



Eggs and Issues
Ottawa Chamber of Commerce
November 1, 2023

What We'll Cover

- Overview of KHA and Kansas Hospitals
- Statewide Trends
- Priority Areas:
 - Workforce and Health Care Finance
- Public Perception of Health Care



Kansas Hospital ASSOCIATION

KHA membership includes 237 member facilities, of which 122 are full-service, community hospitals.



The Kansas Hospital Association is a voluntary, non-profit organization existing to provide leadership and services to member hospitals. KHA is the lead organization in a group of companies and affiliates that provides a wide array of services to the hospitals of Kansas and the Midwest region.

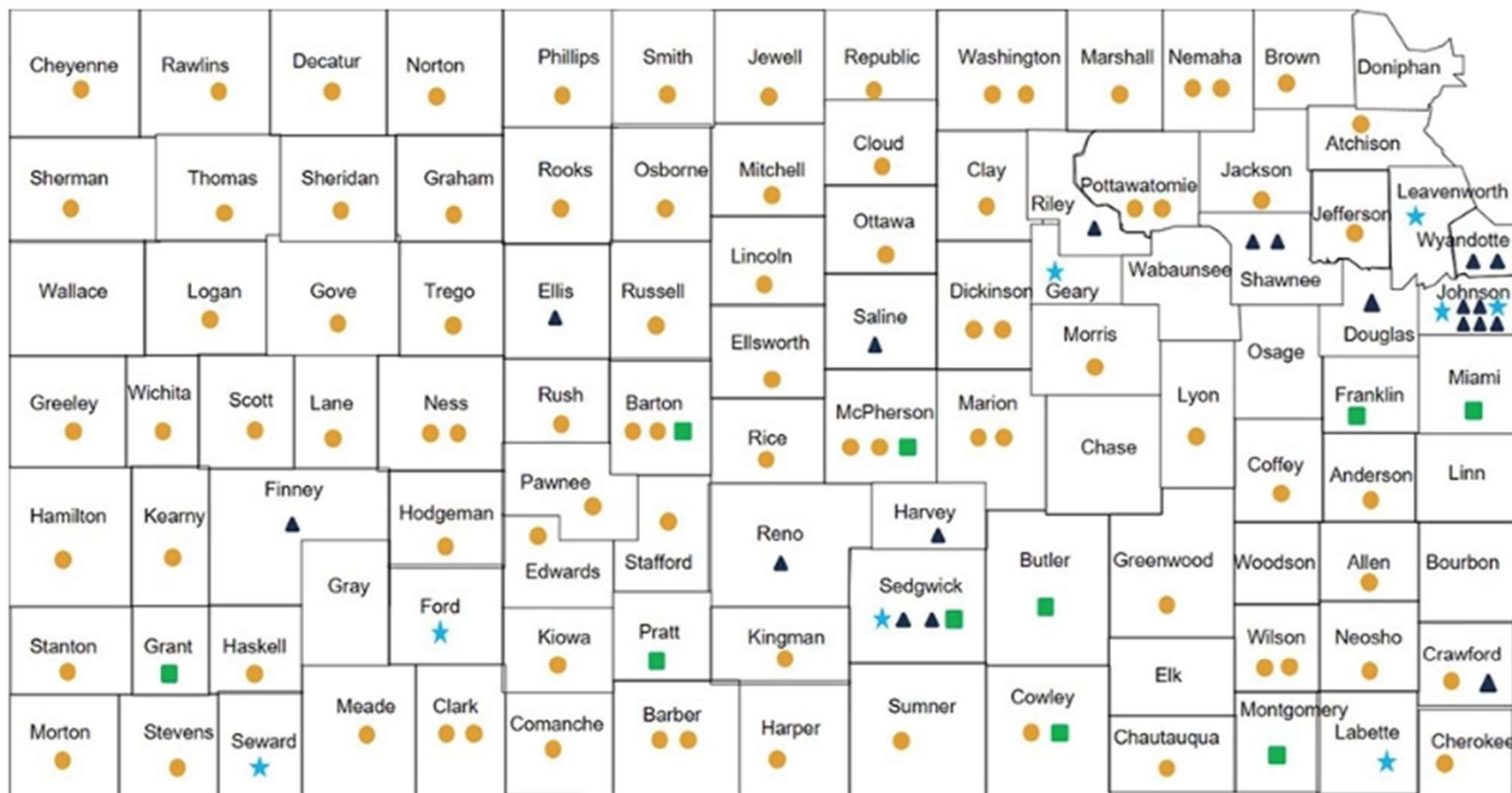
The hospitals of Kansas founded the Kansas Hospital Association in 1910 to improve hospital care through the exchange of knowledge and ideas. Over the years, the Association has provided its membership with opportunities to share information, receive continuing education and develop approaches to legislative and regulatory reforms.

VISION: Optimal Health for Kansans.

MISSION: To be the leading advocate and resource for members.

Distribution of Kansas Community Hospitals

Of the 105 counties in Kansas, 18 counties contain more than one community hospital, 77 counties contain only one community hospital, and ten counties are without any community hospitals. The following counties do not have a hospital: Bourbon, Chase, Doniphan, Elk, Gray, Linn, Osage, Wabaunsee, Wallace and Woodson. Kansas has 123 community hospitals.



Community Hospital Acute Licensed Bed Size

- 25 and under
- ★ 50-99
- 26-49
- ▲ 100 and over

COMMUNITY HOSPITAL UTILIZATION AND FINANCE TRENDS

ORGANIZATIONAL STRUCTURE & UTILIZATION | 2020

TOTAL BEDS AND UTILIZATION	
LICENSED ACUTE BEDS	9,353
LICENSED NURSING HOME BEDS	1,002
STAFFED BEDS-HOSPITAL	6,979
STAFFED BEDS-NURSING HOME UNIT	1,001
BIRTHS	29,102
ADMISSIONS-HOSPITAL	252,006
ADMISSIONS-NURSING HOME UNIT	1,138
INPATIENT DAYS-HOSPITAL	1,214,743
INPATIENT DAYS-NURSING HOME UNIT	304,138
TOTAL OUTPATIENT VISITS	7,998,990
INPATIENT SURGICAL OPERATIONS	58,512
OUTPATIENT SURGICAL OPERATIONS	148,046
EMERGENCY ROOM VISITS	913,549

TOTAL-MEDICARE/MEDICAID UTILIZATION	
MEDICARE INPATIENT DISCHARGES - HOSPITAL	118,132
MEDICARE INPATIENT DISCHARGES - NURSING HOME UNIT	718
MEDICARE INPATIENT DAYS - HOSPITAL	602,658
MEDICARE INPATIENT DAYS - NURSING HOME UNIT	16,862
MEDICAID INPATIENT DISCHARGES-HOSPITAL	37,096
MEDICAID INPATIENT DISCHARGES - NURSING HOME UNIT	114
MEDICAID INPATIENT DAYS- HOSPITAL	183,078
MEDICAID INPATIENT DAYS - NURSING HOME UNIT	142,979

SOURCE: American Hospital Association Annual Survey, collected 2021 - 112 Community Hospitals Included

Diagnostic-Related Groups

TOP 30 DIAGNOSTIC-RELATED GROUPS (DRGs) | 2019

Kansas Community Hospitals

RANK	DRG	DESCRIPTION	PERCENT OF TOTAL DISCHARGES	AVERAGE LENGTH OF STAY	PERCENT 65 AND OVER
1	795	Normal Newborn	6.40	1.9	0.0
2	871	Septicemia or severe sepsis with complication	4.42	5.7	63.4
3	885	Psychosis	4.13	6.3	9.8
4	470	Major joint replacement or reattachment of lower extremity	3.06	2.3	64.4
5	794	Neonate with other significant problems	2.68	2.3	0.0
6	291	Heart failure and shock	1.76	5.1	74.8
7	872	Septicemia or sever sepsis without complication	1.70	3.8	48.3
8	392	Esophagitis, gastroenteritis and other digestive disorders	1.47	3.0	44.5
9	189	Pulmonary edema and respiratory failure	1.28	4.6	56.6
10	194	Simple pneumonia and pleurisy	1.01	4.0	72.0
11	690	Kidney and urinary tract infections	1.01	3.9	70.6
12	193	Simple pneumonia and pleurisy with complication	0.98	4.7	69.4
13	603	Cellulitis	0.96	3.6	42.7
14	641	Misc. disorders of nutrition, metabolism, fluids/electrolytes	0.90	3.4	54.0
15	683	Renal Failure	0.88	3.7	65.0
16	897	Alcohol/drug abuse or dependence	0.79	3.6	7.3
17	378	G.I. hemorrhage	0.72	3.5	71.9
18	101	Seizures	0.70	2.7	15.4
19	853	Infections and Parasitic Diseases	0.68	12.0	51.5
20	247	Percutaneous cardiovascular procedure with drug-eluting stent	0.68	2.5	52.9
21	638	Diabetes	0.66	3.2	25.2
22	190	Chronic obstructive pulmonary disease [COPD]	0.65	4.8	61.6
23	309	Cardiac arrhythmia and conduction disorders with complication	0.64	3.7	73.0
24	682	Renal failure with complications	0.62	4.9	70.1
25	065	Intracranial hemorrhage or cerebral infarction	0.62	3.9	69.8
26	793	Full term neonate with major problems	0.58	5.1	0.0
27	552	Medical back problems	0.56	3.9	65.3
28	057	Degenerative nervous system disorders	0.55	16.1	76.8
29	280	Acute myocardial infarction	0.55	5.1	68.5
30	310	Cardiac arrhythmia and conduction disorders without complication	0.50	2.6	70.7



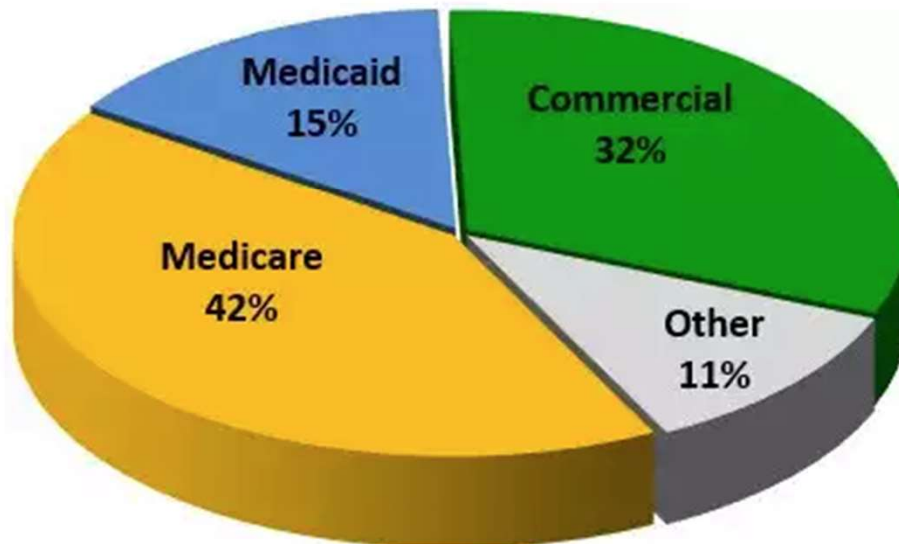
Continue to see the transition of care delivery moving from inpatient setting towards outpatient delivery

Discharges and Inpatient Days by Payer

DISTRIBUTION OF DISCHARGES AND INPATIENT DAYS **BY PAYER** | 2022

In FY2022, the Federal programs Medicare and Medicaid combined to cover over 57 percent of the discharges from community hospitals in Kansas. In addition, the number of Medicare inpatient days is 50 percent of the inpatient days in Kansas.

