

Critical Access Hospital Network Council
Ron Smith, Kansas Health Policy Authority
Wichita, Kansas
December 7, 2009

1. 2010 KHPA Budget:

- The 2010 KHPA operational funding was reduced by \$3.5 million, State General Fund (SGF), or 15.5% compared to SFY 2009.
- Reduced internal operations by **\$2.2** million SGF
- Reduced contract Medicaid operations by **\$1.3** million SGF
- **Additional 2010 allotments received on November 23**
 - Reduce Medicaid reimbursement by 10% (all funds amount is 40.4 million, 12.5 million SGF. The difference is the Federal share of 27.9 million)
 - Additional operating reductions
 - Total SGF savings 16.8 million (all funds is 47.8 million)
Federal loss = 31m

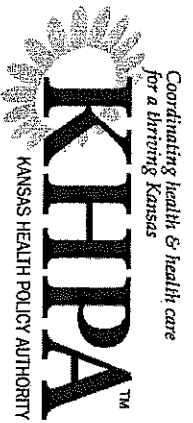
CAH Medicaid Budget Impact:

- The total Medicaid caseload allotment is 40.4M, of which 12.5 M is SGF. *Federal loss = 27.9m*
- The reduction will be applied as a payment reduction, rather than a rate reduction. The peer group rates and fee schedules will not be reduced. The normal payment algorithms will apply. Third party liability (TPL) will apply and the 10% payment reduction will be applied to the Medicaid net reimbursement amount. The 10% will be handled through a cutback.
- The 10% will be stored and tracked. The remaining 90% will be paid. The 10% payment reduction will be identified as the "Budget Shortfall Payment Reduction."

The reduction will apply to all categories of service, for services on and after January 1, 2009

- Inpatient and outpatient hospital payments
- RHC reimbursement (not less than the PPS amount) and settlements
- CAH cost settlements (10% of settlement amount) for services on and after January 1, 2009.

2. SFY 2009 Critical Access Hospital Settlements: See attached sheet.



Summary of Agency Response to FY 2010 Budget Shortfall

- **Reduced internal operational costs by \$2.2 million SGF**
All funds est = 47.4m
 - Eliminated contracts not directly related to program operation
 - Eliminated 14 positions in July 2009 that resulted in 13 staff layoffs
 - Cumulative staff reductions of 15% with unfilled vacancies
 - Eliminated policy division
 - Reduced executive positions from 5 to 4
- **Reduced contract Medicaid operations by \$1.3 million SGF**
all funds est = 2.6m
 - Reductions in staffing at the Medicaid fiscal agent (EDS) of 42 FTEs
 - Key areas affected are in customer and provider services
- **Changes to the agency's structure and focus**
 - Eliminated or scaled back policy, communications, and outreach efforts
 - Maintain efforts to identify savings and efficiencies in program costs
 - Extending focus on data-driven efficiency to all KHPA programs
 - Restructured organization to emphasize efficiency and accountability

Added reductions on 11-23-09: 16.8m SGF (47.8m All funds)

- *Match rates vary from 50-90%*
- *Current negotior Medicaid match is 69.68% Federal*
- *2009 Operations SGF = 23m → reduced to 19.435m for 2010. Further reduced to 18.13m*
TOTAL % reductions = 21.1% (47m SGF or 9.4m All funds est)

CAH Settlements Status

Hospital	City	Provider Number	Old Number	CAH 07 Year End	CAH 08 Year End	Comments
Allen County Hospital	Iola	100457200A		12/31/2007 not submitted	10/31/2008 not submitted	No interim or final cost report submitted for '07 or '08
Anthony Medical Center	Anthony	100102470A		12/31/2007 (see comment)	08 Interim completed	Rec'd 07 cost report; however, did not complete Title 19 settlement.
Edwards Co. Hosp. and Healthcare Cr.	Kinsley	100103100A		12/31/2007 not submitted	08 Interim completed	07 not submitted
Hanover Hospital	Hanover	100098950A		12/31/2007 not submitted	08 Interim pending more information	07 not submitted
Hiawatha Community Hospital	Hiawatha	100098990A		12/31/2007 not submitted	08 Interim completed	07 not submitted
Jefferson Co. Mem. Hosp., Inc., and Geriatric Cr.	Winchester	100080370A		12/31/2007 not submitted	12/31/2008 not submitted	07 not submitted
Meade District Hospital/Artesian Valley Health System	Meade	100103430A		12/31/2007 not submitted	08 Interim completed	07 not submitted
Memorial Health System	Abilene	100098780A		12/31/2007 not submitted	08 Interim completed	07 not submitted
Summer County Dist. #1 Hospital	Caldwell	100099500A		12/31/2007 not submitted	08 Interim pending more information	07 not submitted
Washington County Hospital	Washington	100099440A		12/31/2007 not submitted	Information	07 not submitted
Sedan City Hospital	Sedan	100104910A		Not required	9/30/2008 not submitted	07 not required due to year end
Warrego City Hospital	Warrego	100420870A		Not required	9/30/2008 not submitted	07 not required due to year end

CAH Settlements - The CAHS below have submitted an interim cost report, however the final cost report has not been submitted.

Organization	City	Provider Number	Old Number	CAH 07 Year End
Anderson County Hospital	Garnett	100294110A		12/31/2007 Final not submitted
Citizens Medical Center	Calby	100098840A		12/31/2007 Final not submitted
Clay County Medical Center	Clay Center	100098830A		12/31/2007 Final not submitted
Comanche County Hospital	Coldwater	100098850A		12/31/2007 Final not submitted
Community Memorial Healthcare, Inc.	Marysville	100005390A		12/31/2007 Final not submitted
Greeley County Health Services	Tribune	200383210E	100409390B	12/31/2007 Final not submitted
Hamilton County Hospital	Syracuse	100099390A		12/31/2007 Final not submitted
Harper Hospital District #5	Harper	100098960A		12/31/2007 Final not submitted
Hodgeman Co. Health Center	Jethro	100099040A		12/31/2007 Final not submitted
Morris County Hospital	Council Grove	100098880A		12/31/2007 Final not submitted
Ness County Dist. #2 Hospital	Ness City	100091900A		12/31/2007 Final not submitted
Rush County Memorial Hospital	La Crosse	100099100A		12/31/2007 Final not submitted
Stanton County Health Care Facility	Johnson	100099050A		12/31/2007 Final not submitted
Wichita County Health Center	Leoti	100099560A		12/31/2007 Final not submitted
William Newton Hospital	Winfield	100005090A		12/31/2007 Final not submitted