WESLEY
Healthcare

House Health and Human Services Committee
Written Opponent Testimony re: HB 2065
Presented by William J. Voloch, President and CEO
On behalf of
Wesley Healthcare
March 16, 2017

Mr. Chairman, Members of the Committee:

I am William J. Voloch, President and CEO of Wesley Healthcare, Wichita. Let me first thank you for allowing HCA Kansas to share our thoughts via written comments today.

One behalf of Wesley Medical Center and all of our Kansas hospitals, we appreciate the opportunity to share with the committee our commitment to the state of Kansas, and outline our concerns about the impact that passage of HB 2065 would have on our hospitals and providers across the state. As many of you have heard from me and my colleagues, HCA remains committed to improving the KanCare Program and restoring the cuts we sustained last July. We believe that working to address these issues is paramount and by focusing our attention on public policy concerns that exist today we will be better prepared to improve and expand access in the future.

HCA's Mission and Investment in Kansas

Wesley, as part of the HCA family of hospitals, has become an inseparable part of the communities we serve and the constituents that you represent. Our mission, best said by our founder Dr. Thomas Frist Sr., has never wavered:

> **"Above all else, we are committed to the care and improvement of human life. In recognition of this commitment, we strive to deliver high quality, cost effective healthcare in the communities we serve.**

Today, HCA has ten facilities in Kansas including hospitals and surgery centers that provide care to thousands of Kansans each year. Our primary facilities include Wesley Medical Center, Wesley Woodlawn, Overland Park Regional Medical Center, and Menorah Medical Center. Below are some of the highlights of our investment in Kansas, and we have included our 2015 Investment by State Report for your review:

Facilities/Beds
10 Hospitals/Surgery Centers
1,360 Hospital Beds

Wesley Medical Center · 550 N. Hillside · Wichita, KS 67214
web: wesleymc.com ph: 316.962.2000

Employees/Payroll
6,351 Employees
$460,641,062 Payroll and Benefits

Capital Investment
$64,976,706

Uncompensated Care
$54,567,848

State Taxes
$39,746,577

We are proud of our record of support of local and state government services and recognize the value they bring. We further appreciate the fiscal challenges the state has been working to address over the past two years, and the impact this has had on Kansans. We will continue to be a strong and supportive corporate citizen, community leader, and most importantly provider of health care to all Kansans. **However, we do not believe that HB 2065 is in the best interests of patients and the providers who care for them.** As we have briefly outlined below, HB 2065 **would not** address the back filling of the cuts for providers in an equitable manner. Further, the current statute creates a level of protections and assurances around the budgeting and allocation of the provider assessment that would no longer exist should HB 2065 be approved.

Need for the Increase

While HB 2065 would address the revenue increases needed to address the cuts to providers, it goes further and increases revenues beyond the current need to restore these cuts. The Medicaid provider reductions decreased Medicaid payments to all providers by nearly $46.5 million SGF and $106 million AF. Based on the most recent data available, HB 2180 would increase the HMO privilege fee to 5.77 percent and would raise an additional $83.5 million for state fiscal year 2018. This amount is more than sufficient to cover the $46.5 million necessary to restore the Medicaid provider cuts.

There is no need for an allocation of an increase to the provider assessment

Provider Assessment Protections

HB 2065 would modify the current statute by eliminating the current protections around the allocation of the assessment by the state. The current assessment statute in Section 5. K.S.A. 2016 Supp. 65-6218 states:

"**NOT LESS THAN** 80% of the assessment revenues shall be disbursed to hospital providers through a combination of Medicaid access improvement payments and increased Medicaid rates on designated diagnostic related groupings, procedures or codes;"

The proposed Language would modify the current statute as follows:

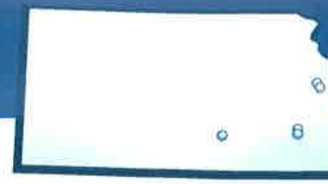
"**NOT MORE THAN** 80% of the assessment revenues shall be disbursed to hospital providers through a combination of Medicaid access improvement payments and increased Medicaid rates on designated diagnostic related groupings, procedures or codes;"

Without a firm commitment from policy makers and the administration on how these additional revenues would enhance the Medicaid program coupled with the proposed language that removes the statutory protections of how the assessment could be allocated, we are unable to support HB 2065.

As we have discussed with many of the members of the committee and the chairman, our commitment from the outset has been to "Improve the administration of the KanCare program and restore the cuts". We do not believe that HB 2065 works to accomplish either of these goal in its current form and would ask that the committee oppose its passage and look to HB 2180 in its current form as the vehicle to address the KanCare cuts.

Thank you for permitting me to submit this written testimony.

KANSAS



Facilities

Hospitals		5
Surgery Centers		5
Number of Licensed Beds		1,360
Total Employees		**6,351**
Total Payroll and All Benefits	**$**	**461,641,062**
Total Capital Invested[1]	**$**	**64,976,706**
Total Uncompensated Care[2]	**$**	**54,567,848**

State Taxes Incurred

Property Tax	$	8,882,347
Sales/Use Tax	$	13,273,219
Franchise Tax	$	0
License Tax	$	26,179
Provider Tax	$	10,021,885
Premium Tax	$	0
State Income Tax	$	6,153,477
State U.I. Tax	$	1,389,470
Total State Taxes	**$**	**39,746,577**
Total State Investment	**$**	**620,932,193**

[1] *Capital expenditures represent the total amount recorded for property, plant and equipment expenditures during the year.*

[2] *The estimated cost of total uncompensated care for the year is calculated by multiplying total annual uncompensated care by a cost-to-charges ratio. The cost-to-charges ratio is calculated by dividing annual patient care costs (salaries and benefits, supplies, other operating expenses and depreciation and amortization) by annual gross patient charges.*

Facilities

Allen County Hospital .... Iola
Menorah Medical Center .... Overland Park
Overland Park Regional Medical Center .... Overland Park
Wesley Medical Center .... Wichita
Wesley Woodlawn Hospital .... Wichita