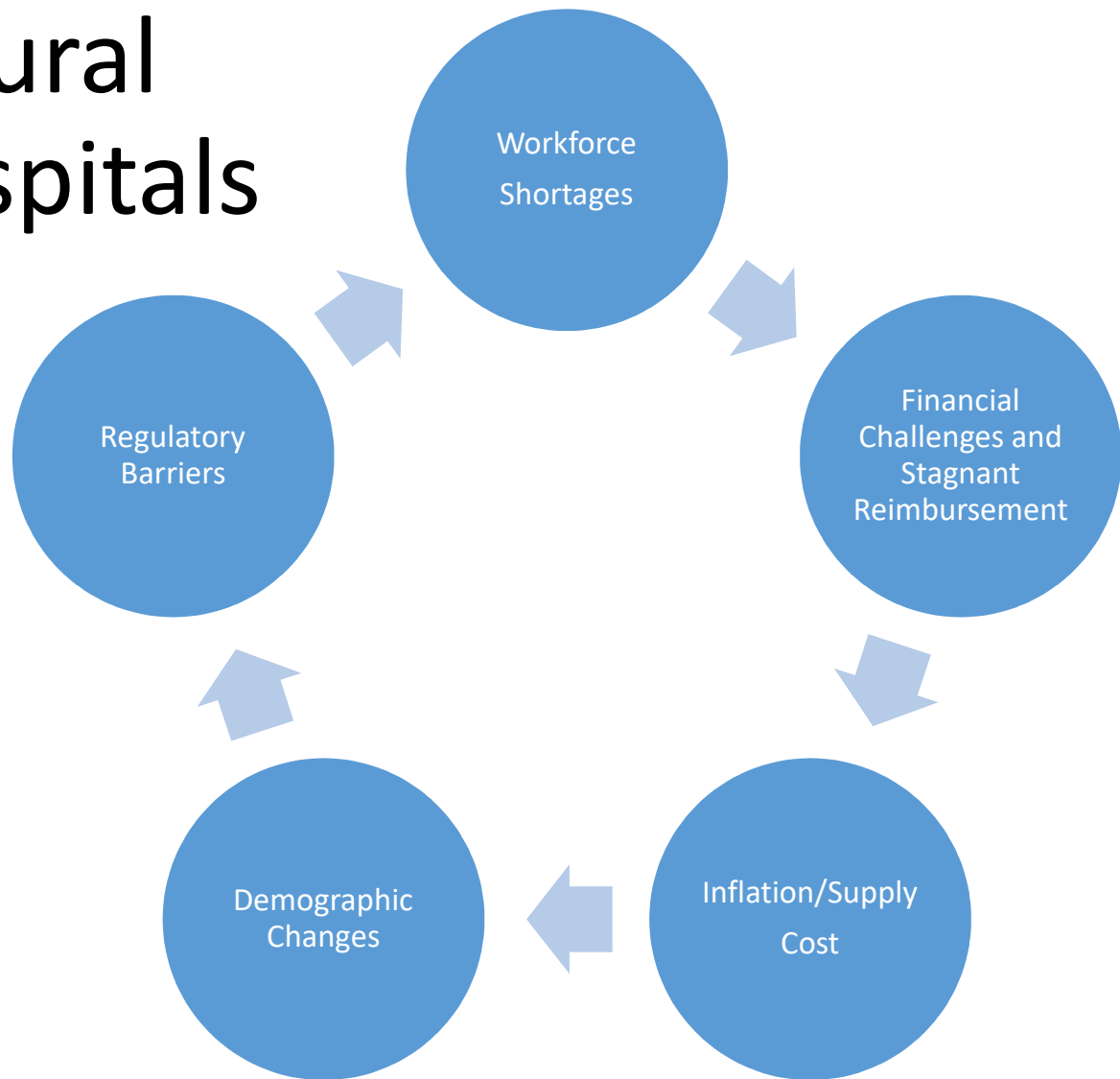
In the Federal Fiscal Year 2022 Medicare Provider Analysis and Review (MEDPAR) data file produced by the Centers for Medicare and Medicaid Services, there were 137,833 Medicare discharges from 140 Kansas facilities. The total charges for these discharges were \$9,732,179,975 and total interim payments were \$1,336,749,179. The interim payment to charges ratio was 13.7 percent; the average charge per discharge was \$70,608.



Majority of discharges (57%) covered by public insurance programs (Medicare/Medicaid)

SOURCE: *Kansas Hospital Association FFY 2022, Kansas Inpatient Database*

Issues Facing Rural Kansas Hospitals



KHA STRATEGIC PLAN

2022-2024

Updated March 2023



VISION:
Optimal health for Kansans

MISSION:
To be the leading advocate and resource for members

VALUES:
Excellence:
Exceeding Expectations

Innovation:
Pursuing and Shaping Solutions

Integrity:
Upholding Respect and Trust

Knowledge:
Sharing Insights and Developing Expertise

2022-2024 STRATEGIC AIM: Improve Kansas' statewide health ranking with a focus on preventive health services.

STRATEGIC PRIORITIES



POLICY INFLUENCE



Advocate for policies that expand access, including workforce development, telemedicine and KanCare expansion.



Advance policies that reduce administrative burden.



Mitigate the impact of behavioral health crisis patients in emergency departments.



Expand grassroots advocacy network.



FINANCIAL STABILITY



Advocate for improved reimbursement and insurance accountability.



Educate legislators and consumers about the cost and complexity of health care.



Share the impact of prior authorizations with policymakers and the public.



Engage in the KanCare 3.0 RFP and implementation process.



WORKFORCE



Promote hospital and health care careers.



Collaborate with stakeholders to increase health care graduates.



Develop strategies to recruit and retain health care providers and staff.



Provide education and resources to support development and advancement of health care careers.



STRATEGIC FOCUS:



Leadership

Leading the development and implementation of health care policy through membership engagement and partnerships.



Education

Develop, market and deliver education and networking opportunities for members, the public and others.



Advocacy

Influencing policy development through effective representation that achieves positive outcomes for KHA members.



Data and Information

Inform and inspire our members and the communities they serve with reliable, accurate and actionable information.

STRATEGIC PRIORITIES



MEMBER AND PARTNER ENGAGEMENT



Collect and share best practices among members and partners.



Engage and involve members in guiding the work of the association.



Strengthen relationships and collaborate with health care stakeholders and industry leaders.



Help members facilitate critical conversations and build local partnerships.



HEALTH CARE VISIONING



Promote and provide resources to support alternative models of health care delivery.



Develop resources to educate members on emerging and future trends.



Convene stakeholder conversations on innovative ways to increase access to care.



Engage in activities that promote high-quality, reliable broadband in Kansas.



ADVANCING HEALTH



Develop member resources and education to reduce disparities in care and improve health.



Collaborate on initiatives that improve health care quality and safety.



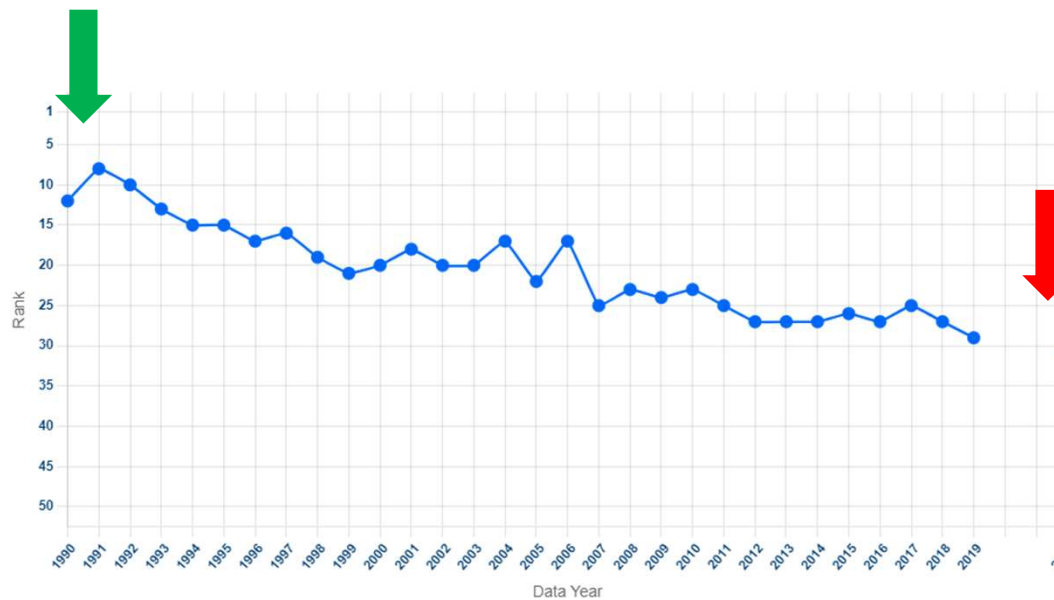
Invest in Kansas Health Matters and Healthy Kansas Hospitals tools.



Engage with partners to address Kansas health rankings.

Kansas Health Ranking

KS ranked 8th
in overall
health in
1991



KS Ranks 31st
in nation in
overall
health

Source: America's Health Rankings.

<https://www.americashealthrankings.org/explore/annual/measure/Overall/state/KS>



KHA Strategic Aim, Partners and Resources

KHA

Board and Hospital Leadership
Optimal Health Committee
Members
Staff
Healthworks / KRHOP

Health Care Partners

Provider Organizations (KMS, KAFP, KAAP)
Kansas Healthcare Collaborative
KU Care Collaborative
KU Center for Rural Health
Kansas Association of Local Health Departments (KALHD)
KanCare MCOs
State Agencies (KDHE, KDADS)
HHS Region VII, CMS
BCBS KS Pathways to a Healthy Kansas
Kansas Health Institute

Strategic Aim

Improve Kansas' statewide health ranking, with a focus on preventive health services.

Other Partners

Health Foundations (KHF, REACH, Sunflower, UMHMF)
K-State Research & Extension
Wichita State University Community Engagement Institute
Kansas Farm Bureau
Kansas Chamber
Kansas Association of Counties
Kansas Bankers

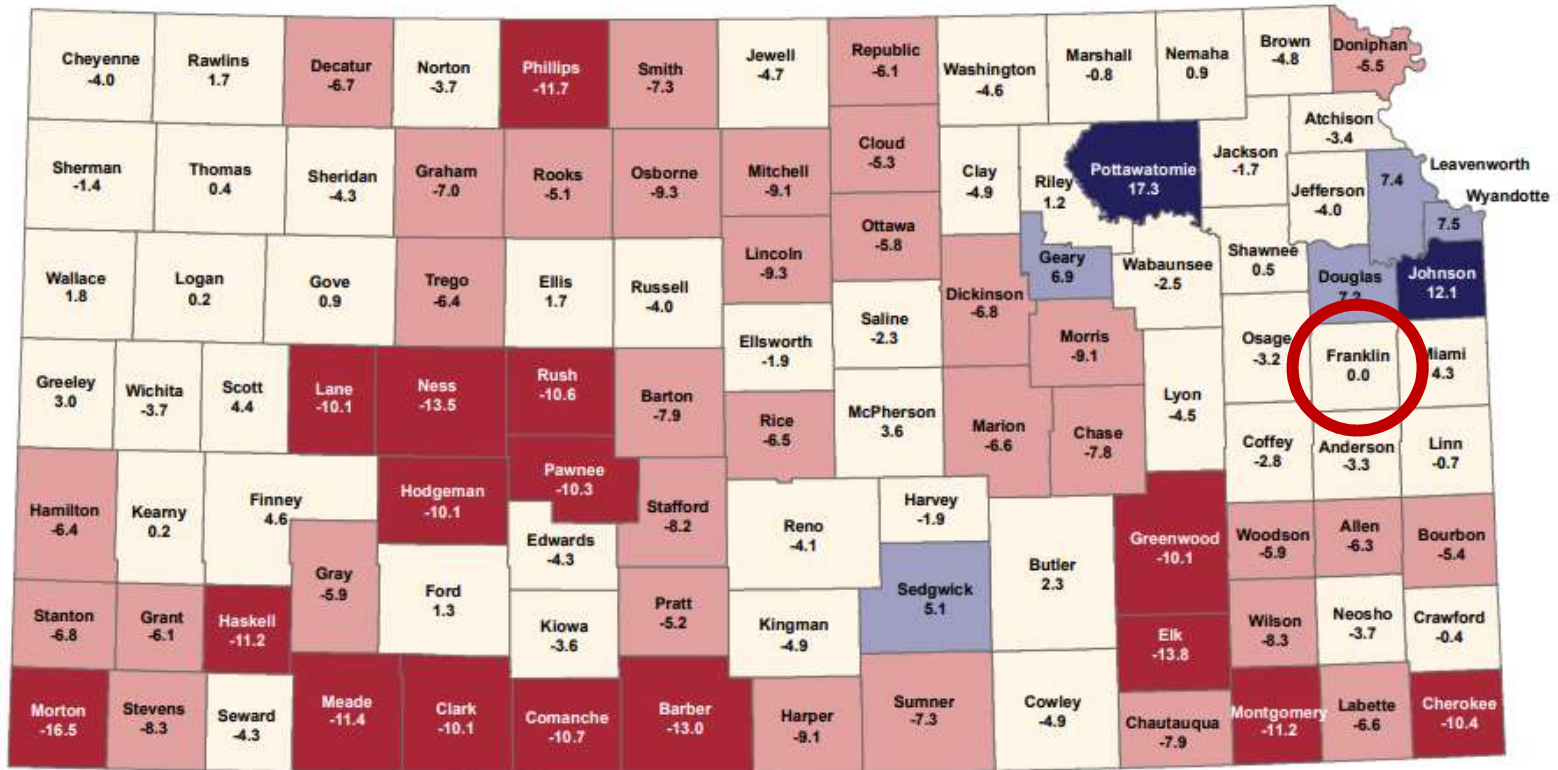
Assets and Data

Kansas Health Matters
Healthy Kansas 2030
County Health Rankings
Kansas Health Rankings
Immunization Enhancement Project
QHi
Analytic Advantage

Demographics: An Important Factor

Kansas Population is Growing... Slower and Mainly in Cities

Percent Population Change in Kansas, by County
2010 - 2020



Source: Institute for Policy & Social Research, The University of Kansas; data from the U.S. Census Bureau.

