



DATE: March 7, 2025

TO: House of Representatives, Committee on Taxation

FROM: Carrie Lutz, CEO Holton Community Hospital

RE: House Bill 2390 (Proponent)

On behalf of Holton Community Hospital, I appreciate the opportunity to provide testimony today in support of House Bill 2390. Holton Community Hospital is a 14-bed Critical Access Hospital located in Jackson County, in the northeast corner of the state. I have had the privilege of working at HCH since 2008 and have served as CEO for the past 13 years.

I am writing to request your support for legislation that would allow Jackson County residents to vote on a sales tax increase to support Holton Community Hospital (HCH), our area's sole community hospital. As one of the largest employers in the region, we have been a cornerstone of healthcare for Holton and surrounding communities, providing essential services to thousands of residents each year.

HCH is deeply committed to the health and well-being of Jackson County. With a dedicated workforce of 203 employees, we provide critical medical services, including inpatient care, emergency services, imaging, surgery, laboratory services, cardiopulmonary therapy, and primary care. Additionally, we operate three Rural Health Clinics: Hoyt Family Medicine, Holton Family Medicine, and Wetmore Family Medicine, which are instrumental in ensuring healthcare accessibility in our rural areas.

Despite our integral role in the community, HCH faces significant financial challenges, compounded by changing reimbursement policies. A growing number of patients are enrolled in Medicare Advantage plans, which now account for nearly 30% of our payer mix. Unfortunately, Medicare Advantage reimbursement rates are less favorable than traditional Medicare, and Jackson County's aging population further exacerbates this issue, as the number of traditional Medicare beneficiaries continues to decline. Medicare Advantage enrollment in rural areas has increased by 43% between 2019 and 2023, directly impacting the financial stability of rural hospitals like HCH. Additionally, the time-consuming and complex claims processing required by these plans necessitates additional resources, further straining our operations.

We also face growing financial pressures due to federal sequestration cuts to Medicare reimbursement, increasing self-pay and bad debt accounts, constraints within the 340B program, and inadequate Medicaid payments. These factors have placed additional strain on our financial position.

While our facility expansion four years ago led to a 51.6% increase in operating revenues, compared to 10 years ago—driven by growth in outpatient services—our operating expenses

have similarly risen by 33%. The primary drivers of these increases include rising wages, as we compete with larger markets like Topeka and Kansas City, and ongoing supply chain challenges. These financial pressures have significantly impacted our long-term sustainability.

In light of these challenges, we were forced to make the difficult decision to close HCH's Home Health & Hospice Agency, which had sustained years of financial losses. While this service was critical to our community, we found that for-profit agencies could provide similar services more sustainably. We have since transitioned the ownership and staff to another company to ensure continued service to our patients.

Despite these financial difficulties, HCH remains unwavering in its commitment to providing high-quality care to the more than 13,000 residents of Jackson County, along with those from surrounding counties who rely on us for medical services. Our Emergency Department alone handled over 3,800 visits last year, providing lifesaving and time-critical care for our community.

The financial challenges we face are unsustainable without additional support. To continue offering the essential healthcare services that our community relies on, we urge you to support legislative changes that would allow Jackson County residents to vote on a 0.25% sales tax increase to support Holton Community Hospital. This measure would provide vital funding to ensure the continued operation of HCH and enable us to maintain our commitment to delivering quality care to our community.

We sincerely appreciate your consideration of this critical issue, and we hope we can count on your support to secure the future of Holton Community Hospital and the health of our community.

Sincerely,



Carrie Lutz, CEO
Holton Community Hospital
785.364.9645
carrie.lutz@rhrjc.org