



**Kansas Hospital
ASSOCIATION**

TO: House Appropriations Committee

FROM: Chad Austin
Executive Vice President

DATE: February 19, 2020

RE: House Bill 2522

The Kansas Hospital Association appreciates the opportunity to provide comments in support of House Bill 2522, 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 hovers around 70 for Kansas hospitals. 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. The result of this initiative is the primary health center model. This model offers a sustainable option for rural communities to provide preventive and primary care, chronic disease management and emergency medical services. The primary health center would serve as the access point and would coordinate care for the individual when higher levels of services are needed. As part of this initiative, it is anticipated that many rural communities will begin having conversations regarding how best to provide care for their local community members. House Bill 2522 may be a tool to assist in funding these community conversations.

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.

One point of clarification that KHA is seeking in regards to House Bill 2522 is how the matching program will be implemented. For example, are the local hospital foundations expected to contribute to the Rural Hospital Innovation Grant Fund prior to knowing whether their community will be awarded a matching grant? Or, will the local communities apply for a grant and then provide proof of matching funds once they receive approval for the award?

Thank you for your consideration of our comments.