Percent Population Change

State: 3.0



Demographics: An Important Factor

Kansas Population is Growing... Older

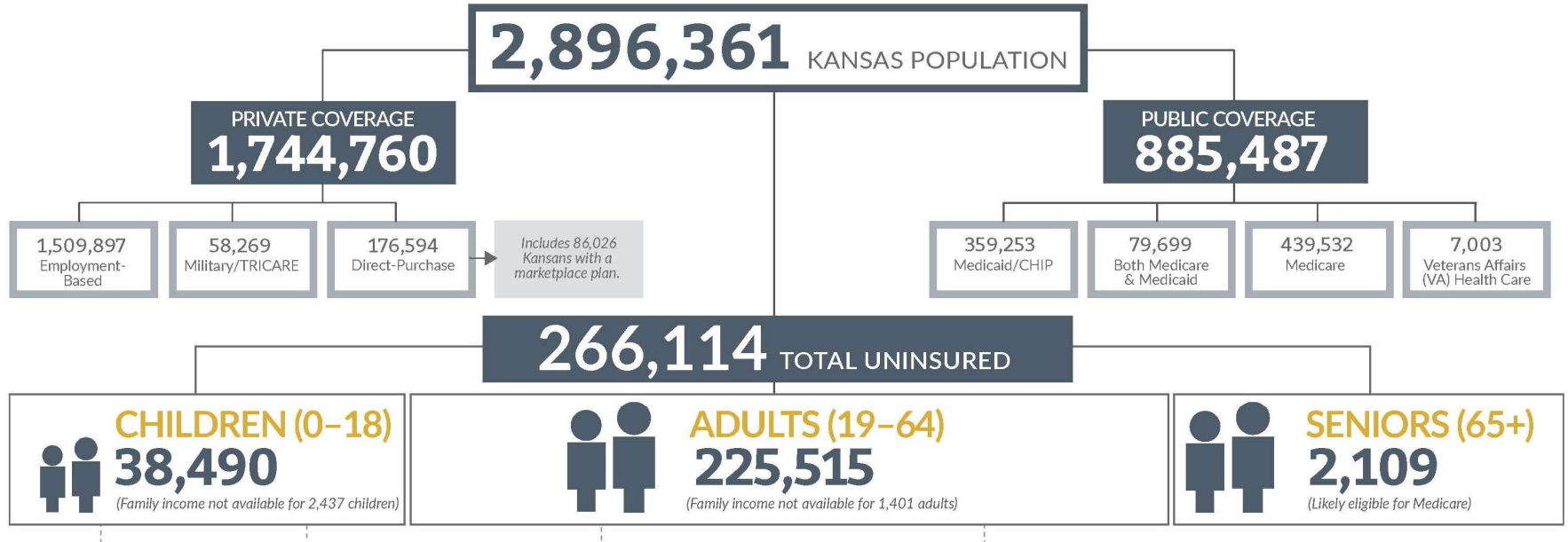
Largest Age Group in Kansas, by County, 2020



Source: Institute for Policy & Social Research,
The University of Kansas;
data from the National Center for Health Statistics,
2020 Population Estimates by Single Year of Age.

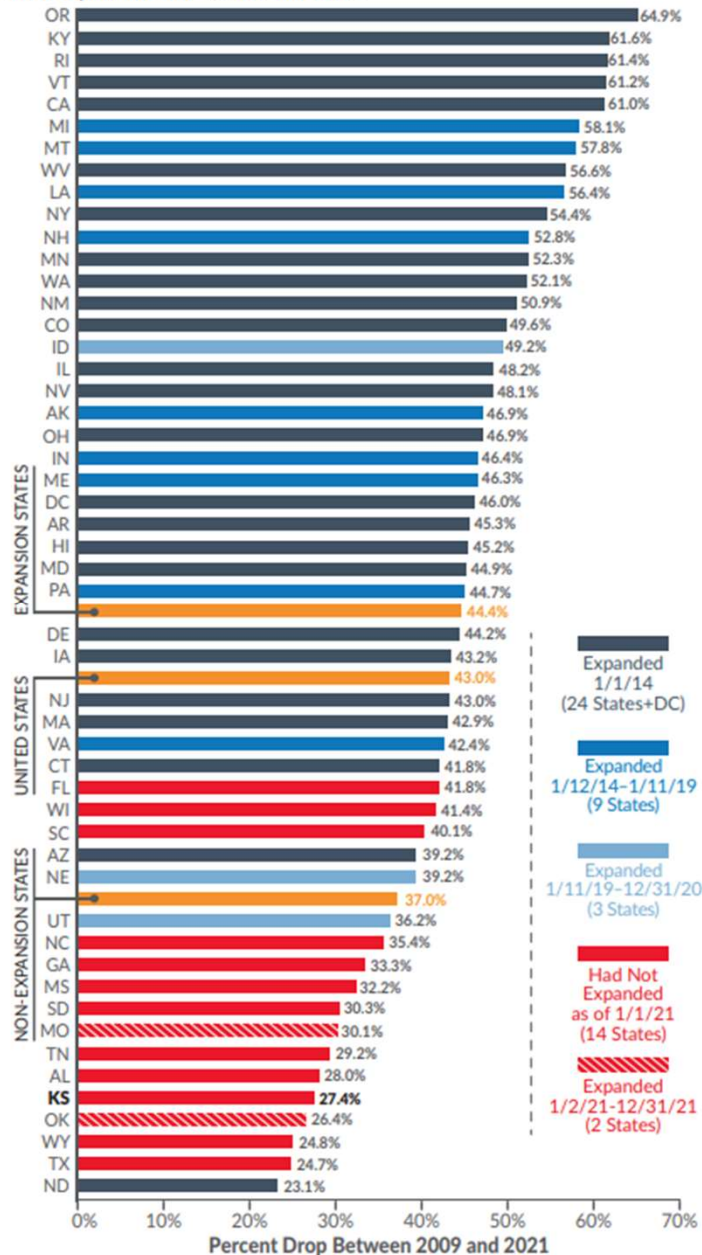


Health Insurance in Kansas



**Uninsured Rate Declined in All States Between 2009 and 2021;
Kansas Rate Declined Less Than All But Four Other States**

Figure 1.4b Percent Drop in Uninsured Rate for Medicaid Expansion and Non-Expansion States, 2009 and 2021

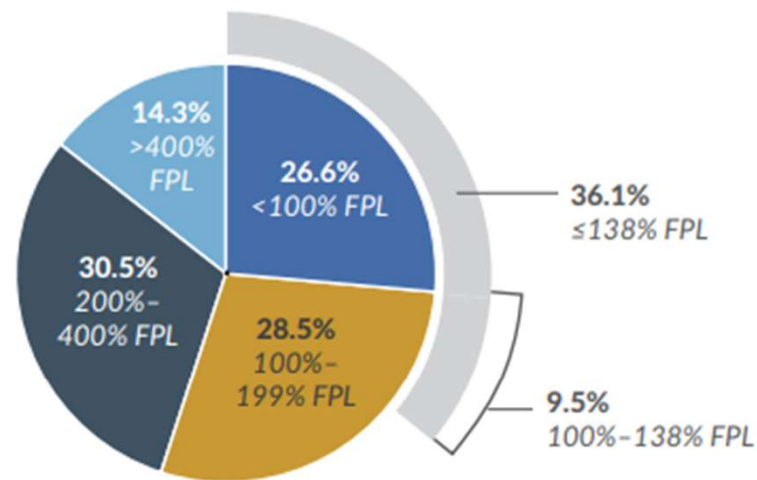


Kansas had the 5th lowest decrease in the uninsured rate among all states and Washington, D.C., with a drop of slightly over a quarter (a 27.4 percent decrease between 2009 and 2021).

Source: Kansas Health Institute analysis of data from the U.S. Census Bureau 2009 and 2021 American Community Survey Public Use Microdata Sample files.

More Than a Third of Uninsured Kansas Nonelderly Adults Could Qualify for Medicaid if Expanded

Figure 3.3a Uninsured Kansas Adults, Age 19–64, by Family Income, 2021

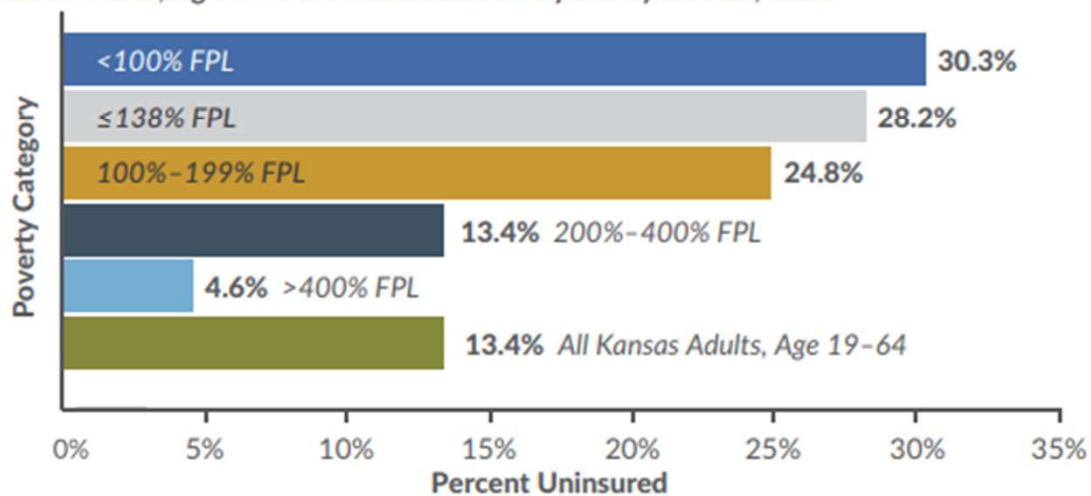


Note: Uninsured Kansas adults age 19–64 with income information (not in institutions) = 224,114. Percentages may not sum to 100 percent because of rounding. Adults with family income at or below 138 percent FPL (\$36,570 for a family of four in 2021) might qualify for Medicaid if expanded (Appendix D, page D-1).

Source: Kansas Health Institute analysis of data from the U.S. Census Bureau 2021 American Community Survey Public Use Microdata Sample files.

Lack of Insurance Strongly Linked to Family Income

Figure 3.3b Kansas Adults, Age 19–64: Uninsured Rates by Family Income, 2021



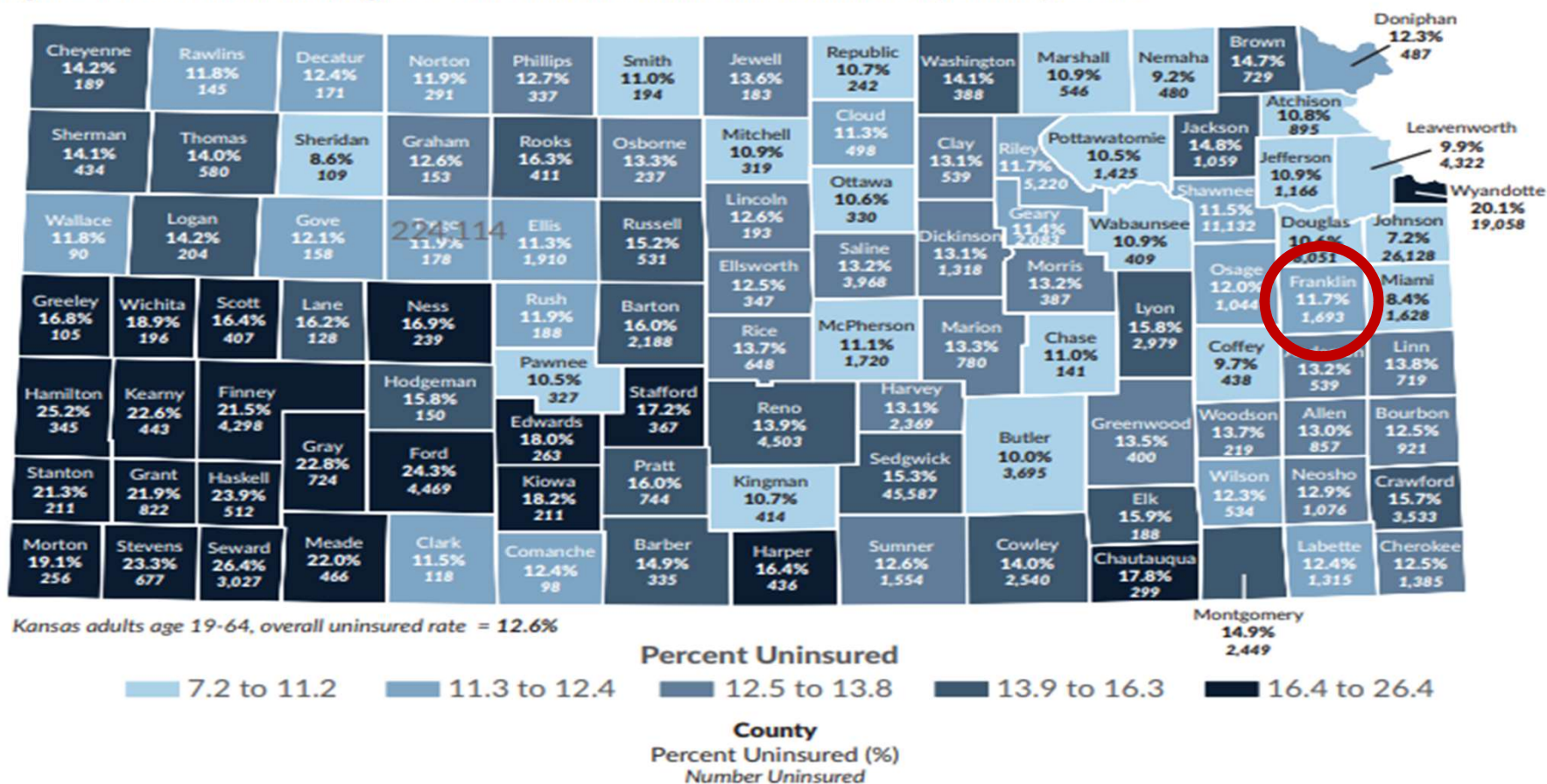
Note: Kansas adults age 19–64 with income information (not in institution) = 1,660,131. Adults with family income at or below 138 percent FPL (\$36,570 for a family of four in 2021) might qualify for Medicaid if expanded (Appendix D, page D-1).

