



Virgil Watson, Jr.
Chief Executive Officer

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TO: Members of the Senate Public Health and Welfare Committee

FROM: Virgil Watson, Chief Executive Officer

DATE: February 14, 2018

RE: Senate Bill 38 – Support

A year or so ago, in my capacity as CEO of a smaller, rural hospital, the South Central Kansas Medical Center in Arkansas City, KS, I offered my unconditional support for Senate Bill 38, The Bridge to a Healthy Kansas.

The Expansion of KanCare still faces strong opposition, and our hospital continues to experience a reduced ability to collect the fees charged for services that we deliver. This is partially a result of those who fall into the KanCare coverage gap, but is increasingly due to the growing number of underinsured overwhelmed by increased deductibles and co-pays. I was forced to embark in the search for better, innovative ways to address the issues that are affecting smaller hospitals and smaller communities across the State, including ours.

In the summer of 2017, I was introduced to the Chief Executive Officer of Revere Healthcare Solutions Inc. (RHS), a Prairie Village, KS based company which has managed for three years an employer-based, direct primary and preventive healthcare clinic in Garden City, KS serving the workforce of seven employers, together with individuals, and families, for a total of approximately one thousand individuals. The clinic provides subscription memberships to either employers seeking to secure access to quality healthcare for their employees or to families and individuals.

As a result of what I have witnessed RHS accomplish, we have partnered with their organization to open a direct primary care clinic on the campus of South Central Kansas Medical Center. As our community hospitals continue to struggle, and our State continues to suffer from a shortage of access to primary and preventive healthcare, this new venture has led me to one conclusion. For our State, there is something that can be done, and should be done to more efficiently and more effectively use State or federal funds.

Creating a high quality, easily accessible *"healthcare safety net"*, extending the principles and the philosophy of direct primary care and prevention. Such principles, in my opinion, are impressive in their simplicity.

First, the "direct", per capita pricing model avoids any administrative complexity, greatly reducing the program's overall costs. Today, it is widely reported that, in primary care for each \$1.00 paid, \$0.40 covers administrative costs. If even a portion of the administrative cost savings could be achieved within the currently enrolled Kancare population, such savings would help fund at least a



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portion of Bill 38. In addition, the cost of expanding Kancare to fill the “coverage gap” would be lower than currently estimated.

Second, the “emphasis” on the interdisciplinary approach between primary care, nutritional counseling, and fitness to detect, treat, manage, and sometimes reverse common chronic conditions also is conducive to savings. In fact, RHS’ data have shown that their patients spend much less on healthcare, simply because they have unlimited access to quality primary care. If they have common chronic conditions, such conditions are managed and controlled. Eventually their (healthier) patients need less healthcare. As counterintuitive as it may seem, I have learned that more, or in this case unlimited access to primary healthcare, greatly reduces the “all-in” cost of healthcare.

I believe that the current argument between supporters and opponents of Bill 38 could be easily reconciled, by developing a truly budget-neutral “Bridge to a Healthy Kansas”. All it requires is a creative, innovative mindset to incorporate the lessons that I have learned in the last several months from a “direct” and preventive approach to healthcare.

While I do not have access to enough information to provide a definitive, quantitative statement, I believe that a task force analyzing the feasibility of funding Bill 38 through efficiencies within the currently enrolled Kancare should be immediately set up with the intent of replicating the successes of direct primary and preventive healthcare.

Thank you for your consideration of my comments.