

“They gave me my smile back,” she enthused. It had been more than eight years since Farrah Trail had smiled. It’s not that she didn’t want to: “My teeth were so bad, I just couldn’t let people see them.”

Her husband, Derek, also was suffering from lack of needed dental care. A long-ago accident had knocked out many of his teeth, and complications from that were starting to make him sick, adding to the discomfort Derek was already enduring.

HERE’S WHY

The Trails, however, made sure their four children received dental care -- even though each time that meant a nearly three hour trek from their Atwood home. Yes, there are dental offices closer, but none that accept HealthWave. *Fortunately*, at least there are dentists in Quinter and Hays who do.

Unfortunately for Farrah and Derek, attempts to get their own desperately needed dental care by working out payment plans with dentists were not successful. So they continued not smiling and abiding their deteriorating oral health.

Now the Trail family, and all the others in that northwest corner of Kansas who have been without a local dentist for more than 10 years, have the **Rawlins County Dental Clinic** conveniently and affordably providing services. The clinic, which opened in 2009 after years of effort, was the result of persistent, dedicated community leaders and supportive funding, including a grant from the United Methodist Health Ministry Fund.

“Everyone there has been wonderful,” Farrah said, “I was terrified when I first went, but they made me feel comfortable. They explained everything so well and eased my fears. Now I can smile again! Thanks to them I have my self confidence back.” She quickly added, “And they took such good care of Derek and his dental problems, too.”

So now the entire Trail family can get the dental care they need right at home. Farrah said their children -- Brianna, 15; Emily, 9; Hollie, 7; and Darrell, 4 -- have all had good experiences at the clinic.

“It’s just awesome,” she summarized in expressing her appreciation for finally having access to oral health care.

See related story on Rawlins County Dental Clinic, page 3.



The Trail family in the front yard of their Atwood home.

PHOTO: TARA FIELDS/RAWLINS COUNTY SQUARE DEAL

Why...Why...Why

Here are three other representative stories which illustrate the array of health issues being addressed by the United Methodist Health Ministry Fund.

➡ Amy lives in Leavenworth with her two pre-teen daughters, one of whom has autism. The single mother played flute in the Army Reserve band and attended school to earn a pharmacy degree while raising her children. Then suddenly her life turned upside down.

In 2009 she was diagnosed with breast cancer and told she had only five to ten years to live.

Before medication to treat the cancer could be started, Amy had dental work that was essential to complete first. With her modest income and medical costs already incurred, she could not find a way to pay for the dental procedures, and she could not get public assistance.

Then she heard about the Kansas Donated Dental Services program. Through one of its volunteer dentists, Amy received the six crowns, numerous restorations, and endodontic treatments she needed.

The \$8,000-plus of free dental care enabled Amy to proceed with her cancer treatment -- all because of the Donated Dental Services program, supported in part by a grant from the Health Fund.

➡ Meg Braun has decided to speak up. Through the Kansas Health Consumer Coalition, a Health Fund grantee, her plea for better information is being heard.

The Brauns have two children with cystic fibrosis; but had been able to take care of their medical needs on an out-patient basis -- until 2008. That’s when their daughter first required in-patient care, and since, has had several hospital stays as well as periodic home nursing care.

Although the Brauns had insurance when the 2008 hospitalization occurred, Meg recalled, “We were strapped with a co-pay that was simply out of our budget.” They were left owing thousands of dollars. By the time their daughter was hospitalized again in 2009, Meg said, “We were already buried in debt, behind on our mortgage, and starting to talk about filing for bankruptcy.”

(continued on Page 2)

Inside this report:

- 2 Healthy Congregations Covenant Program
- 2 New Trustees Join Board
- 3 Project of the Year Award
- 4-5 2009 Health Fund Grants
- 6 Financial Statement
- 6 Board of Trustees & Staff
- 7-8 Guide to Health Reform

Healthy Congregations Covenant Program

There are two choices for participation. Level I is a *Covenant of Participation*, designed for churches just starting health ministry, and qualifies for a **\$100 grant**. The Level II *Covenant of Action* encompasses training and an activities plan. Churches making this commitment are awarded a **\$1,000 grant** for program support.

For more information about the Covenants, visit www.healthfund.org or call Matt Kuzma at 800-369-7191.

These 72 Kansas United Methodist Churches are already participating in the program.