Source: Kansas Health Institute analysis of data from the U.S. Census Bureau 2021 American Community Survey Public Use Microdata Sample files.

The Number of Uninsured Patients Continues to Grow in Certain Areas

Uninsured Rate for Nonelderly Adults Varies More Than Three-Fold Across Kansas Counties

Figure 5.1 Kansas Adults, Age 19–64: Uninsured Rates and Numbers by County, 2020



Note: Uninsured Kansas adults age 19-64 (noninstitutionalized civilians) = 207,141.

Source: Kansas Health Institute analysis of data from the U.S. Census Bureau 2020 Small Area Health Estimates.

Kansas Healthcare Workforce Trends and Shortages

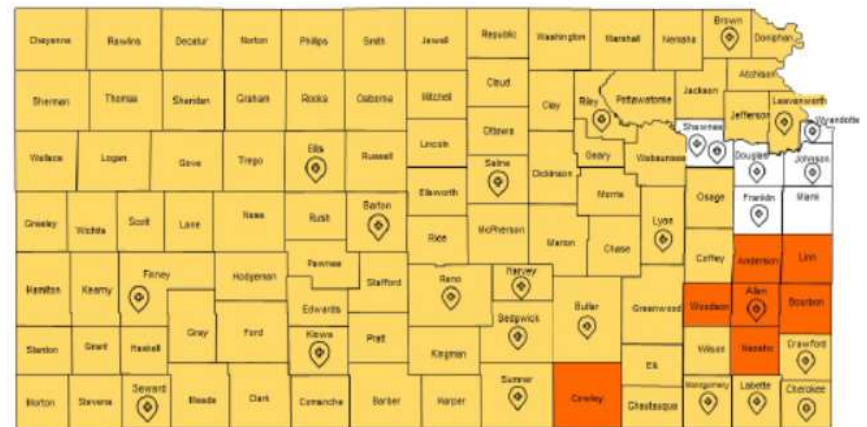
Primary Care Shortages, 2020



■ County-level Primary Care HPSA Score of 18 or higher
■ County-level Primary Care HPSA Score of 17 or lower
□ Not eligible for County-level Primary Care HPSA score
 Application for HPSA score has been submitted to HPSA

● Counties with Geographic Primary Care HPSA Designation
 Data Source: Health Resources & Services Administration Data Warehouse, December 2020
 Data Note: HPSA scores shown are listed in Data Warehouse as of December 2020. Updates to HPSAs made after this date are not reflected.

Mental Health Shortages, 2020



■ County-level Mental Health HPSA Score of 18 or higher
■ County-level Mental Health HPSA Score of 17 or lower
□ Not eligible for County-level Mental Health HPSA score

● Community Mental Health Center Location
 Data Sources: Health Resources & Services Administration Data Warehouse, December 2020; Association of Community Mental Health Centers of KS, Inc., 2018
 Data Note: HPSA scores shown are listed in Data Warehouse as of December 2020. Updates to HPSAs made after this date are not reflected.



Source: KDHE Health Professional Underserved Areas Report

Highest Projected Job Openings - download table

OCCUPATIONAL TITLE*	BASE YEAR EMPLOYMENT (2016)	PROJECTED YEAR EMPLOYMENT (2026)	EMPLOYMENT CHANGE NUMERICAL	PERCENT CHANGE	OPENINGS DUE TO EXITS (2026)	TOTAL OPENINGS (2026) (1)
Registered Nurses	29,665	32,650	2,985	10.1	8,920	18,679
Home Health Aides	4,185	5,524	1,339	32.0	2,949	6,741
Nursing Assistants	24,048	25,242	1,194	5.0	14,972	28,622
Medical Assistants	4,760	5,408	648	13.6	2,232	6,002
Nurse Practitioners	1,892	2,317	425	22.5	408	1,436
Pharmacy Technicians	4,175	4,540	365	8.7	1,415	3,711
Respiratory Therapists	1,276	1,573	297	23.3	335	955
Physician Assistants	1,093	1,345	252	23.1	212	896
Veterinary Assistants and Laboratory Animal Caretakers	959	1,203	244	25.4	624	1,879
Physicians and Surgeons, All Other	4,481	4,687	206	4.6	672	1,384
Physical Therapists	1,949	2,153	204	10.5	395	1,026
Emergency Medical Technicians and Paramedics	2,864	3,043	179	6.3	515	1,908
Veterinary Technologists and Technicians	617	777	160	25.9	226	695
Medical Records and Health Information Technicians	2,262	2,413	151	6.7	686	1,533
Physical Therapist Assistants	1,147	1,298	151	13.2	536	1,587
Speech Language Pathologists	1,426	1,553	127	8.9	270	860
Occupational Therapists	1,289	1,410	121	9.4	279	774
Phlebotomists	1,073	1,194	121	11.3	490	1,265
Pharmacists	2,969	3,087	118	4.0	698	1,399
Radiologic Technologists	2,145	2,261	116	5.4	570	1,235
Medical and Clinical Laboratory Technologists	1,830	1,929	99	5.4	569	1,237

*Physicians and typically non-hospital based positions are not included
 SOURCE: 2016-2026 Kansas Occupational Outlook, Kansas Department of Labor
 (1) Total Openings: Sum of Exits, Transfers and Numerical Change

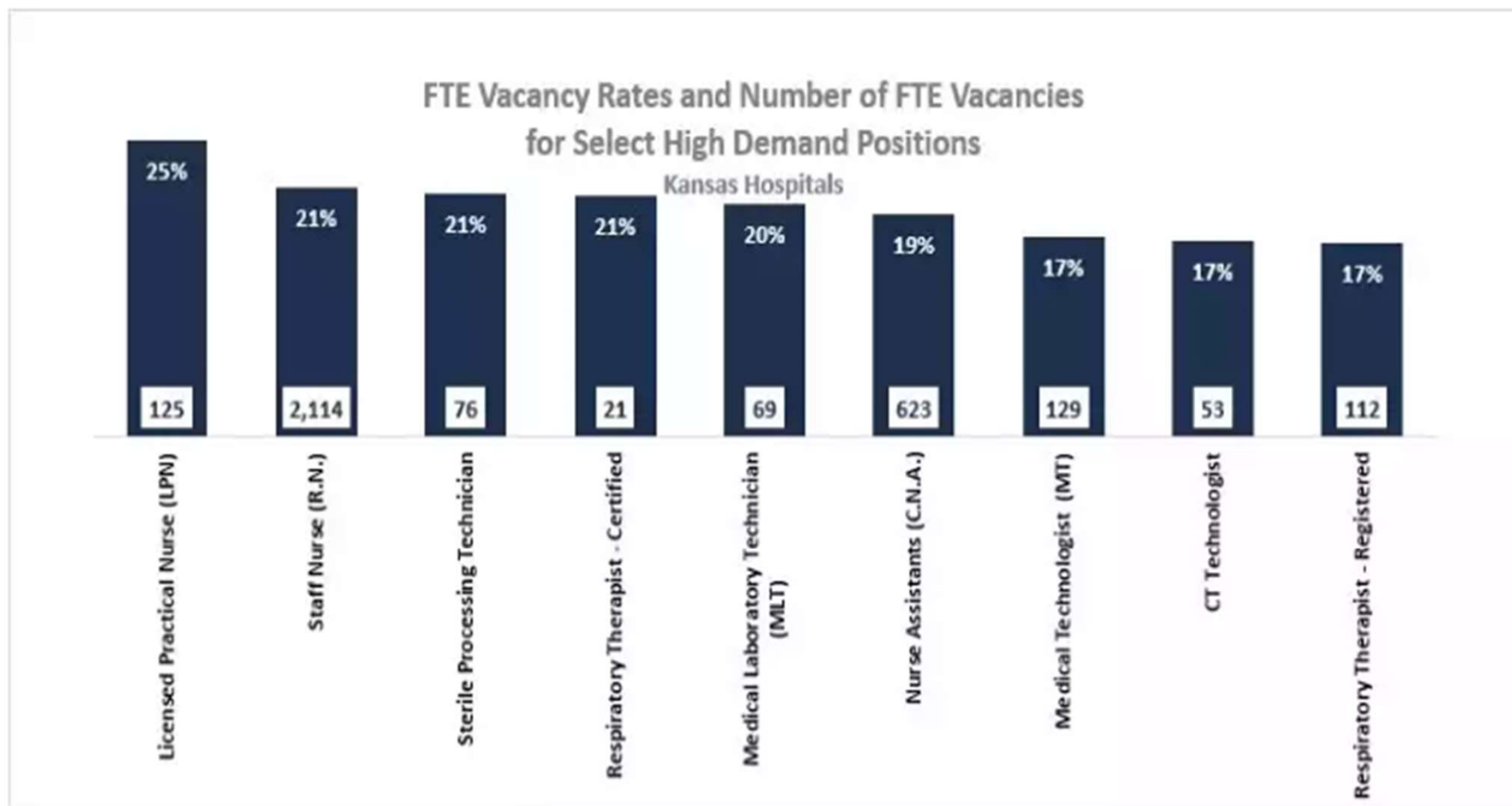
Positions Needed by 2026:

RNs – 8,920
 CNAs – 14,972
 Home Health Aides – 2,949
 Medical Asst. – 2,232
 Pharmacy Techs – 1,415

SOURCE: 2016-2026 Kansas Occupational Outlook, Kansas Department of Labor

FTE VACANCY FOR SELECT HIGH DEMAND POSITIONS | 2023*

The ten selected positions depicted below are in high demand across Kansas. These positions demonstrate the highest FTE vacancy rates.



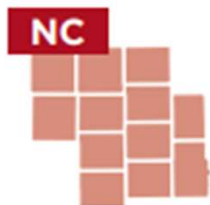
SOURCE: Kansas Hospital Association Annual Workforce Survey, CY2022 *collected January 2023

Top Vacancies and Turnover by KHA District (2022)

The top vacancies by district are displayed below. Full-time equivalents, positions and separations are reported.



Northwest 16 hospitals reporting	Vacant FTEs	Vacant Positions	Employee Separations	Turnover Rate
Nursing Assistant (CNA)	46	77	119	27%
Staff Nurse (RN)	64	68	101	19%
Housekeeper	26	25	74	33%
Food Service Worker/Dietary Aide	17	23	67	28%



North Central 14 hospitals reporting	Vacant FTEs	Vacant Positions	Employee Separations	Turnover Rate
Nursing Assistant (CNA)	68	92	150	29%
Staff Nurse (RN)	118	142	111	13%
Housekeeper	13	15	40	24%
Food Service Worker/Dietary Aide	10	12	31	19%



Northeast 13 hospitals reporting	Vacant FTEs	Vacant Positions	Employee Separations	Turnover Rate
Staff Nurse (RN)	86	96	116	20%
Nursing Assistant (CNA)	21	29	95	31%
Housekeeper	18	20	48	33%
Licensed Practical Nurse (LPN)	12	16	27	29%



Kansas City Metro - KS and MO 31 hospitals reporting	Vacant FTEs	Vacant Positions	Employee Separations	Turnover Rate
Staff Nurse (RN)	2,566	3,349	3,029	19%
Nursing Assistant (CNA)	679	1,091	1,782	30%
Housekeeper	294	335	729	35%
Staff Nurse (RN) - Clinic	176	233	320	15%

NURSING VACANCY AND TURNOVER RATES | 2015-2022

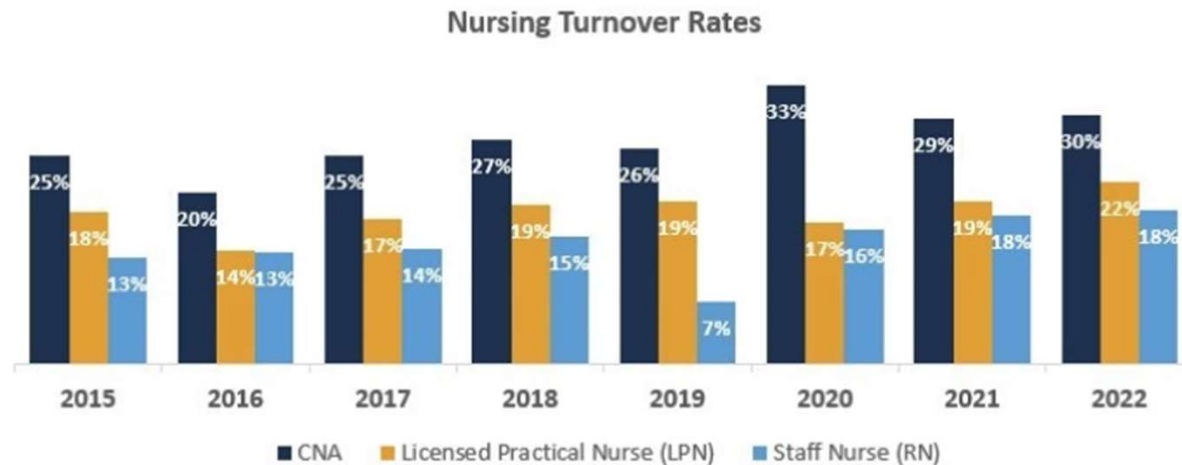
The graphs below demonstrate vacancy and turnover rates for selected nursing positions from calendar years 2012 through 2022 as reported by Kansas hospitals. A total of 2,862 full time equivalent vacancies were reported with 4,458 employee separations for Registered Nurses, Licensed Practical Nurses (IV and non-IV certified) and Certified Nursing Assistants in 2022.

