



Kansas Hospital
ASSOCIATION

TO: House Appropriations Committee

FROM: Tara Mays, Vice President State Legislative Relations

DATE: February 10, 2021

RE: House Bill 2174

The Kansas Hospital Association appreciates the opportunity to provide comments in support of House Bill 2174, establishing the Rural Hospital Innovation Grant Fund.

Many rural hospitals across the country continue to financially struggle. According to a recent report by The Chartis Center for Rural Health, the percent of rural hospitals nationally that are operating at a financial loss has risen to 47 percent; an increase of 9 percent over the past five years. The same report suggest that the percentage for Kansas hospitals is 74%. The explanation as to what is driving these struggles vary by community. For some, it may largely be the result of changing demographics while others may cite reimbursement reductions, such as the federal Medicare sequestration cut. Regardless of the reason, rural hospitals continue to persevere and are seeking new ways to ensure they are able to provide quality, accessible care to their communities.

As an example, the Kansas Hospital Association and its members have been developing an alternative rural health model for Kansas communities. After many years working with the Kansas congressional delegation and advocating for the opportunity to test this concept, we are pleased that the Consolidated Appropriations Act passed in December 2020 included the creation of a new payment/delivery model for rural hospitals very similar to our alternative rural health model, called the "Rural Emergency Hospital". This model offers a sustainable option for rural communities to provide preventive and primary care, chronic disease management and emergency medical services. The Rural Emergency Hospital would serve as the access point and would coordinate care for the individual when higher levels of services are needed.

In addition to making sure that Kansas statues allow for operation of a Rural Emergency Hospital (HB 2261), rural communities need to engage in conversations to explore how best to provide care for their local community members. KHA is hosting series of Regional Conversations on Rural Health Care in Kansas in February and March. These conversations will review the current state of hospital/health delivery system, discuss essential services and review options for the future. For those communities that decide a new approach is needed, House Bill 2174 could be a tool to assist in analyzing options and preparing for a new model of care delivery.

The health care delivery system in rural communities are a tremendous asset to Kansas, the communities they support, and the individual patients they serve. KHA and our member hospitals are committed to working on efforts that provide flexibility to rural hospitals as well as opportunities to implement alternative rural health models that sustain health care services in rural communities.

Thank you for your consideration of our comments.