LEVEL I PARTICIPANTS

Agenda United Methodist Church - *Agenda*
Aldersgate United Methodist Church - *Olathe*
Aldersgate United Methodist Church - *Wichita*
Asbury United Methodist Church - *Prairie Village*
Asbury United Methodist Church - *Wichita*
Axtell United Methodist Church - *Axtell*
Bogue Community United Methodist Church - *Bogue*
Caney United Methodist Church - *Caney*
College Heights United Methodist Church - *Pittsburg*
Corbin United Methodist Church - *Caldwell*
Countryside United Methodist Church - *Topeka*
Ellis United Methodist Church - *Ellis*
Fancy Creek United Methodist Church - *Leonardville*
First United Methodist Church - *Abilene*
First United Methodist Church - *Belleville*
First United Methodist Church - *Beloit*
First United Methodist Church - *Pratt*
First United Methodist Church - *Wichita*
Grandview United Methodist Church - *Winfield*
Gridley United Methodist Church - *Gridley*
Howard United Methodist Church - *Howard*
Trinity United Methodist Church - *Hutchinson*
Le Roy United Methodist Church - *Le Roy*
Lenexa United Methodist Church - *Lenexa*
Madison Avenue United Methodist Church - *Derby*
Mildred United Methodist Church - *Mound City*
Mt. Vernon United Methodist Church - *Wichita*
Mulvane United Methodist Church - *Mulvane*
Natoma United Methodist Church - *Natoma*
Paola United Methodist Church - *Paola*
Randolph United Methodist Church - *Leonardville*
Seneca United Methodist Church - *Seneca*
Severy United Methodist Church - *Severy*
Shawnee United Methodist Church - *Shawnee*
Swede Creek United Methodist Church - *Leonardville*
Tisdale United Methodist Church - *Winfield*

Turkey Creek United Methodist Church - *Gridley*
Wesley United Methodist Church - *Parsons*
Wilson United Methodist Church - *Wilson*
Yates Center United Methodist Church - *Yates Center*

LEVEL II PARTICIPANTS

Bennington United Methodist Church - *Bennington*
Bonner Springs United Methodist Church
Bonner Springs
Burden United Methodist Church - *Burden*
Canton United Methodist Church - *Canton*
Chapel Hill United Methodist Church - *Wichita*
Christ Community United Methodist Church - *Wichita*
Colby United Methodist Church - *Colby*
First United Methodist Church - *Emporia*
First United Methodist Church - *Garnett*
First United Methodist Church - *Goodland*
First United Methodist Church - *Hoisington*
First United Methodist Church - *Hutchinson*
First United Methodist Church - *Ottawa*
First United Methodist Church - *Winfield*
Florence United Methodist Church - *Florence*
Grace United Methodist Church - *Topeka*
Grace United Methodist Church - *Emporia*
Highland Park United Methodist Church - *Topeka*
Jerusalem Road Parish - *Leonardville*
Kechi United Methodist Church - *Kechi*
Kincaid United Methodist Church - *Kincaid*
Kingman United Methodist Church - *Kingman*
Kirwin United Methodist Church - *Kirwin*
Mt. Hope United Methodist Church - *Mt. Hope*
New Covenant United Methodist Church - *Wichita*
Richter United Methodist Church - *Pomona*
Rose Hill United Methodist Church - *Rose Hill*
Tecumseh United Methodist Church - *Tecumseh*
Trinity United Methodist Church - *Salina*
University United Methodist Church - *Salina*
Valley View United Methodist Church - *Overland Park*

New Health Fund Board Members

The Health Fund Board of Trustees welcomed three new members in 2009 who bring vast and varied experience and knowledge to our work.

Sen. Stephen Morris, Hugoton, has served in the Kansas State Senate since 1993 and as Senate president since 2005. A life-long resident of southwest Kansas, he is a member of Hugoton United Methodist Church.

Steve is a KSU ag economics graduate and operates a wheat and grain sorghum farm. He was a pilot in the Air Force and later served in the Air Force Reserve.

His commitment to public health has been recognized with numerous awards including: Outstanding Public Official of the Year presented by the Community Mental Health Association of Kansas, the Rocky Mountain Council on Mental Health Centers award, and Outstanding Elected Official award from the Kansas Emergency Medical Technicians Association.

Carmen San Martin, Salina, is a homemaker and attorney. Her practice has included family law, mediation, and case management. As a Kansas Legal Services attorney, she worked with elderly, disabled, and indigent clients. Carmen also ran a statewide domestic violence project.

She is a member of Church of the Cross United Methodist Church, serving on the Endowment Committee and as a volunteer for preschool activities and Vacation Bible School.

Carmen earned a B.A. in biology and environmental science from KU prior to graduating from law school. She is a member of the Kansas Bar Association, the Kansas Women Attorneys Association, and Child Advocacy and Parenting Services of which she is a past board president and continues to serve on the board.

Dr. Bryan Wohlwend, Hutchinson, is a pediatrician at Hutchinson Clinic and Chairman of Pediatrics at Promise Regional Medical Center. He is a member of the Young Physician Executive Committee of the American Academy of Pediatrics and chair of the Academy's Kansas chapter of the Young Physician Committee.

He has been a long-time volunteer – and is now the medical director – at the American Cancer Society's Camp Hope Kansas, a free summer camp for children with cancer.

Bryan graduated from Friends University and the KU School of Medicine. He is president-elect of Friends University Alumni board.

The Health Fund is governed by a volunteer Board of Trustees – all United Methodists from the Kansas West Conference.

Angie Proffitt, Early Childhood Specialist, with a child in ComCare's Proud of Me program



Why...Why...Why... contined from page 1

What the Brauns didn't know back then is that they would have been eligible for charity care.

"For 19 years, we have been dealing with the billing offices of local hospitals, and we had never heard of such a thing. Unfortunately, we learned about this option too late to receive financial assistance for our bills from 2008, so we are battling collection agencies and trying to keep our house," she lamented.

