

Hospital explains need for tax support

Editor's note: Brown County voters during a special election May 21 will decide whether to approve a ten-year one-half percent countywide retailers sales tax to support health care services in Brown County. The following release was submitted by the Hiawatha Community Hospital.

In Brown County, like much of Kansas, Hiawatha Community Hospital is an economic anchor for the community. Without hospitals, communities lose one of the most important components in their community. HCH is the 3rd largest employer in Hiawatha. The hospital delivers about 100 babies a year, provides emergency room care to patients with about 4,000 visits a year and more than 25,000 outpatient visits a year. HCH is an important fabric of this community.

Unfortunately, today's current environment is financially challenging to many rural hospitals. In fact, sixty-nine percent (69%) of rural hospitals are losing money. In many cases, public funding provides a great support.

A recent report by the Kansas Hospital Association (Public Funding Survey Results 2018) shows that of the 96 Kansas hospitals that participated in the survey, sixty-nine percent (69%) indicated that they received public support ranging from \$146,000 to \$2,000,000. They indicated sales tax support ranged from \$25,000 to \$800,000 a year. Eighty-three percent (83%) of the Critical Access Hospitals surveyed (those hospitals like Hiawatha Community Hospital) receive tax support.

It is unfortunate that Kansas has not expanded Medicaid, which would not only benefit patients and communities, but would benefit HCH and every hospital in Kansas. Like many hospitals, HCH is experiencing an increase in bad debt – thirty-six percent (36%) higher than last year – estimated about \$2.2 million dollars for 2018. Medicaid (KanCare) expansion would financially help Hiawatha Community Hospital as well.

The Medicare payment methodology for Critical Access Hospitals is unlike any other reimbursement model. The complex nature of the process often times results in the Medicare program paying the hospital too much or too little. In 2016, HCH paid back \$405,000 and \$1,860,000 in 2017. In 2018, Medicare recouped approximately \$1.2 M through lower reimbursement. The latter contributed to the most recent cash flow challenges for HCH in 2018.

Facing significant loss for 2018 – (\$3M), several initiatives were undertaken by HCH – the expense reductions included:

Two percent (2%) decrease in all employee wages;

**Retirement plan – ended all employer contributions;
Life Insurance – terminated employer funded programs;
Long Term Disability – terminated employer funded programs; and
Other employee and provider concessions.**

The total impact of these reductions was \$2 million, but these concessions are not sustainable. In addition, the hospital is in need of funds for capital projects that are necessary to provide quality care and to meet regulatory requirements.

Hiawatha Community Hospital plans to improve transparency and hold town hall meetings throughout the county to share the hospital story and ask for the county support.

Given the challenges of rural health care in Brown County – HCH recommends a 10 year plan which enables the hospital to refinance the current bond and reduce overall interest expense, as well as enabling the hospital to continue to provide the high quality patient care close to home that our communities deserve.

On behalf of the Board of Trustees, the employees and providers of Hiawatha Community Hospital, and most importantly, the community, we ask for support of the proposed one-half percent (0.50%) retailers' sales tax for the purpose of supporting health care services in Brown County.

Many Signals Communications