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Our focus across our system is to provide top quality care with access to high level of services to patients across our region. Our mission is to provide services close to home so patients can stay in their communities to receive the healthcare they deserve. We are committed to hiring staff, nurses, physicians and providers who value providing high quality, patient centered care.

I'm writing today to share some important news about your health insurance benefits and your in-network access to Salina Regional through Blue Cross Blue Shield of Kansas (BCBSKS). This is the email no hospital leadership team ever wants to write, but it's important that you are fully informed so you can make the best decisions for yourself, your employees, and their families.

First, let me share a quick bit of context. Every year, the largest health insurance company in the state, Blue Cross Blue Shield of Kansas, sends every hospital and physician in the state a letter outlining the payment rates they will receive for the care they provide the following year. We must sign that offer by a certain date or the provider's contract ends and they become an out of network provider. And every year, we have been told that Salina Regional Health Center is paid at rates similar to our comparable competitors – Lawrence, Stormont Vail, St. Francis, and Manhattan.

Unfortunately, we now know this isn't true, and it hasn't been true for years.

Publicly available price transparency now reveals that Salina Regional is paid substantially less than other hospitals. We are doing our part. BCBSKS must do its part through fair payment rates and fair treatment of hospitals and physicians.

Salina Regional cannot continue to deliver top quality care in a rural part of the state while being paid as much as 50% less than comparable hospitals in urban markets. Our system isn't providing 50% less care in comparison to hospitals in urban areas; our system isn't providing 50% less quality or 50% fewer services than hospitals in urban areas. Blue Cross Blue Shield Kansas needs to recognize patients in rural areas deserve to receive care close to home and pay Salina Regional Health Center System fair rates.

We want to be a good value, and we want to be good stewards of your healthcare dollar. That doesn't mean BCBSKS should take advantage of us. Salina Regional needs to be paid fairly, and that means BCBSKS making our payment rates equal to other comparable hospitals in the state.

We get it. No one wants to pay more for healthcare. We don't want you or your employees to pay more either. We know Blue Cross has the money without raising premiums one penny. In fact, BCBSKS's reserves created by excess profits have increased \$300 million in the last five years alone. That's money that should have been used to pay Salina Regional, and possibly other providers too, fairly.

Salina Regional faces significant financial pressures, just like every other hospital in America right now. We've struggled to maintain a strong financial foundation, and make ongoing investments in

our facilities and equipment, only to find out that BCBSKS has been financially starving Salina Regional. That must change.

If BCBSKS refuses to pay us fairly, we will have no choice but to go out of network. This is a practical need as well as a matter of principle.

I am sorry BCBSKS shared a video with your employees and the media before they communicated with you. We have been asking for parity and fairness, and are surprised this is their response.

I wish I didn't have to share this news, and I wish we weren't in this situation. My promise is this: we will work hard, in good faith, to reach a new agreement with BCBSKS. I hope they will do the same.

We have launched a website, www.srhc.com/blue to provide the information people need, and we will update it regularly. Beyond that, if you have any questions, please email me at fairrates@srhc.com or call me at 785-452-7000. I appreciate your trust and continued support of Salina Regional Health Center.

Sincerely,

Joel Phelps
Chief Executive Officer