Through this experience, Meg gained a clearer understanding of the need for transparency and for educating and empowering consumers. To impact medical practices "so that consumers will be treated fairly and with integrity" has become her mission on behalf of all Kansans.

The school counselor described the child's behaviors as severely aggressive, non-compliant, hyperactive, and unable to sustain attention or maintain in the group setting. The school had decided they were unable to manage the child's behaviors in the classroom.

Situations like this is one of the reasons ComCare of Sedgwick County is a Health Fund grantee.

The troubled child was moved to ComCare's Proud of Me therapeutic preschool for the year prior to kindergarten. He learned to express his feelings verbally instead of physically, to understand that sharing did not mean losing, and to realize he had many strengths and that being in a group can be okay, even fun at times.

When it was time for him to enter kindergarten, the school could not believe this was the same child they were unable to manage before. Although he still had some mild behaviors and need for encouragement, he was able to maintain in a class setting without much issue.

This "severely aggressive, non-compliant, hyperactive" child was able to have a fresh start in the school system and to succeed in the classroom for the first time.

THE 2009 JANET SEVIER GILBREATH Special Project Recognition Award

named by the United Methodist Health Ministry Fund Board of Trustees

Rawlins County Dental Clinic

Development of the Rawlins County Dental Clinic demonstrates pioneer spirit and determination as well as commitment to the health of area residents.

Bordering Nebraska and almost to Colorado, the county has a population of about 2,900. The largest community and county seat is Atwood, home to 1,300. Although it has a hospital, a facility for the developmentally disabled, and a long-term care facility, Atwood had been without a dentist for more than 10 years.

The particularly crucial issue for these rural residents: the closest dentist accepting children with Medicaid coverage was two-and-a-half hours away.

Community Effort

Recognizing the need for more accessible dental care, community leaders came together under the umbrella of a local foundation with the vision of opening a dental clinic -- one with a dentist who would accept Medicaid and offer a sliding fee scale for patients who could not otherwise afford care.

The community gathered resources -- some funding from the local foundation and volunteers to manage development of the clinic -- and Chris Sramek, at the time Rawlins County Economic Development director, approached the Health Fund about a grant.

A \$65,000 grant for equipment and other start-up expenses was awarded by the Health Fund in 2006, subject to the clinic successfully recruiting a dentist and meeting requirements of dental practice laws.

Persistence Pays Off

The project met barrier after barrier -- dental practice laws existed that limited solutions for rural areas...promising dental candidates declined the clinic's offers... area dentists weren't interested in setting

up a satellite clinic -- obstacles just kept arising.

Organizers, though, just kept persisting and working through each barrier. **It took more than two years, but the clinic opened in April, 2009, as the only safety net dental clinic in the entire region.**

Today, under the leadership of Heidi Foster, a dental hygienist with an Extended Care Permit (ECP), the three-chair clinic is fully functional. It is staffed by a dentist three days a week. A second ECP hygienist, two dental assistants, and a receptionist round out the staff.

Finally a Dental Home

In its first nine months of operation, the clinic provided 1,927 services to 956 patients representing 12 counties. Many drive two hours or more to now have a dental home that takes Medicaid and offers a sliding fee scale. One-third of the clinic patients are uninsured.

The clinic also provides dental screenings and outreach services to

hundreds of residents at schools, long-term care facilities, and other locations throughout the region.

Having already outgrown its current space, the clinic will soon move to a new modular building purchased with the assistance of a second Health Fund grant.

Outstanding Health Ministry

In recognition of determination and courage in establishing accessible dental care in an un-served rural region of Kansas, the Rawlins County Dental Clinic was selected by the Health Fund Board of Trustees to represent outstanding health ministry for 2009.

The Janet Sevier Gilbreath Special Project of the Year award, named in memory of the Health Fund's first chairperson, acknowledges service to those in need, volunteer and financial support, and good management and financial practices to assure quality service delivery and sustainability.

The award goes to one project funded by the United Methodist Health Ministry

Fund each year. **Rawlins County Dental Clinic was selected from more than 140 grant projects.**



Staff of the Rawlins County Dental Clinic:
(back row)
Colby Cole, Dental Assistant;
Tammi Engel, Registered Dental Hygienist; **Heidi Foster**, Clinic Director and Registered Dental Hygienist; and **Dr. Roger Minneman**, DDS.
(front row)
Jody Carlson, Dental Assistant, and **Lisa Olson**, receptionist.

PHOTO: TARA FIELDS/RAWLINS COUNTY SQUARE DEAL

UNITED METHODIST HEALTH MINISTRY FUND 2009 GRANTS

Grants are focused on three health issues to achieve the most impact with the limited dollars available -- about \$2.5 million each year. The three health areas receiving grants in 2009 are *Access to Health Care* with an emphasis on safety net services, rural concerns, and consumer

advocacy for health care reform; *Oral Health for all Kansans* through safety net expansion and integration of preventive services in non-dental settings; and *Healthy Lifestyles* -- physical activity and healthful eating -- for young children, particularly in child care programs.