VACANCY RATES

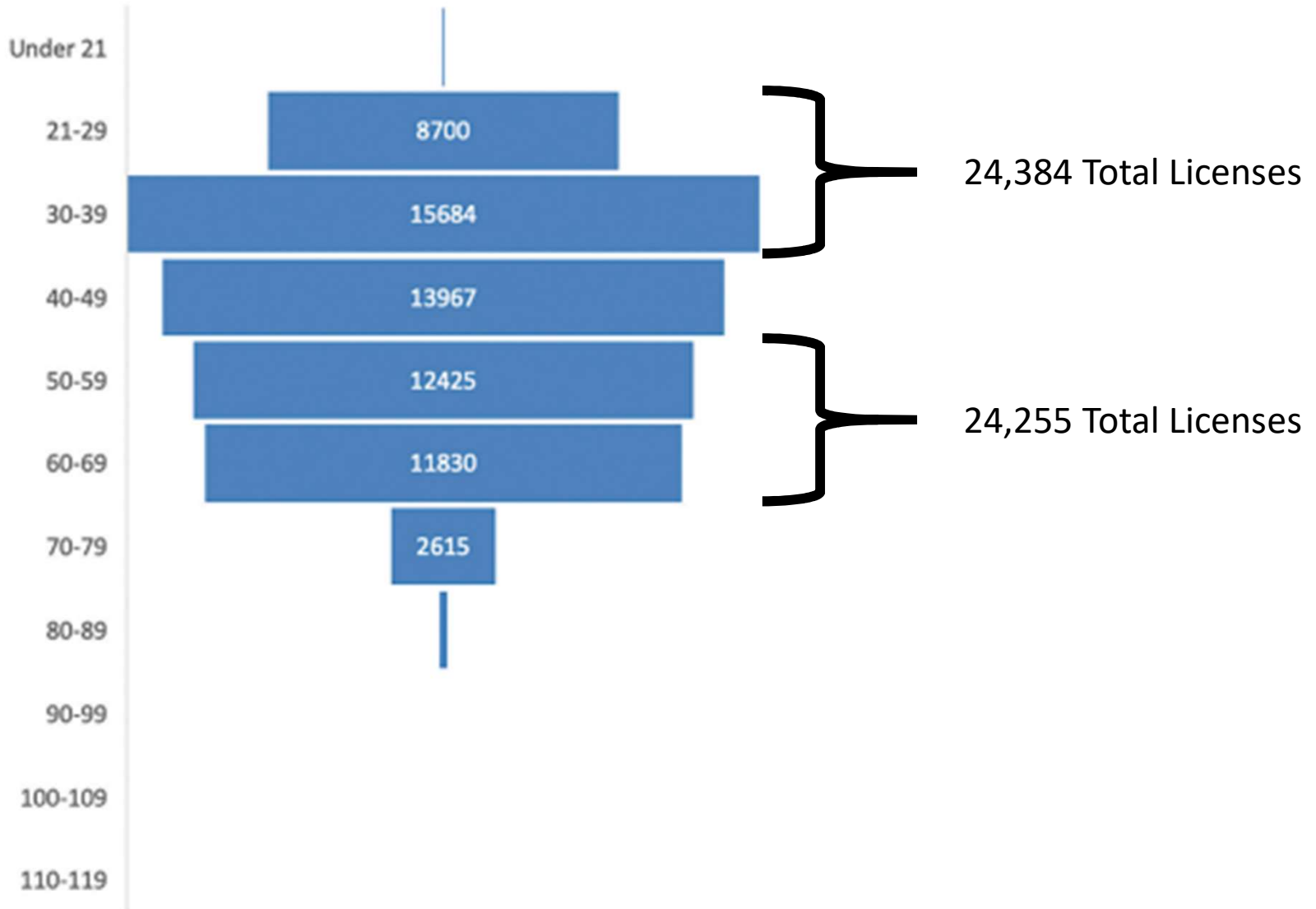


Nursing school enrollment is not keeping up with vacancies/demand

TURNOVER RATES



Total License Age Distribution



Why do we have a shortage?

- COVID-19 burnout/exhaustion
- Baby Boomers are retiring
- Desire for flexible work schedules
- Salary and benefit limitations
- Health care workers seeking employment in non-acute settings and other industries

48%

Among survey respondents, 48% ranked more financially lucrative opportunities at staffing agencies as the #1 reason for nurse staff departure in 2021.

Financial Implication ... around 95% hospitals relied on health care staffing agencies to fill vacant positions at a PREMIUM.

Workplace Violence in Health Care

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-16
Baltimore, Maryland 21244-1850



Center for Clinical Standards and Quality

Ref: QSO-23-04-Hospitals

DATE: November 28, 2022
TO: State Survey Agency Directors
FROM: Directors, Quality, Safety & Oversight Group (QSOG) and Survey & Operations Group (SOG)
SUBJECT: Workplace Violence-Hospitals

According to the Occupational Safety and Health Administration (“OSHA”), the rate of serious workplace **violence incidents in the health care industry was four times higher than in the private industry as a whole**

Memorandum Summary

- Workers in hospitals, nursing homes, and other healthcare settings face risks of workplace violence. Many factors contribute to this risk, including working directly with people who have a history of aggressive behavior, behavioral issues, or may be under the influence of drugs.
- An April 2020 Bureau of Labor Statistics Fact Sheet found that healthcare workers accounted for 73 percent of all nonfatal workplace injuries and illnesses due to violence in 2018. This number has been steadily growing since tracking of these specific events began in 2011.
- Exposure to workplace violence hazards come at a high cost; however, with appropriate controls in place, it can be addressed.
- CMS will continue to enforce the regulatory expectations that patient and staff have an environment that prioritizes their safety to ensure effective delivery of healthcare.

“Healthcare workers accounted for **73 percent** of all nonfatal workplace injuries and illness due to violence...”

Kansas Adopts Protections for Health Care Workers via SB 174



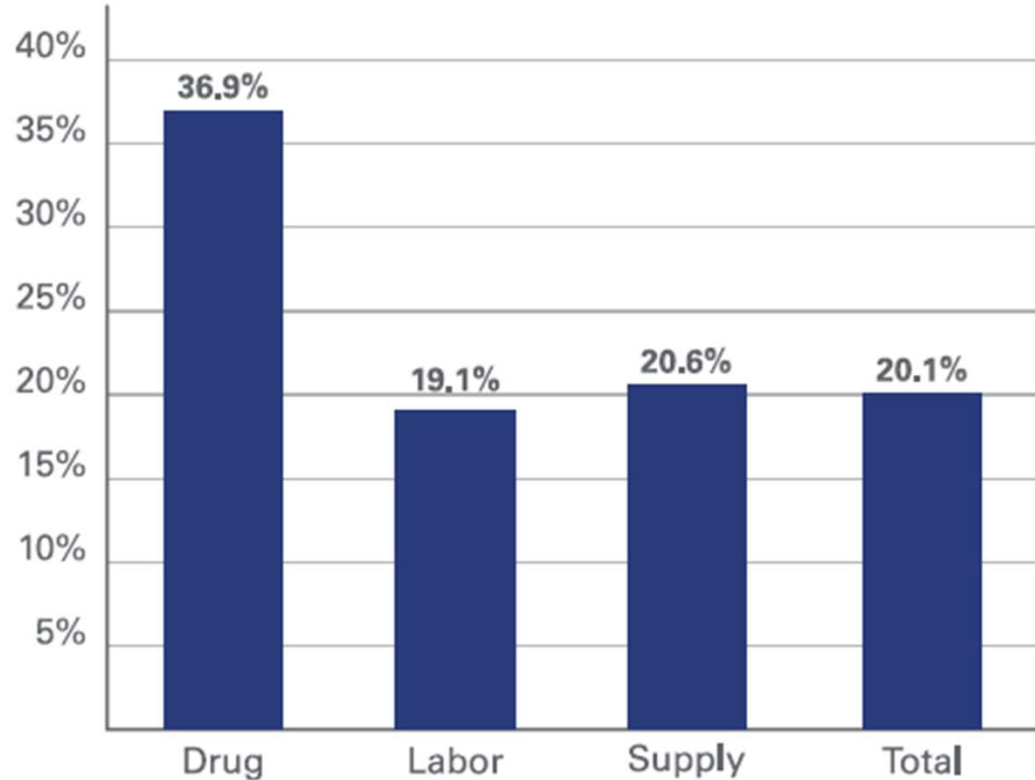
Summary of Kansas Hospitals' Financial Challenges

- Average of 60 days of cash on hand
- 2022 U.S. inflation rose by 8.0%
- Hospital expenses have increased by 35% in past three years
- 73% of Kansas hospitals had a negative operating margin going into 2023
- National studies show that around 55 Kansas hospitals are at risk of closure
- Government payors continue to pay below costs
- Managed Care payors continue to deny payments
- Kansas hospital median operating margin **-6.8%**.



Massive Growth in Expenses and Rising Inflation Fuel Continued Financial Challenges for America's Hospitals and Health Systems

Figure #1: Increase in Hospital Expenses Per Patient from 2019 to 2021



Source: January 2022 Kaufman Hall National Hospital Flash Report



Financial Pressures

- 150 hospitals nationally have closed since 2010.
- 600 hospitals nationally are considered vulnerable.
- Around 55 Kansas hospitals are at risk of closing.
- 8 Kansas hospitals have closed since 2010
 - **Herington Hospital, Inc. - Herington**
 - Central Kansas Medical Center – Great Bend
 - Mercy Hospital – Independence
 - Mercy Hospital – Fort Scott
 - Oswego Community Hospital – Oswego
 - Horton Community Hospital – Horton
 - Sumner Community Hospital – Wellington
 - Saint Luke’s Cushing Hospital – Leavenworth



Sources:
CPQHR 2023
UNC Sheps Center
Kansas Hospital Association

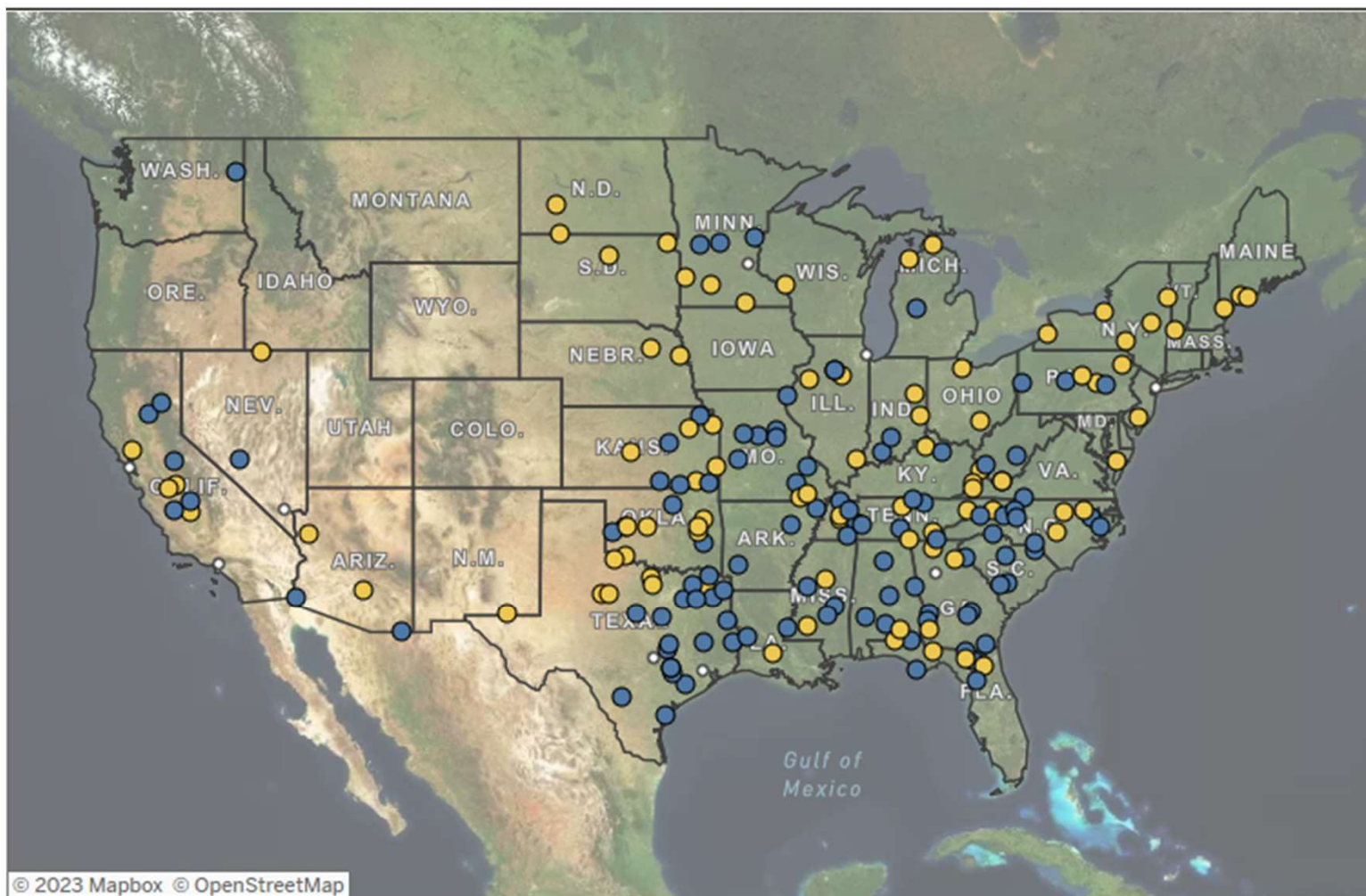
Rural Hospital Closures Maps, 2005 - Present

