

Why approve the Kearny County Hospital/High Plains Retirement Village budget request?

The Kearny County Hospital/High Plains Retirement Village (KCH/HPRV) 2009-2010 budget request to the Kearny County Commissioners is \$1,849,152 or 6.796 mills. This budget includes \$715,500 for capital equipment purchases and \$1,133,652 for operating costs. Why does KCH/HPRV need additional funds for daily operations?

Healthcare finances are completely driven by patient and resident utilization and the payment we receive for the services provided. We rely heavily on reimbursement from insurance companies for the services we provide. In order to provide services to an insured patient or resident and receive payment from their insurance company we must be a contracted provider with that company.

What does that mean?

In becoming a contracted provider, KCH/HPRV must accept the reimbursement amounts from insurance companies and governmental programs. Most insurance companies such as Blue Cross and governmental payers such as Medicare and Medicaid have a set amount they pay for a service regardless of the cost we may incur to provide that service. In order to receive any payment, we must accept the amount the insurance company has set. The amount not allowed or the discount from the insurance company for services provided by KCH/HPRV is considered a "contractual adjustment". The budget year 2008-09 projects that \$3,845,165 will be considered contractual adjustments from insurance companies and bad debt from private pay individuals. In simple terms, we typically do not get paid the full amount that we charge. If we did receive the full amount, there would be no need for any appropriation from the County.

A comparison to describe how we receive payment from insurance companies would be if an individual went into a retail store, filled their cart with \$100 worth of goods and at the check out stand paid the store owner \$50 and took all \$100 worth of goods home. The store owner is forced to accept the \$50 payment and then has to find a way to operate with the decreased payment from other sources.

In addition to decreasing reimbursement, governmental mandates of items such as the electronic health record, small community hospitals are being forced to rely more on other sources for income such as county tax appropriations.

Can KCH reduce expenses?

The expenses KCH/HPRV incurs on a daily basis directly relate to the services and the quality of those services we provide to our patient. Every attempt is made to operate as efficiently as possible. To decrease expenses, KCH/HPRV would be forced to either reduce the services we provide or eliminate certain services entirely. Cutting services at KCH/HPRV would be detrimental to our mission of providing quality, compassionate healthcare services for our community to enrich the lives of our families, friends and neighbors.

On behalf of all the employees at KCH/HPRV I would like to thank you for your continued support of our organization. The residents of Kearny County will have the opportunity to approve the KCH/HPRV budget request at a special election scheduled for Tuesday, July 28, 2009.

I understand you may have more questions regarding the KCH/HPRV budget request and I welcome the opportunity to answer those questions. Please contact me at 355-1382 or ReChelle Kennedy at 355-1380 to set up a time to talk. A copy of the KCH/HPRV 2009-2010 budget and further information may be found by visiting our website at www.kearnycountyhospital.com.