Access to Care Grants

Ashland Health Center

Ashland \$10,000.00

Sponsor a forum on *Health Reform in the Heartland* following a regional breast cancer awareness building event

Kansas Association for the Medically Underserved

Topeka \$1,760.00

Facilitation expenses for safety net clinic issue resolution

Kansas Department of Health & Environment

Topeka \$44,400.00

Planning support for the development of health information technology/health information exchange in Kansas

Kansas Faith Alliance for Health Reform, Inc.

Topeka \$25,000.00

Operations support

Kansas Health Consumer Coalition

Topeka \$10,000.00

Kansans for Better Health coalition support 2009-2010

Kansas Health Consumer Coalition

Topeka \$100,000.00

Operations support

Kansas University Medical Center Research Institute, Inc.

Kansas City, Kansas \$4,000.00

Conduct a satisfaction survey for the Kansas Benefit Bank

Saint Gianna Health Clinic/ Saint Patrick Catholic Church

Kingman \$16,220.00

Start a free health services clinic

The Health Workforce Crisis: A Summit on the Future of Primary Care in Rural and Urban America

Washington DC \$6,344.20

Sponsor attendance by Kansas health leaders

Oral Health Grants

Community Foundation of Southwest Kansas

Dodge City \$75,000.00

Start a volunteer dental clinic to improve access to dental care

E. C. Tyree Health & Dental Clinic, Inc.

Wichita \$12,000.00

Expand the capacity of a safety net dental clinic

Kansas Academy of Family Physicians, Inc.

Wichita \$6,900.00

Sponsor two workshops/presentations on the role of physicians in oral health including the use of fluoride varnish

Kansas Assn. for the Medically Underserved

Topeka \$250,000.00

Build the capacity of safety net clinics to provide dental services on a regional basis

Kansas Chapter of the American Academy of Pediatrics

Lenexa \$150,000.00

Provide on-site training to physician offices to integrate prevention services for oral health

Kansas Mission of Mercy

Manhattan \$2,949.56

Food service for patients during the annual volunteer dental care event

Kansas Foundation of Dentistry for the Handicapped

Topeka \$35,000.00

To continue the *Kansas Donated Dental Services Program* for disabled and elderly Kansans following funding cuts

Kansas Head Start Association

Lawrence \$79,530.00

Continued development of *Kansas Cavity Free Kids* to assure young children receive oral health services in their local communities

Oral Health Kansas, Inc.

Topeka \$113,273.00

Operations support

PrairieStar Health Center

Hutchinson \$137.50

Provide transportation for qualified patients to receive free dental care through the Reno County Dental Assistance Day volunteer event

The Foundation for Aging and Care of Elders of Kansas

Topeka \$6,000.00

Sponsor training sessions on oral health of frail elders for Kansas long-term care providers and surveyors

Healthy Lifestyles Grants

Kansas State University

Manhattan \$132,002.00

Development of a child care curriculum and home inventory to encourage healthy environments for young children to be physically active and eat healthfully

Kansas Wesleyan University

Salina \$37,000.00

Support for a coordinated campus-wide program to encourage students to make healthy choices

Kansas West Annual Conference

Wichita \$20,500.00

Sponsor a health event and develop a Clergy Wellness program (2 grants)

University of Kansas School of Medicine

Wichita \$270,978.00

Provide technical assistance and training to congregations participating in the Healthy Congregations Covenant Program

2009 GRANT FACTS

Total Grants & Program Expenses

\$2,620,054

Number of Grants Awarded

91

Largest Single Grant

\$270,978

Smallest Single Grant

\$138

Average Grant Size

\$28,792



Think of the Possibilities Special 2009 Grant Opportunity

A request for proposals was issued in 2009 seeking solutions to the health issues identified for Health Fund grant focus in 2010. The areas of focus are *improved health care access with an emphasis on rural Kansas, improved physical activity and nutrition for young children, and early identification and intervention for the mental health of young children.* Out of 82 letters of interest received, 14 projects were awarded grants.

Community Health Center of Southeast Kansas

Pittsburg \$75,000.00

Integrate mental health support into primary care safety net services

COMCARE of Sedgwick County

Wichita \$35,000.00

Expand the number of sites offering a therapeutic preschool for children with behavior problems

Dillon Nature Center

Hutchinson \$75,000.00

Design and develop a model nature discovery and outdoor play area for young children as part of an established nature education center

GraceMed Health Clinic, Inc.

Wichita \$69,800.00

Implement a HealthWave enrollment program to reach children who are eligible but not enrolled in available health insurance

Healthy Kids Challenge

Dighton \$53,599.00

Provide training and technical support to Kansas libraries to implement programming aimed at physical activity and healthy eating for young children

Junction City-Geary County Health Department

Junction City \$50,000.00

Implement a HealthWave enrollment program to reach children who are eligible but not enrolled in available health insurance

Kansas Association for the Medically Underserved

Topeka \$75,000.00

Planning and development of a pilot program for improved access to rural healthcare

Kansas Association for Infant & Early Childhood Mental Health

Topeka \$40,000.00

Expansion of an endorsement program for professionals in children's mental health

Kansas Association of Child Care Resource & Referral Agencies

Salina \$48,083.00

Provide a series of child care professional development events focused on playground safety and creating active outdoor learning environments for young children

Kansas Chapter of the American Academy of Pediatrics

Lenexa \$63,000.00

Improve early identification and referrals for children's mental health through physician education on screening tools and early intervention resources including a web-based statewide directory of mental health providers for children

Kansas Parents as Teachers Association

Wichita \$73,160.00

Training and support for implementation of the Nutrition and Fitness of Young Children curriculum in local Kansas communities through home visitor and child care programs

Montgomery County Community Clinic, Inc.

