

SUPPORT KANSAS HOSPITALS

FINANCIAL STABILITY



The current health care environment is presenting multiple challenges for Kansas hospitals. Providers (hospitals and physicians), payers (employers, government programs and individuals), processors (commercial insurers like Blue Cross Blue Shield, Aetna and United), policymakers (state and federal) and patients all have a role to play in stabilizing the financial challenges facing Kansas hospitals. Without change, hospitals' abilities to provide essential health care services are threatened.

DOWNLOAD MORE ON
**MEDICARE, MEDICAID AND
COMMERCIAL PAYERS**



PROVIDERS — WHAT CAN HOSPITALS AND PHYSICIANS DO?



- Continue to be efficient with resources.
- Use available technology to reduce expenses.
- Collaborate on services provided in communities across Kansas.
- Collect on bad debt (21 percent of hospital bad debt is now from patients with insurance).
- Educate your community on the financial impact of Medicare Advantage plans.

Download *Medicare Advantage: Know Your Facts Series* to help educate your patients on choosing an appropriate Medicare plan.



PAYERS — WHAT CAN EMPLOYERS AND INDIVIDUALS DO?



- Understand where your insurance premiums are going. Are your premiums going to reduce the costs of your employees' care, fairly reimburse your local providers, administrative costs, etc.?



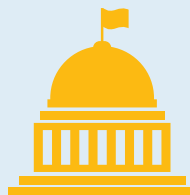
Did You Know?

The Kansas Hospital Association Payer Scorecard shows variation in Kansas patients' responsibilities:

- 20 percent - BlueCross BlueShield of Kansas
- 14 percent - UnitedHealthcare
- 13 percent - Aetna.

- Advocate for your local hospital. Strong hospitals attract businesses and workers. A struggling health care system is not an asset for Kansas employers.

PAYERS — WHAT CAN GOVERNMENT PROGRAMS LIKE MEDICARE AND MEDICAID DO?



- Align hospital payments more closely with the actual costs of care. Hospitals cannot withstand more cuts to Medicare and Medicaid.



Did You Know?

Medicaid payments to hospitals only cover about 65 percent of the costs of the care provided. Medicare payments to hospitals only cover about 69 percent of the costs of the care provided.

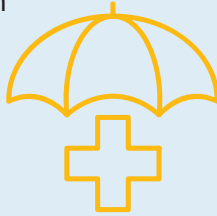


Many hospitals in Kansas receive non-operating revenue which can fill the gap (in whole or in part) between expenses and reimbursement. Examples include local tax support, investment income and grant money.

SUPPORT KANSAS HOSPITALS COMMERCIAL PAYERS CONTINUED ...

PROCESSORS — WHAT CAN COMMERCIAL INSURERS DO?

- Align hospital funding more closely with the actual costs of care. According to CHQPR, the primary reason hundreds of rural hospitals are at risk of closing is that private insurance plans are paying them less than what it costs to deliver services to patients.



An Opportunity to Increase Hospital Payments

Based on the Equity Financing Ratio, there appears to be room to increase hospital payments without increasing premiums. According to the National Association of Insurance Commissioners, Blue Cross Blue Shield of Kansas has a 56 percent Equity Financing Ratio, which is higher than the asset value of UnitedHealthcare (54 percent), BCBS of Kansas City (45 percent), BCBS of Nebraska (42 percent), Aetna Better Health of Kansas (37 percent) and HCSC-BCBS Oklahoma (10 percent).

Equity Financing Ratio indicates how much of a company's assets are funded by owners' investment rather than borrowed money.

POLICYMAKERS — WHAT CAN STATE AND FEDERAL LEGISLATORS DO?


- Reduce administrative burdens (prior authorizations, regulatory burdens, etc.)
- Protect the DSH program.
- Safeguard the Kansas Provider Assessment.
- Provide additional oversight on Medicare Advantage plans.
- Safeguard the 340B Program.



Learn more about the importance of the 340B Program for Kansans' access to health care. Visit [340BKansas.org](https://www.340BKansas.org)

The Reality for Kansas Hospitals

Unfortunately, today, Kansas hospitals must rely on \$78 million in additional county and city taxes to remain open. Protect dollars from federal and state programs (Medicare and Medicaid) which in turn could help reduce county and city taxes that are closing the gaps in federal and state programs.



Many Kansas hospitals face financial challenges due to high fixed costs and low patient volumes.

PATIENTS — WHAT CAN KANSANS DO?



- Shop local. Use your local hospital and health care providers when possible.
- Work with employers and other local businesses to make sure they understand the importance of choosing their commercial insurance.
- Advocate for yourself, your hospital and your community.
- Learn more about Medicare, Medicaid and Commercial Payers at kha-net.org.

ADDITIONAL SOURCES

- KHA All Payers Scorecard
- KHA Survey Data
- AHA Annual Survey
- HCRIS Cost Report Data