

LAKE CHELAN HEALTH: COMMITTED TO CARE AMID STATE CUTS AND MEDICAID CHANGES

Chelan, WA, July 24, 2025 – Lake Chelan Community Members: A few things from Lake Chelan Health regarding state spending cuts, additional state taxes, and the One Big Beautiful Bill Act (OBBBA):



- Lake Chelan Health is committed to serving our community and providing local access to health care long into the future.
- It's true that hospitals and clinics are facing a challenging financial landscape with cuts to Medicaid at the federal level and additional cuts and new taxes at the state level. This is on top of hospitals in Washington State collectively being in a state of financial losses over the last several years.
- We are currently evaluating the impact these cuts will have on our organization. Some of them will be felt in the next year; however, the biggest cuts do not appear to take effect until the beginning of 2027, and they increase every year thereafter.
- In light of these legislative changes, we are thoughtfully considering the possibility of making adjustments to some of the services our hospital district offers. Please know we will keep the community up to date should we need to make any changes to service lines. At this point, however, we do not have any immediate plans to close any services at Lake Chelan Health. Our goal is to try to offer new services that are both meaningful to the community and profitable to be able to absorb some of these cuts. We are making significant progress to that end. In fact, this fall we are adding a new pediatrician, a new orthopedic surgeon & orthopedic physician assistant, adding ear nose and throat services, and adding new offerings from our general surgeon (with more services to come). Most of these new services will be offered from our new specialty clinic, which is across the street from the new hospital and is expected to open on August 4th. Our new pediatrician, Dr. Emily Reynolds, will be practicing out of our downtown Chelan clinic alongside our primary care and express care teams. Over the past three years, we have made significant improvements financially and believe we are positioning ourselves well to maintain services and be a meaningful place for our teammates to work and serve their community.

- We do know that community members who are enrolled in Apple Health or Medicaid for their health insurance will have significant new requirements to maintain that coverage, most of which take effect in early 2027. As details become available, we will plan ways to help our Medicaid patients remain eligible and enrolled as much as possible. As community members lose coverage, we will likely see a large increase in uncompensated care (charity care), which has already increased substantially over the past few years. We do not, will not, and cannot, turn those without the ability to pay away, and as we receive no reimbursement, we do incur additional expenses related to these visits and care.
- Apple Health/Medicaid is an important part of keeping our community healthy and funding our hospital. Every one percent cut in Medicaid takes roughly \$84K away from our facility annually. Governor Ferguson has already signed into law cuts to the Medicaid program amounting to at least 1%.
- For Lake Chelan Health, beginning in 2028, we expect our first cuts to our direct provider payments (DPP), and they will continue to reduce year after year until 2035, when they will sink to just 10% of our current payment. If there are substantial decreases in Medicaid enrollment in the patients we serve, the payment is cut further. We receive a little over a million dollars a year from these payments, in addition to cuts to hospital payments from the state. These cuts are large enough that they will have an impact on all people seeking health care services in Washington State. For some, it may mean longer wait times, for others it may mean the loss of some local services requiring additional travel. For some, it could mean the loss of insurance coverage or much more expensive insurance coverage. For patients in rural hospitals like ours, who often need to transfer to a higher level of care, it could mean extended waits.

The implications from new state taxes and cuts and the impacts OBBBA will take time to figure out. Once we understand the full impact of both the state and federal budget cuts and new taxes on hospitals, we will work with the hospital board and citizens to determine the best path forward for our community. If you would like to stay up to date on this and other topics you can attend our monthly board meetings on the 4th Tuesday of each month (either virtually or in person), you can listen to KOZI Radio Community Connections on Friday's following the board meeting for a brief recap (approximately 8:10am). Additionally, we will periodically send out updates on social media and our website and may host a special forum as details become clearer.

We appreciate your support and look forward to serving you long into the future.

Respectfully,

Aaron Edwards, MHPA, RHCEOC
CEO, Lake Chelan Health