Independence \$50,000.00

Development of architectural, mechanical, and engineering plans for expansion of safety net clinic

TDC Learning Centers, Inc.

Topeka \$34,000.00

Implementation of *Healthy Kids & Families* program in 4 child care centers to help children and families develop active lifestyles and nutritious eating habits

Urban League of Kansas, Inc.

Wichita \$55,000.00

Community collaboration to encourage healthful physical activities and nutrition for young children and their families

Healthy Congregations Grants

Healthy Congregations

Hutchinson \$25,629.99

Healthy Congregations program expenses

Healthy Congregations Covenant Program

Level I Covenant

Kansas \$4,200.00

42 Kansas United Methodist Churches

Level II Covenant

Kansas \$32,300.00

31 Kansas United Methodist Churches

Jerusalem Road Parish

Leonardville \$4,262.50

Strengthening Jerusalem Road Parish health ministries

Pretty Prairie United Methodist Church

Pretty Prairie \$4,917.75

Implementation of a *Healthy Congregation* ministry

Wichita Chapel Hill United Methodist Church

Wichita \$3,300.00

Implementation of the *Healing & Wholeness* mission program

Other Grants & Programming Expenses

Janet Sevier Gilbreath Annual Award

Hutchinson \$5,109.65

Special Recognition Project of the Year Award

Kansas Action for Children, Inc.

Topeka \$150,000.00

Support *Fiscal Focus* initiative to provide analysis and information on the impact of state fiscal policy

Peace Connections

Newton \$75,000.00

Support implementation of a *Circles Project* in Kansas to raise Kansas families out of poverty

Rainbows United Charitable Foundation, Inc.

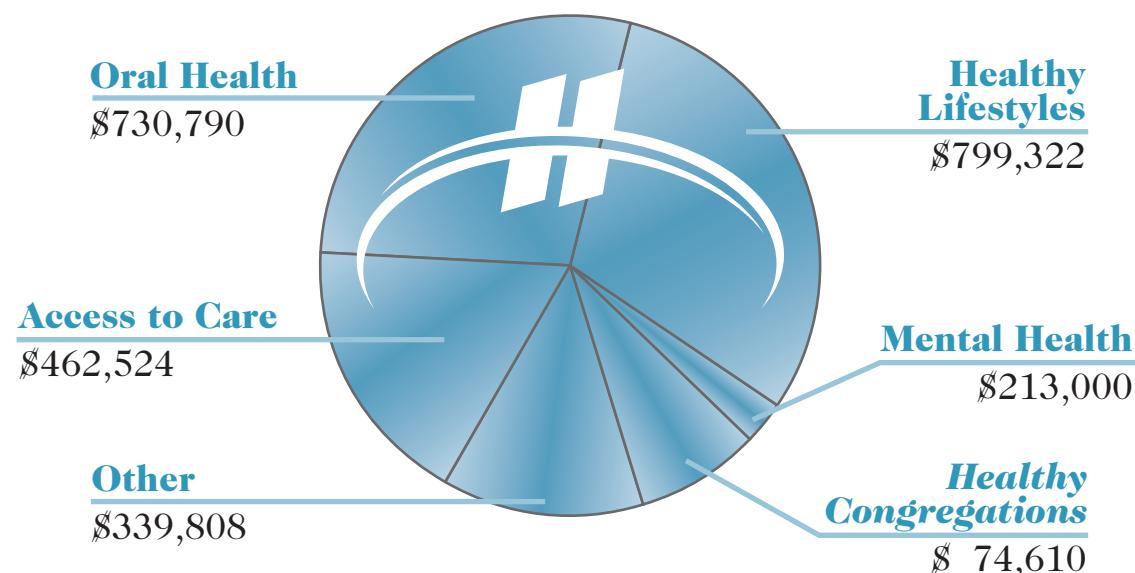
Wichita \$90,000.00

Support re-establishment of sound financial practices for reorganization to sustainably serve children and families

Memberships & Other Programming Expenses

\$19,697.92

GRANT TOTALS BY FOCUS AREA



TOTAL 2009 GRANTS **\$2,620,054**

United Methodist Health Ministry Fund

Year ended December 31, 2009 | Unaudited figures

COMBINED STATEMENTS OF ACTIVITIES¹

	2009	2008
Support and Revenue		
Contributions/Grants	\$ 500	\$ 500
Investment Income (net of investment expenses)	\$ 931,474	\$ 1,306,750
Miscellaneous Income	\$ 58,100	\$ 73,097
Net Realized Investment Gains	(\$ 4,733,009)	(\$ 739,408)
Net Unrealized Investment Gains (Losses)	\$ 12,302,022	(\$ 19,665,217)
Total Support and Revenue	\$ 8,559,087	(\$ 19,024,278)
Expenses		
Grants Awarded	\$ 2,602,237	\$ 2,236,026
Refunds/Adjustments	(\$ 37,500)	(\$ 77,279)
Operating and General Expenses	\$ 721,946	\$ 737,869
Total Expenses	\$ 3,286,683	\$ 2,896,616
Increase (decrease) in Net Assets	\$ 5,272,404	(\$ 21,920,894)
Net Assets, beginning of year	\$ 48,076,091	\$ 69,996,985
Net Assets, end of year	\$ 53,348,495	\$ 48,076,091