Closures by Medicare Payment Classification

Closures by Rurality

Complete vs Converted Closures

Closures over time

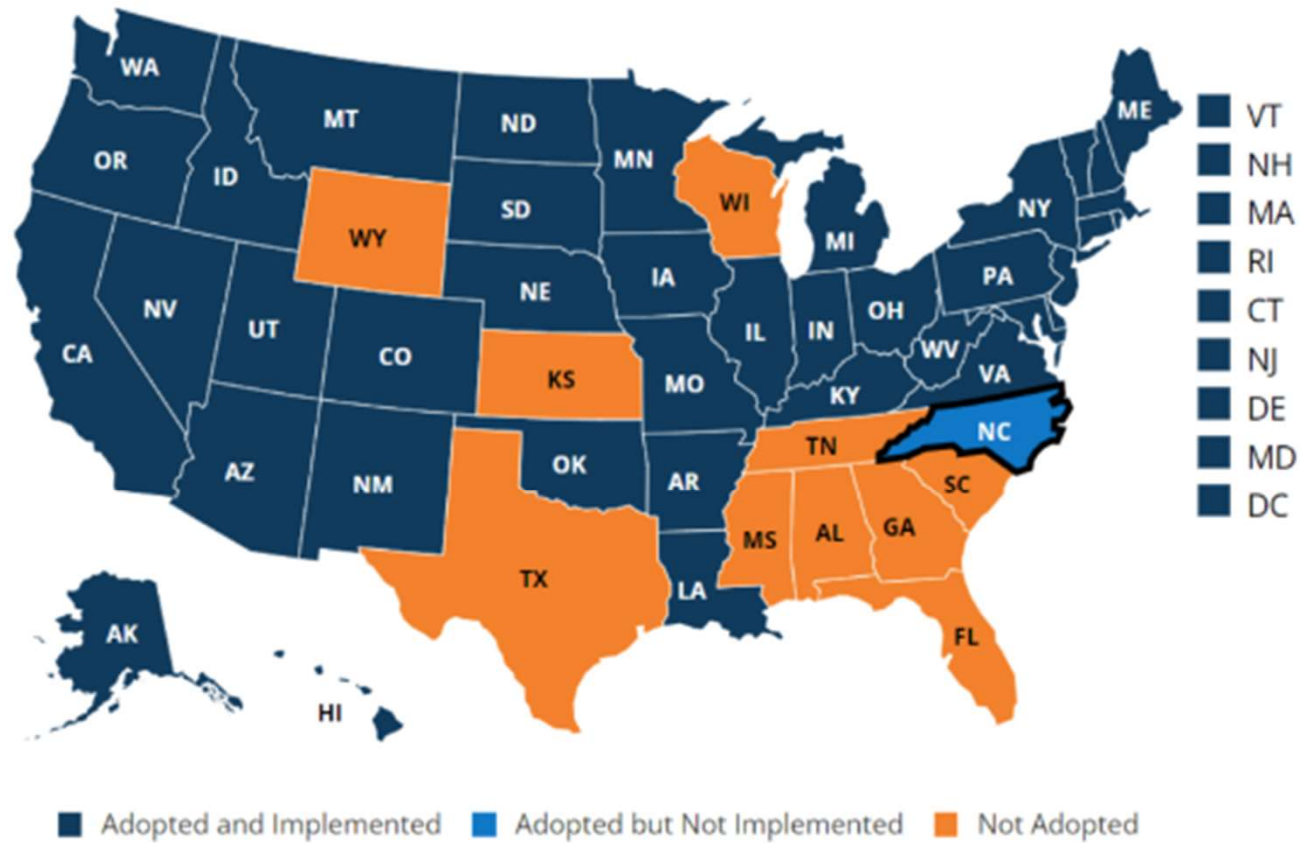


*Complete: Facilities no longer provide health care services.

**Converted: Facilities no longer provide in-patient services, but continue to provide some health care services [e.g., primary care, skilled nursing care, long-term care].

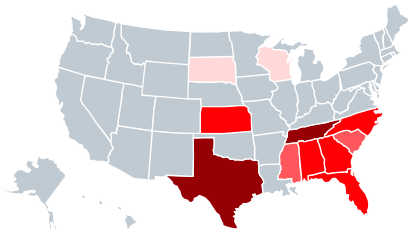


The Status of State Action on the Medicaid Expansion Decision



States that Have Not Expanded Medicaid Face Many Hospital Challenges

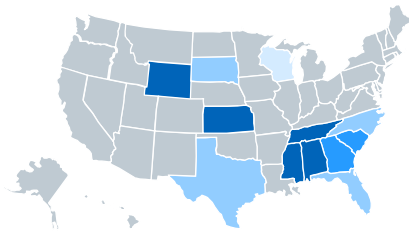
Hospital Closures



81 closures since 2010

Texas – 21
Tennessee – 17

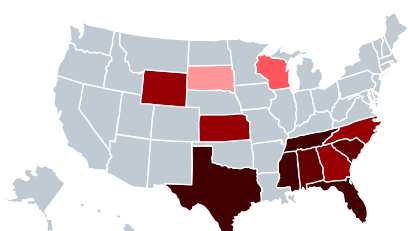
Operating Margin



51% of rural hospitals in the red

Kansas – 79%
Wyoming – 78%

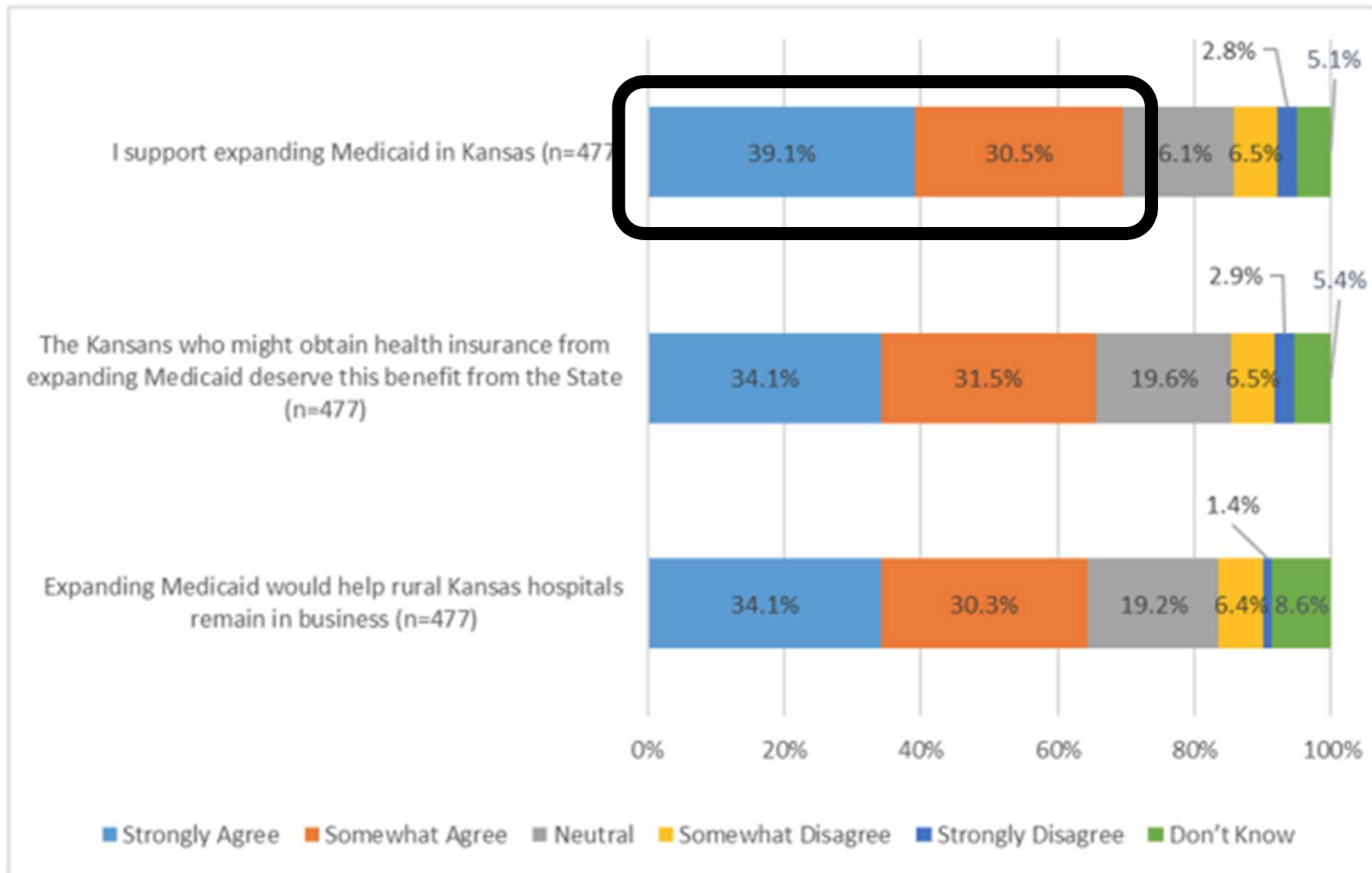
Vulnerability



254 hospitals vulnerable to closure

Tennessee – 53%
Florida, Texas – 50%

Figure 13: Opinions on Medicaid Expansion in Kansas



Question: Q14 *If Kansas expands Medicaid under the Affordable Care Act, about 10% of the expansion would be paid by Kansas, and 90% by the federal government. Studies estimate that expanding Medicaid would provide health coverage to approximately 150,000 Kansans and financially benefit rural hospitals. Please tell me if you strongly agree, somewhat agree, are neutral, somewhat disagree or strongly disagree with the following statements.*



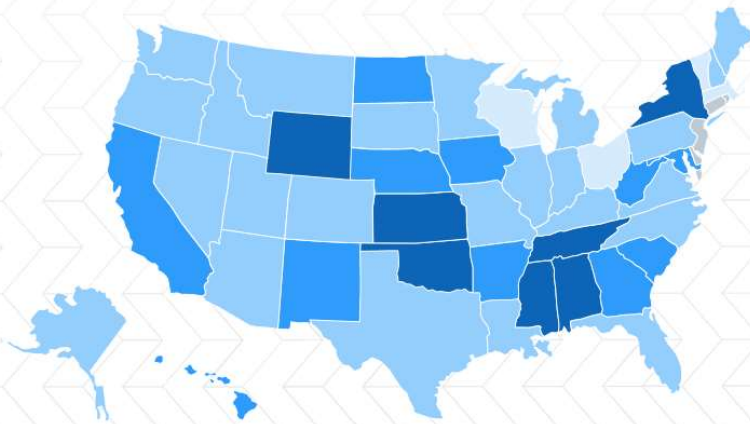
CHARTIS

Stability of the Rural Health Safety Net

Policy Institute 2023

Today, **43%** of America's **rural hospitals are operating in the red**, including **51%** of rural facilities **in states yet to adopt or implement Medicaid expansion***. According to Chartis research, **more than 450 rural hospitals** in the country are **vulnerable to closure**.

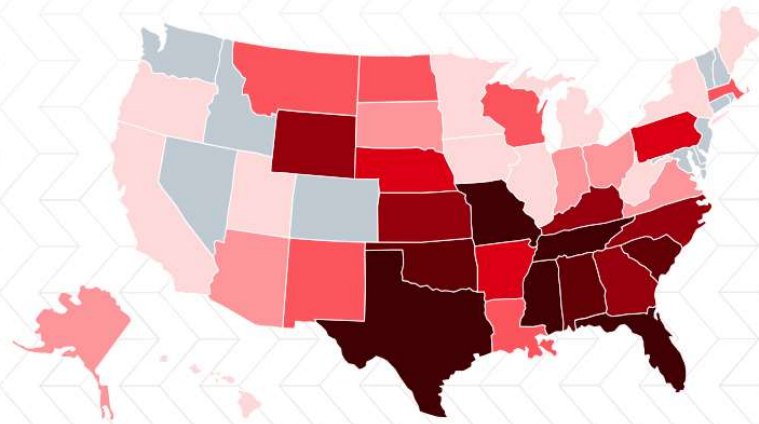
Operating Margin



State-level percentage of rural hospitals with negative operating margin.



Vulnerability



Percentage of State Rural Hospitals Determined to be Vulnerable.



