

To: House Appropriations Committee

From: Trey Cocking, Deputy Director

Date: February 19, 2020

RE: Written Testimony in Support of HB 2522

Thank you for allowing the League of Kansas Municipalities to testify in support of HB 2522.

HB 2522 would establish the Rural Hospital Innovation Grant Program managed by the Kansas Department of Health and Environment. The bill would allow eligible counties (all counties except Douglas, Johnson, Sedgwick, Shawnee, and Wyandotte) to apply to KDHE for rural hospital transitional assistance grants. The grants would allow a hospital to transition from its current delivery model to a more appropriate model for the community served by the hospital. The bill would require a match of \$2 from private stakeholders for every \$1 of state money.

The delivery of medicine has changed across the United States; this bill helps rural communities adjust to these changes. This program is a step forward in allowing hospitals and communities to change and adapt to the new operating parameters and deliver the services that are most needed.

A grant program is needed to assist rural hospitals that have been particularly affected by the high rate of uninsured rural residents and the failure of this population to pay for services used. In southeast Kansas, only 51% of the public are privately insured (compared to 65% statewide). Five of our rural hospitals have closed since 2010. What affects rural hospitals affects our cities, regardless of whether the city owns the hospital.

When a local hospital closes, it causes a ripple effect on the city's economy. In most cases, hospital staff will leave the community, resulting in an immediate decreased property and sales tax base and putting the survival of other businesses in the city at risk. Closure of a hospital in a community can reduce per capita income by nearly 4% (\$703). The closure of a rural hospital can increase unemployment. Additionally, the closure of a hospital makes it more difficult to attract new business to the community.

We continue to support actions that will help us create sustainable and needed medical infrastructure for our cities and the State of Kansas.

For these reasons, the League asks this Committee recommend HB 2522 favorably for passage.