COMBINED STATEMENTS OF FINANCIAL POSITION¹

Assets		
Cash and Investments	\$ 55,804,589	\$ 50,191,073
Receivables	\$ 73,811	\$ 74,919
Other Assets	\$ 38,851	\$ 36,218
Fixed Assets	\$ 757,467	\$ 795,441
Total Assets	\$ 56,674,718	\$ 51,097,651
Liabilities		
Accounts Payable	\$ 10,243	\$ 14,970
Grants Payable and Other Liabilities	\$ 3,315,980	\$ 3,006,590
Total Liabilities	\$ 3,326,223	\$ 3,021,560
Fund Balances	\$ 53,348,495	\$ 48,076,091
Total Liabilities & Fund Balances	\$ 56,674,718	\$ 51,097,651

¹ Combines Unrestricted, Temporarily Restricted and Permanently Restricted Endowment Funds.

2009 BOARD OF TRUSTEES

Rev. Lance Carrithers, Chairperson
Dodge City / First UMC

Paul Moore, Vice-Chairperson
Wichita / East Heights UMC

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Andover/Andover UMC

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Board Development Committee
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Wichita / St. Mark UMC

Janet Hamilton Newton
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Wichita / Aldersgate UMC

Rev. Nathan Stanton
Wichita / Pleasant Valley UMC

Laurie White, O.D.
Dodge City / First UMC

Bryan Wohlwend
Hutchinson / Woodland UMC (Derby)

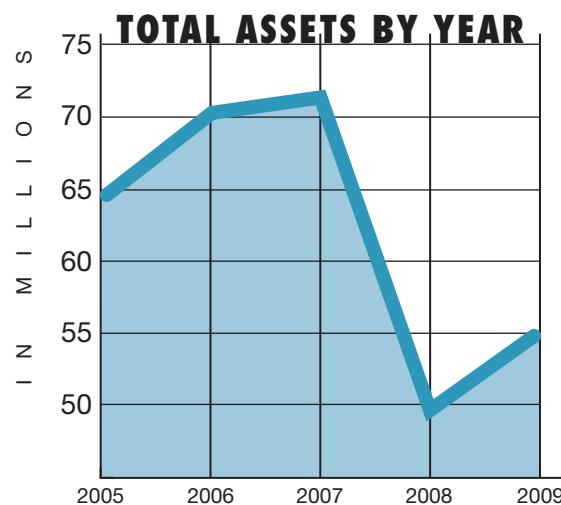
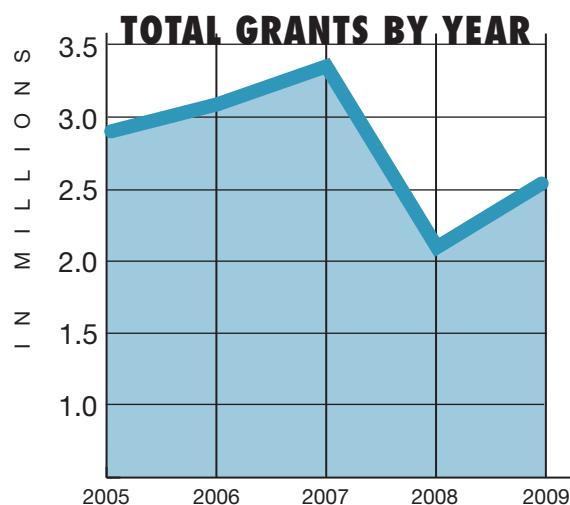
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Kristine Dean,
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www.healthfund.org

The Who, What, When and How of Health Reform

A Guide for Kansas Individuals and Employers

First things first

Although provisions of the new law are phased in over the next 5 to 10 years, many of the earliest provisions are designed to make existing coverage broader for consumers.

Paying for preventive services

- **Federal law:** Starting in September, most new individual and group insurance policies must pay for preventive services with no cost-sharing requirements. In addition to recommended screenings, preventive services include things like immunizations.

- **Kansas impact:** State law requires that insurance companies cover many preventive services. But it doesn't prohibit them from requiring that beneficiaries share the cost through deductibles and co-payments.

Extending dependent coverage

- **Federal law:** Also starting September, young adults can remain on their parents' insurance plan until they're 26. But Health and Human Services Secretary Kathleen Sebelius convinced many insurance companies to start this coverage immediately. *Check to see if your carrier is among them.*

- **Kansas impact:** Although there is no state law, historically, most Kansas insurance plans have set the limit at 19 for unmarried children and 23 for students still financially dependent on their parents.