*Non-Medicaid expansion states are WY, TX, KS, SD, WI, TN, NC, SC, GA, AL, MS, FL. South Dakota counted as a non-expansion state as it has not implemented as of 1/24/23.
CMS Healthcare Cost Report Information System (HCRIS) Q4 2022. Operating margin is computed in accordance with Flex Monitoring Team guidance. Outliers are excluded. Hospitals for which data are unavailable are excluded. Reported Covid-19 PHE Funds (Worksheet G-3 line 24,50) excluded from operating margin. Adjustments made to operating margin to reflect full 2% sequester.

Hundreds of Rural Hospitals Are at Risk of Closing

More than 600 rural hospitals – over 30% of all rural hospitals in the country – are at risk of closing. These hospitals are at risk because of the serious financial problems they are experiencing:

- Losses on Patient Services:** Health insurance plans do not pay these hospitals enough to cover the cost of delivering services to patients. Their losses will likely be greater in the future due to the higher costs that all hospitals, particularly small rural hospitals, are experiencing because of inflation and workforce shortages. In the past, many of these hospitals have received grants, local tax revenues, or profits from other activities that have offset their losses on patient services, but there is usually no guarantee that these funds will continue to be available in the future or that they will be sufficient to cover higher costs.
- Low Financial Reserves:** The hospitals do not have adequate net assets (i.e., assets other than buildings & equipment, minus debt) to offset their losses on patient services for more than 6-7 years.

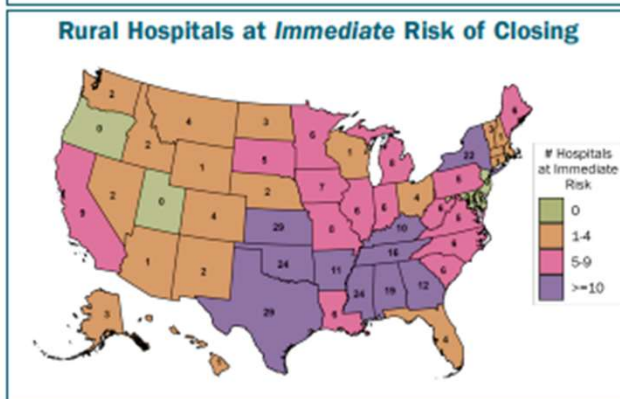
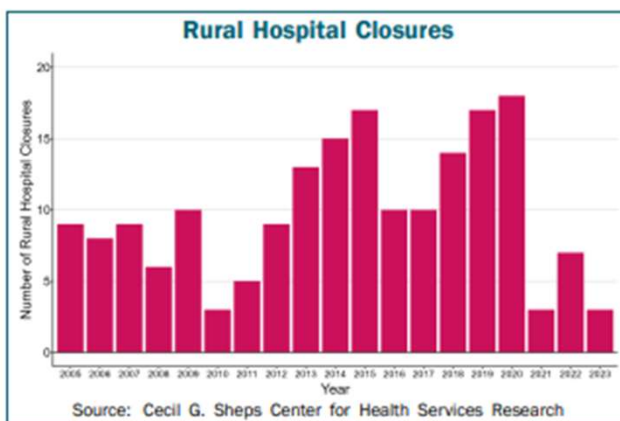
There are hospitals at risk of closing in almost every state. In over half the states, 25% or more of the rural hospitals are at risk of closing, and in 16 states, 40% or more are at risk.

Many Rural Hospitals Are at Immediate Risk of Closing

Over 300 of these rural hospitals are at *immediate* risk of closing because of the severity of their financial problems:

- Inadequate Revenues to Cover Expenses:** These hospitals have lost money delivering patient services over a multi-year period (excluding the first year of the pandemic), and they are unlikely to receive sufficient funds from other sources to cover those losses now that federal pandemic assistance has ended.
- Very Low Financial Reserves:** The hospitals either have more debts than assets, or the amount of net assets they have could offset their losses for at most 2-3 years.

many essential healthcare services.



SIGNIFICANT FINANCIAL ISSUES AFFECTING KANSAS HOSPITALS

Stagnant reimbursement and increases in labor costs and inflation are creating financial stress.

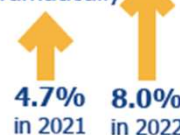


20 percent Kansans 65 and older that will be eligible for Medicare by 2030.

Medicare payments to hospitals **only cover about 87 percent** of costs.



U.S. inflation rose dramatically



Kansas' Population
2,937,150

82 of 105 counties in Kansas have experienced a loss of population in the past 10 years.

IN THE LAST THREE YEARS, HOSPITAL EXPENSES HAVE INCREASED BY MORE THAN 35%.



Labor, supplies and drug costs comprise

70% of a hospital's budget.



73 percent of hospitals in Kansas had a negative operating margin going into 2023.



H
National studies show **60 Kansas hospitals** are at risk of closing.

Margins Matter

Margins allow hospitals to invest in services to meet growing demand, keep pace with the rapid changes in health care and subsidize access to community services.

National average of cash on hand is **265 days.**



Kansas average of cash on hand is **62 days.**



215 SE EIGHTH AVE.
TOPEKA, KS 66603-3906

(785) 233-7436
KHA-NET.ORG

SOCIAL TAGS



SOURCES

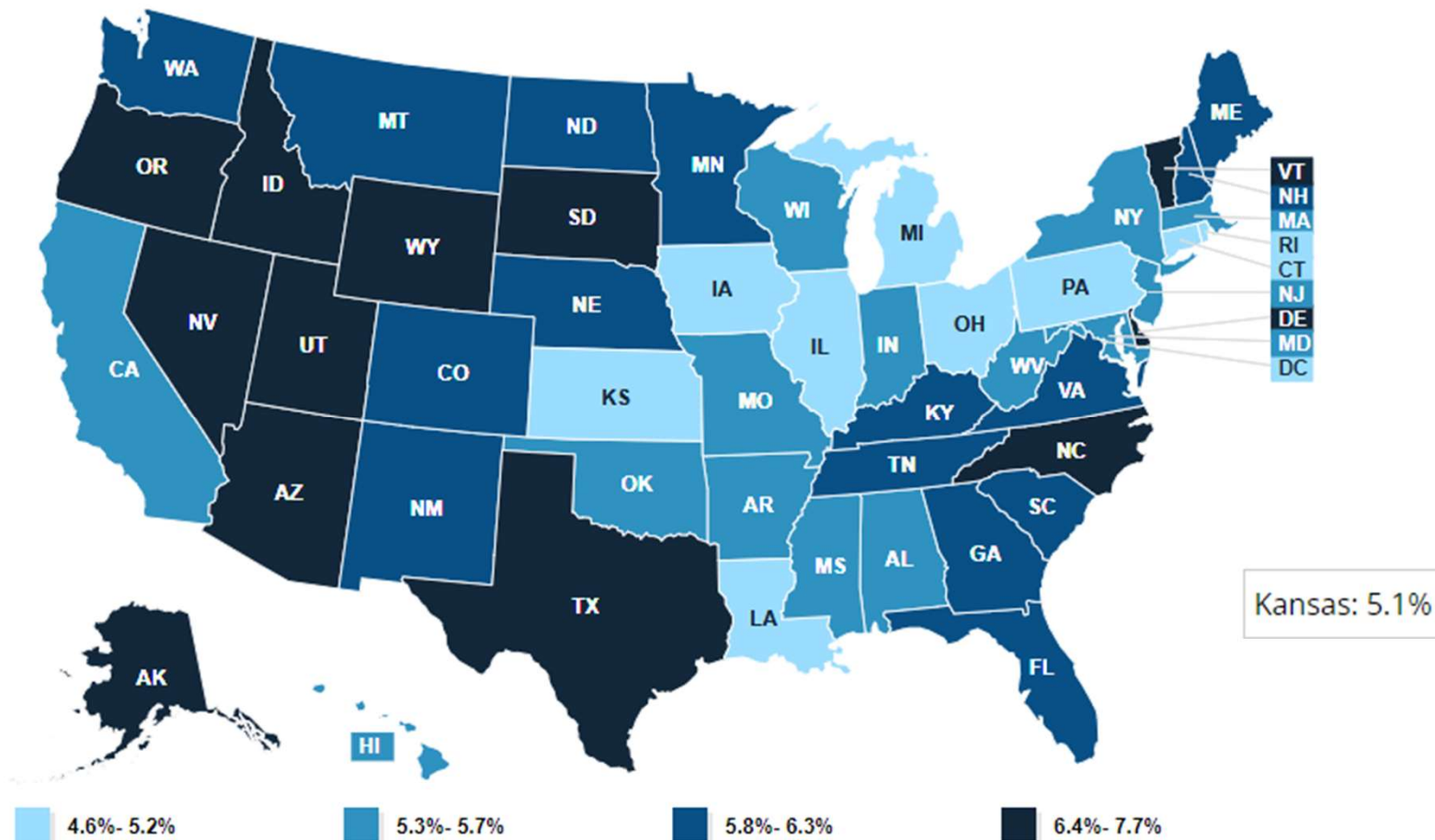
- KHA Survey Data Completed March 2023
- 2022 Cost Report Data, Centers for Medicare & Medicaid Services
- Census Bureau, 2022
- KaufmannHall March 2023, National Hospital Flash Report
- CHQPR Rural Hospitals at Risk Report, July 2023



Average Annual Percent Growth in Health Care Expenditures by State of Residence



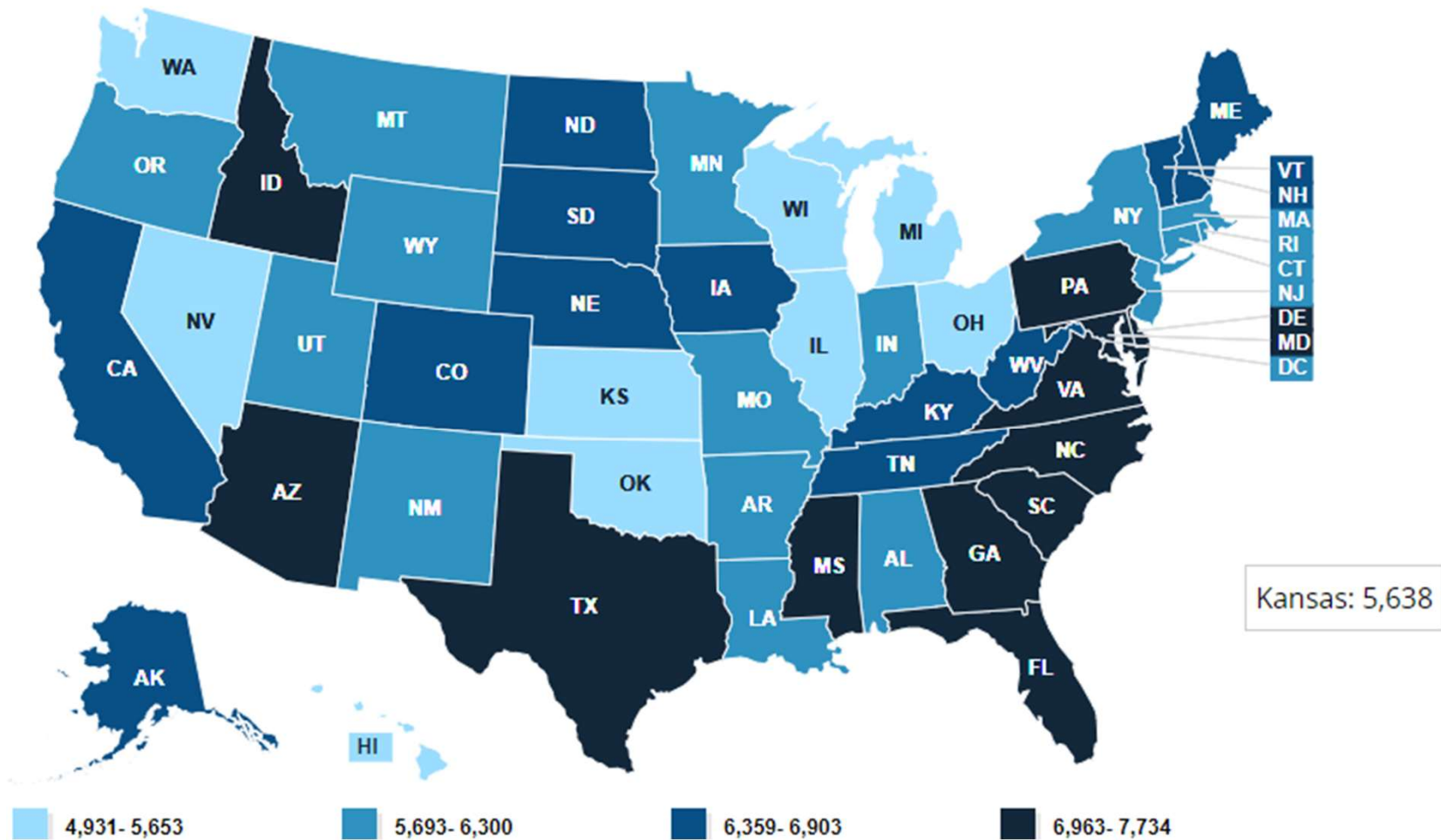
Timeframe: 1991-2020



Average Annual Family Premium per Enrolled Employee For Employer-Based Health Insurance



