address a more complicated mix of health concerns. It also means that Medicare’s share of the payer mix is growing so rural hospital viability is increasingly tied to Medicare payments.

Despite these challenges, Blue Cross Blue Shield will continue to provide comprehensive health insurance benefits to local governments, schools, and businesses throughout rural Kansas, and these benefits will remain part of our state’s rural hospitals’ payment mix. Even so, it is increasingly important for the Centers for Medicare and Medicaid Services to keep pace with these rapidly escalating threats by doing its part to develop alternative payment models that will help keep rural hospitals viable for years to come. To that end, we stand ready to support new efforts like the Kansas Hospital Association’s Primary Health Center model or pilot programs initiated by the Center for Medicare and Medicaid Innovation to help move the delivery of quality healthcare in rural Kansas into the 21st Century.

Sincerely,

Fredrick D. Palenske
Senior Vice President
Provider and Government Affairs

*An Independent Licensee of the Blue Cross and Blue Shield Association.*