Ending certain insurance company practices

- **Federal law:** Individual and group plans will no longer be allowed to limit the amount they pay in benefits over a person's lifetime or suddenly cancel the policies of people who make errors on their applications, unless those errors constitute fraud.

Also, most plans will be prohibited from making children with pre-existing conditions wait for their coverage to kick in. All of these reforms are scheduled to take effect in September. A provision that prohibits pre-existing condition exclusions for adults won't take effect until 2014.

- **Kansas impact:** Lifetime limits are not uncommon in Kansas. Even the state's high-risk pool, created to provide coverage to people who can't find or afford insurance in the private market, imposes a lifetime cap on benefits of \$2 million. Kansas law allows this practice, but it hasn't been a frequent problem.

In 2009, Kansas was one of 23 states found to have fewer than three rescissions per 1,000 policies. Even so, *the coming federal reforms will change the way Kansas insurers operate.*

Everyone knows *something* about the new federal health reform law. But most of us need a little help sorting through it and understanding what it will mean to us as consumers and employers. Because the law is very complex, this summary aims to provide general understanding without overwhelming detail. For clarifying information or updates to this content, please consult the Health Ministry Fund website at www.healthfund.org.

This material was developed from a summary prepared by Kansas Health Institute, Topeka.

Changes to health savings arrangements

- **Federal law:** Many consumers contribute to various types of savings accounts to use for medical expenses; these accounts typically receive preferential tax treatment. Beginning this year, the tax penalty for withdrawals made from Health Savings Account (HSA) funds for non-medical expenses will increase from 10% to 20%.

Also beginning this year, consumers with Flexible Spending Accounts (FSAs) and Health Reimbursement Arrangements (HRAs) will no longer receive non-taxable reimbursements for over the counter drugs. Beginning in 2013, contributions to FSAs will be limited to \$2,500 per year.

- **Kansas impact:** There has been growing momentum nationwide and among Kansas lawmakers to incentivize the use of such savings accounts, though there is not much Kansas-specific data on this issue. Less than 1% of the approximately 100,000 lives covered by the Kansas State Employee Health Plan are enrolled in the HSA option.

Stopgap coverage for those hard to insure

- **Federal law:** A new federal high-risk pool will be established this year for people whose health conditions make it hard to purchase affordable coverage in the private market. *Only those with a pre-existing condition who have been uninsured for six months or longer will be eligible.* This pool would be temporary, existing only until 2014, when other coverage avenues become available.

- **Kansas impact:** Kansas already has a high-risk pool. But the new federal pool will have premium and expenditure caps that could make it more affordable than coverage available through the existing pool.

Immediate and coming changes in Medicare drug program

- **Federal law:** Medicare beneficiaries enrolled in the program's Part D drug program who have or are about to reach an initial limit in their coverage – *known as the donut hole* – will immediately be eligible for a \$250 rebate. An infusion of federal funds will close the donut hole over 10 years. Next year, drug manufacturers will begin providing a 50% discount on brand-name prescriptions.

- **Kansas impact:** An estimated 73,000 Kansas seniors will qualify for the drug coverage rebate.

Medicare incentives for preventive care

- **Federal law:** Preventive services for Medicare beneficiaries will be provided with no cost sharing starting in 2011. Available preventive services will include health risk assessments and personalized prevention plans that include incentives for compliance.

Also, the income threshold for Part B premiums will be held at 2010 levels from 2011 to 2019. Part B is the portion of Medicare, paid for with premiums, which covers outpatient care such as office visits. Hospitalization is covered under Medicare Part A, which is paid for with tax revenue.

- **Kansas impact:** Approximately 416,000 Kansas seniors will be eligible for the new cost-free preventive services.

Immediate and coming incentives for employers

- **Federal law:** Employers with fewer than 25 workers who offer them health insurance and pay a certain percentage of their premiums are immediately eligible for variable tax credits. The smallest – those with 10 or fewer employees – will be eligible for the largest credits of up to 35% of the employer's contribution to premium costs. Bigger employers – those with 50 or more employees who either don't offer insurance or offer coverage that doesn't meet federal guidelines – will start paying penalties in 2014.

- **Kansas impact:** The tax credits could help reduce the number of uninsured Kansans if businesses find them cost effective.

Nearly 67% of Kansans get health insurance through an employer. Still, *more than 20% of those who work for the 43,000 Kansas small businesses that are eligible for the credit are uninsured.*

Finally, only 25% of Kansas businesses are large enough to be subject to the penalties and many of them already offer coverage to their employees.

(continued on Page 2)

The Who, What, When and How of Health Reform *continued*

Coming changes aimed at increasing coverage and lowering costs

Many of the provisions meant to expand coverage, ensure adequate benefits and reduce costs to consumers will take effect later -- most in 2014. *These changes are summarized below.*

▶ **Federal law:** Beginning in 2014, everyone -- with some exceptions granted including for religious beliefs and income levels -- will be required to have health insurance. Those who do not have adequate coverage will be assessed penalties beginning in 2014. The full penalty will apply in 2016; for individuals it will be the greater of \$695 per year or 2.5% of income. Household penalties will be capped at \$2,085.