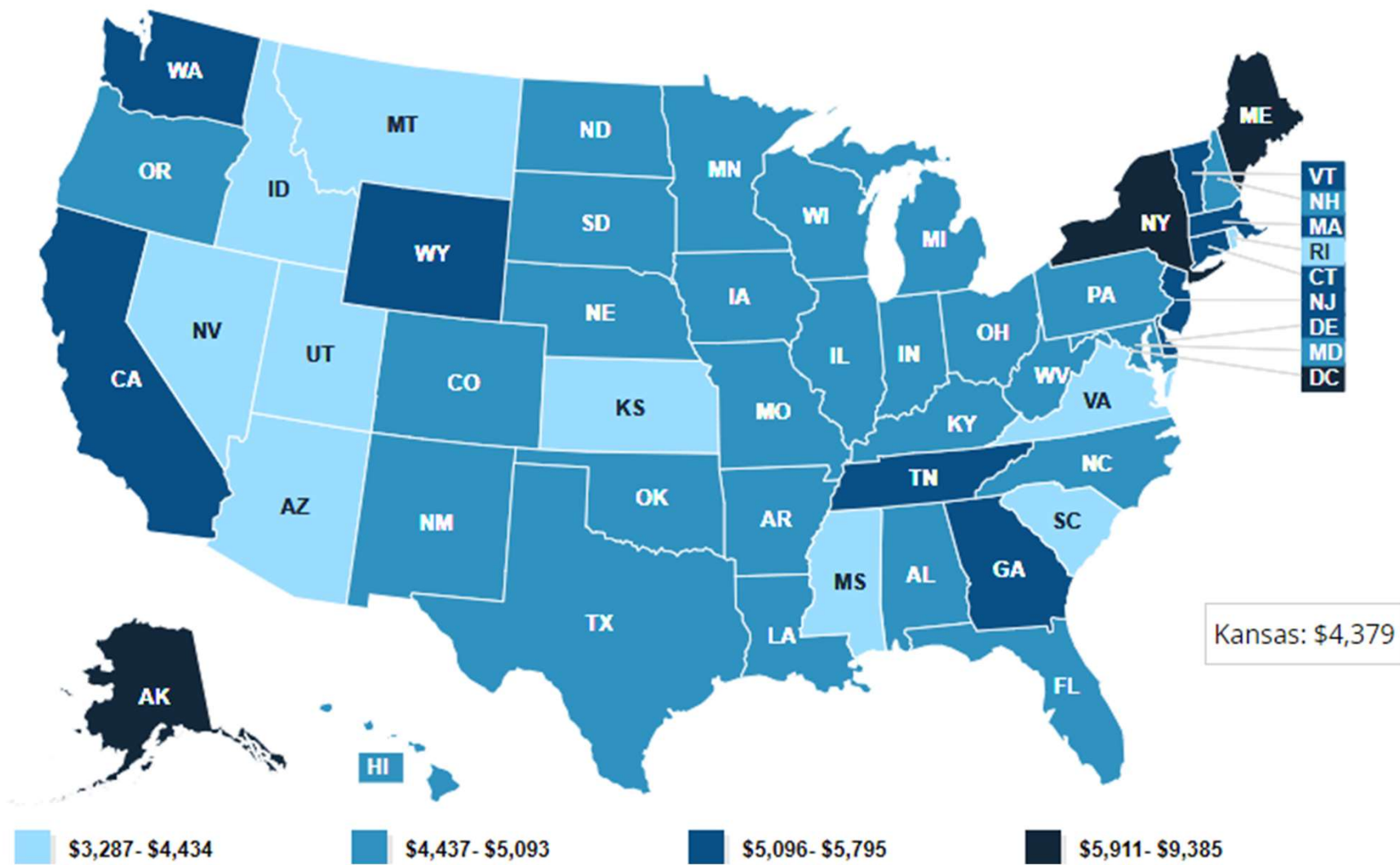
Timeframe: 2022



Private Health Insurance Spending Per Enrollee by State



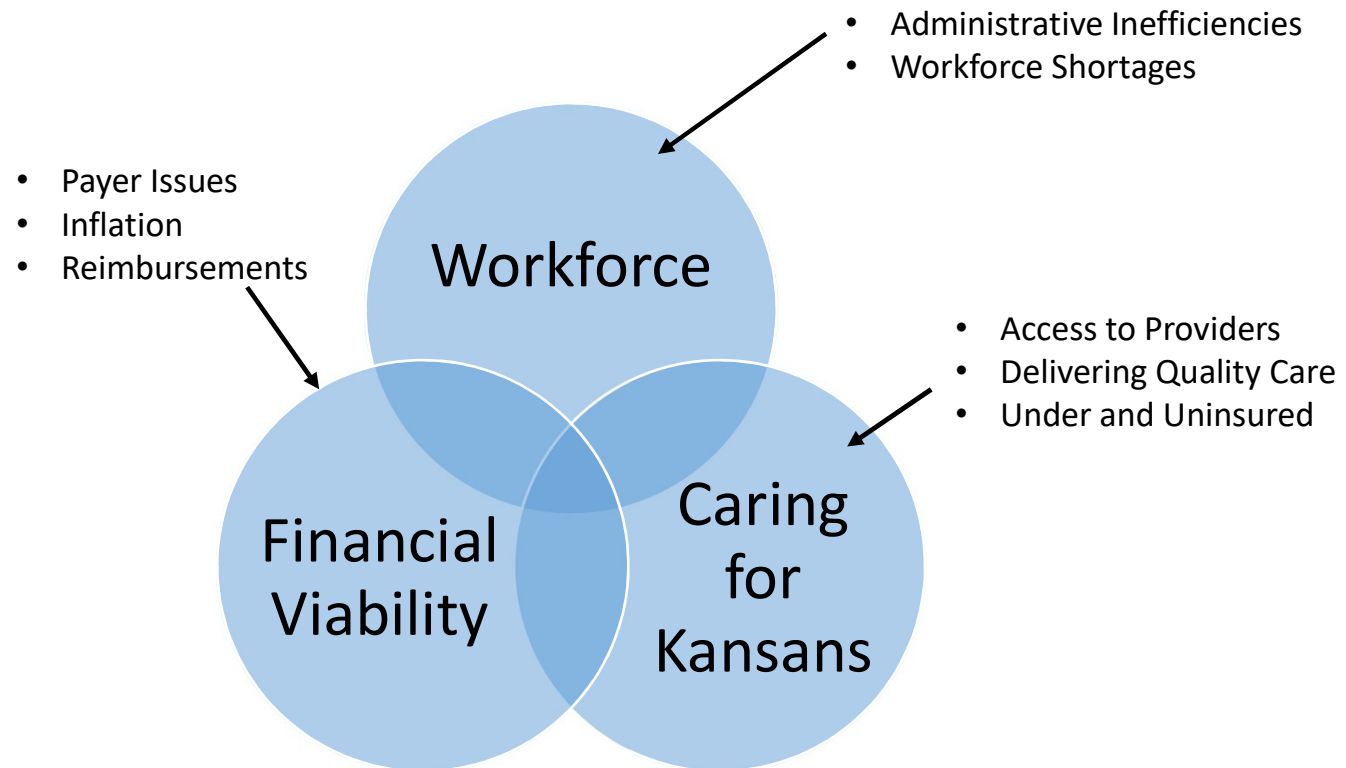
Timeframe: 2020



State and Federal Advocacy



What Issues Are Driving the Conversation?



Top State Policy Issues

Workforce Issues

- Streamlining:
 - Licensing and Credentialing
 - Prior Authorization
 - Apprenticeship
- Protections for Health Care Workers
- Housing and Childcare
- Investing in Early Interest Programs (HOSA)
- Retaining Health Educators Through Scholarships and Increased Compensation



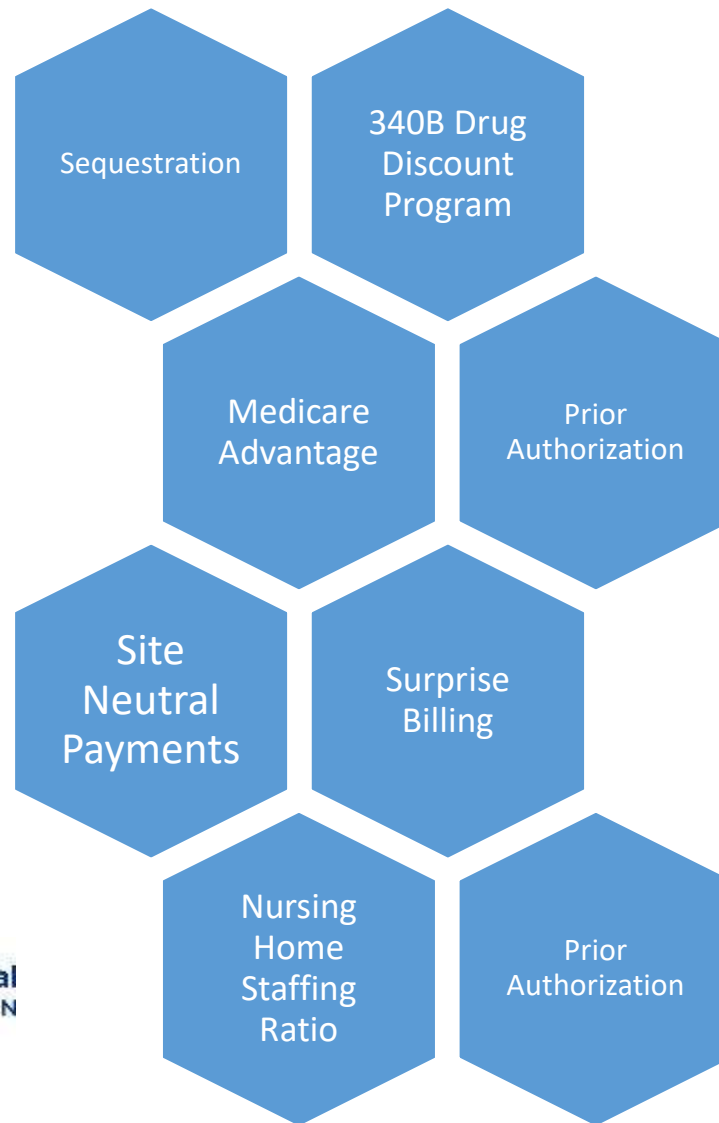
Patient Care

- Ensuring Telehealth Usage Remains an Option for Patients
- Mental Health Capacity and Reimbursement
- Ensuring Transfer Facilities and EMS Services Remain Intact to Support Patient Care Along the Full Care Continuum

Financial Viability

- Medicaid Reform
 - Expanding coverage
 - Addressing lagging rates
- Staffing Agency Reform
- Inflation Costs
- Overall Rural Sustainability

Federal Advocacy Issues



Our
Contribution
to the
Kansas
Economy

**The Economic
Impact of
Hospitals and
Health Care in
Kansas**

2023 | Kansas
Hospital
Association

A strong health care sector means
a strong local economy and a great
place for every generation to live.



We Contribute to the Economy

Hospital's contribution to the local economy is critical to economic viability of communities:

- As a major source of employment
- As a purchaser of goods and services
- As a provider of health care services



Major Employers in Kansas

Hospitals alone employ more than 72,000 Kansans and direct labor income of more than \$6 billion.

The hospital sector has large multiplier effects.

Every 100 hospital jobs support an additional 73 jobs in non-health care sectors.

And every \$1000 in current hospital wages and salaries sustains an additional \$483 in income for employees of grocery stores, restaurants, gas and electric utilities, and other industries used by hospitals and their employees.



Table 5: Contributions of the Health Care Sector to Franklin County Employment, 2021

Industry	Direct Employment Contribution	Total Employment Contribution	Employment Contribution Multiplier excl. Health Care Feedbacks	Employment Impact Multiplier incl. Health Care Feedbacks
Hospitals	299.5	425.0	1.42	1.49
Offices of Physicians	132.0	171.6	1.30	1.36
Nursing and Residential Care Facilities	313.2	366.9	1.17	1.19
Offices of Other Health Practitioners	36.6	40.9	1.12	1.14
Offices of Dentists	44.3	52.0	1.18	1.21
Health and Personal Care Stores	52.6	61.4	1.17	1.18
Medical and Diagnostic Laboratories	9.6	10.8	1.13	1.14
Outpatient Care Centers	80.3	99.7	1.24	1.28
Home Health Care Services	0.0	0.0	0.00	0.00
Residential Treatment Facilities	81.2	93.3	1.15	1.17
Veterinary Services	36.6	40.2	1.10	1.12
Other Ambulatory Health Care Services	18.1	21.2	1.17	1.20
Fitness and Recreational Sports Centers	13.1	14.6	1.11	1.12
Total	1,117.1	1,397.6	1.25	

Sources: IMPLAN proprietary data and Kansas Department of Labor (see Appendix A)



The Importance of the Health Care Sector to the Franklin County Economy

Countywide Report, October 2023
 Prepared for the Kansas Hospital Association by
 Institute for Policy & Social Research
 University of Kansas

Patricia Oslund, Associate Researcher, IPSR
 Thomas Becker, Assistant Researcher, IPSR
 Dr. John Leatherman, Kansas State University, Retired
 Dr. Donna K. Ginther, Director, IPSR



THANK YOU