

TO: Members of the Kansas Legislature

FROM: Organizations Representing KanCare Providers

DATE: October 24, 2016

RE: Statement of KanCare Provider Cuts

A strong health care delivery system keeps Kansans healthy and provides value to our state's economy. The health care sector is the 4<sup>th</sup> largest industry in Kansas and accounts for almost 12 percent of all job holders in the state. As such, the governor's action to cut Medicaid provider reimbursement rates will not only create further stress on the current health care system, but will have a direct impact on the state's economy.

Kansas health care providers stand united in their opposition to the recent cuts and call on the governor and the Kansas legislature to restore the cuts immediately. Further, Kansas health care providers do not support the governor's proposal to restore the cuts through provider taxes that only exacerbate the issue by cost-shifting the burden among health care providers. Overall, the \$57.4 million reduction in State General Fund expenditures has cost Kansas nearly \$65.5 million in non-health care wages, retail sales and state sales tax collections. The provider cuts also have the following impact:

- A reduction of \$65.6 million in health care wages – half of the total \$131.1 million impact of the cuts when both state and federal dollars are taken into account.
- A reduction of \$31.4 million in non-health care wages, which means the total impact of the recent Medicaid cuts has cost Kansas workers across all sectors \$97 million.
- A statewide reduction in retail sales of nearly \$32.0 million and a reduction of more than \$2.0 million in state sales tax collections as a result of the lost wages.

*Source: Importance of the Health Care Sector to the Kansas Economy January 2016 Report*