• **Kansas impact:** Approximately 340,000 Kansans are uninsured. These individuals will be required to purchase qualifying health insurance coverage unless exceptions apply. Approximately 17% of Kansans at or below 400% of FPL are uninsured. These individuals may be eligible for subsidized coverage.

▶ **Federal law:** By 2014, states will create health insurance exchanges through which eligible consumers can purchase coverage.

These state-regulated exchanges will provide private coverage to individuals and small employers (fewer than 100 employees). Four different plans will be offered through the exchange, each with varying premiums, benefits and co-payment requirements. State officials can choose to open up the exchange to employers with more than 100 workers in 2017.

• **Kansas impact:** Both the Kansas Insurance Department and the Kansas Health Policy Authority will likely play a role in establishing and operating the Kansas exchange.

▶ **Federal law:** Premium credits and subsidies will be made available starting in 2014 to people who earn less than 400% of FPL

(Federal Poverty Level) -- about \$73,240 for a family of three. These subsidies will help low- and moderate- income people to purchase insurance through the exchanges. Out-of-pocket costs will be limited to no more than \$3,987 per individual and \$7,974 per family annually, and will be scaled so that those with the lowest incomes pay the least.

• **Kansas impact:** The 84% of uninsured Kansans below 400% of FPL may be eligible for credits and subsidies to help them purchase insurance through the Kansas exchange. Some may also be eligible for no-cost coverage through the state's expanded Medicaid program.

▶ **Federal law:** People earning up to 33% more than FPL -- about \$24,352 for a family of three -- will be eligible for Medicaid starting in 2014. The expansion of this federal health insurance program that is operated by the states will take effect in 2014 and is estimated to provide coverage to many of the nation's uninsured.

Individual and Small Group Plans to be offered in the Exchanges

BRONZE This plan represents the required minimum creditable coverage standard; 60% of the benefit costs will be covered by plan

SILVER 70% of the benefit costs will be covered by the plan

GOLD 80% of the benefit costs will be covered by the plan

PLATINUM 90% of the benefit costs will be covered by the plan

CATASTROPHIC Not tied to actuarial value limit, provides catastrophic coverage along with some preventative and primary care benefits (only available in the individual market)

• **Kansas impact:** This one provision may add as many as 60,000 to the Medicaid rolls. Currently, Kansas has one of the lowest Medicaid eligibility thresholds in the nation for adults with dependent children. Childless and non-disabled adults aren't eligible at all.

▶ **Federal law:** Starting in 2014, all new plans offered through the exchanges and in the private market, and many existing plans, will be required to provide at least one option that meets the federal definition of an "essential benefits package." The benefits package -- to be spelled out in rules and regulations now being written -- will create a threshold of services that plans must meet.

• **Kansas impact:** Kansas ranks near the middle of the pack among states for the number of services and procedures that it requires insurance companies to cover such as mammograms and prostate cancer screenings. The new essential benefits requirements will be more comprehensive than state rules in place now.

▶ **Federal law:** Most new insurance plans, except those funded by large businesses exclusively for their employees (ERISA plans), will be required by 2014 to offer coverage to anyone who applies -- a practice known as "guaranteed issue." In addition, all group plans will be required to eliminate waiting periods for new employees that are longer than 90 days. And the number of factors that insurance companies can use to calculate premium rates will be reduced to only four -- tobacco use, age, family composition, and geographic variation.

• **Kansas impact:** Kansas requires guaranteed issue in the small-group market, but not for individuals. Persons with medical conditions attempting to purchase coverage in the individual market also will benefit from

the reduction in rating restrictions, which are intended to make insurance more affordable.

▶ **Federal law:** People under 30 and those otherwise exempt from the requirement to have health insurance will be eligible for limited policies that cover catastrophic events and some preventive services. The premiums for these plans will be relatively low and out-of-pocket expenses will be capped at levels similar to Health Savings Accounts: \$5,950 for individuals and \$11,900 for families.

• **Kansas impact:** A startling 40% of the uninsured in Kansas are young adults between 19 and 34. These catastrophic plans are intended to give these 135,000 Kansans an affordable option when the federal mandate takes effect in 2014.

▶ **Federal law:** Some of those with high out-of-pocket, unreimbursed medical expenses will no longer be able to deduct them for federal income tax purposes. Beginning in 2013, the threshold for deductions will be raised from 7.5% to 10% of income. That same year, the Medicare Part A tax rate will increase for individuals making over \$200,000 annually and for families making more than \$250,000 annually. (Part A is the portion of Medicare that pays for hospitalizations.) High earners will also be subject to a 3.8% tax on unearned income beginning in 2013.

• **Kansas impact:** Median Kansas income is approximately \$46,000, according to the most recent data. Only about 4% of Kansas families earned more than \$200,000, meaning a majority of Kansans will not be affected by this tax increase.

2010 Federal Poverty Levels (FPL)

FAMILY SIZE	100%	133%	200%	300%	400%
1	10,830.00	14,403.90	21,660.00	32,490.00	43,320.00
2	14,570.00	19,378.10	29,140.00	43,710.00	58,280.00
3	18,310.00	24,352.00	36,620.00	54,930.00	73,240.00
4	22,050.00	29,326.50	44,100.00	66,150.00	88,200.00