

Kentucky Trustee

For Kentucky Hospital Governing Board Members

Summer 2025

BOARDROOM BASICS

Trust in Health Care is Changing, and Hospitals Must Adapt

Trust is declining in providers, hospitals and the health system as a whole. Hospitals have an opportunity to shift how they interact with patients, families and the broader community to continue to earn public trust and confidence.

Trust in the U.S. health care system has fallen dramatically in recent years. While trust in physicians and hospitals measured over 70 percent in 2020, it has since declined to only 40 percent in 2024.¹

Experts attribute part of the shift to the politicalization of health policies and challenges during the COVID-19 pandemic. But the decline is bigger than what occurred during the pandemic. According to Gallup trend data that began in 2001, views of the U.S. health care system are the lowest they have ever been.²

In 2024, only 44 percent of U.S. adults reported that the quality of health care in the U.S. was either excellent or good, a score that ranged from 52-62 percent between 2001 and 2020.² The majority of Americans also agree that the health care system either has major problems or is in a state of crisis.²

Americans Trust Caregivers, But Not the System

Lack of trust is a concern with the health system in general, but not providers specifically. The top areas where consumers lack trust are

insurance companies, followed by pharmaceutical firms and the government.³

Views of the U.S. health care system are the lowest they have ever been.²

Patients report that “bedside caregivers” are seen as the most credible source, including doctors, nurses and other frontline staff.³

However, trust in individual health care providers is not easy to maintain. One study found that over one-third of patients say they won’t trust or will stop seeing a provider if their political views don’t align. This fragility is even higher among 18-34 year olds.⁵

Sources of Expertise are Changing

The 2025 Edelman Trust Barometer reported that people are increasingly listening to non-traditional sources for health care advice and information. Often, the “non-credentialed expert” holds sway because they have life experience, trust or are powerful communicators.

Like other studies, the Edelman report found that the most trusted source of information is “my doctor” (82%). But a shift is taking place. More than seventy percent of those surveyed report that friends and family are a trusted source of information. An increasing amount of health care information and advice comes from someone with lived health care experience, community leaders, creators and peers. These non-



PRESIDENT'S NOTEBOOK

It's been a busy summer here at the Kentucky Hospital Association (KHA) with our ongoing efforts to protect the future of health care in our state and beyond. As you may know, KHA took a strong public stance against the Senate version of H.R. 1, also known as the Big Beautiful Bill, due to the serious threats it poses to hospitals, patients, and communities across Kentucky through cuts to Medicaid and the drastic cuts to state-directed payments like the Hospital Rate Improvement Program (HRIP).



Nancy Galvagni
President and CEO

The KHA team worked closely with Congressman Brett Guthrie to create an acceptable version of the legislation while it was in the U.S. House. KHA publicly endorsed the House version and actively lobbied against the Senate changes that will wipe out HRIP; however, the Senate version passed in both chambers and was ultimately signed by President Donald Trump.

KHA has now met with members of the Kentucky General Assembly to educate them on the impact the legislation will have on the state.

Our advocacy has not gone unnoticed. KHA has been featured in multiple state and national media outlets, including the *Wall Street Journal*, NPR, the *National Journal*, KET, Reuters, and the *Washington Post* for our leadership in this fight. From press interviews and op-eds to TV appearances and legislative testimony, KHA's message has been clear and consistent: Kentucky hospitals must have the tools and support they need to care for every patient, every time.

We are deeply grateful for the support of hospital leaders like you, and we ask that you continue to stand with us to protect health care against these disastrous Medicaid cuts. Together, we can work to ensure that Kentucky hospitals remain strong, accessible, and ready to meet the needs of every Kentuckian.

If you ever need help on any issues impacting your hospital or system, please feel free to reach out to me or the rest of the KHA staff. We are here to serve you!

Sincerely,

Nancy Galvagni
President and CEO
Kentucky Hospital Association

Governance Notebook

Mark Your Calendars: Upcoming KHA Events

KHA Health Policy Conference –
October 16, 2025
Lexington, KY

Fall Health Care Workforce Summit –
November 2025
Louisville, KY

KHA 97th Annual Convention – May 2026
Louisville, KY

Do you have ideas for future issues of the *Kentucky Trustee*?

Our goal is to provide you with the information and knowledge you need to lead your hospitals forward in today's rapidly changing environment. Tell us what you think, and what you would like to see in future issues of the *Kentucky Trustee*.

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credentialed experts provide anecdotal information, relatable stories, and easy to understand real-world experience.

The Edelman Health report explains the shift in culture: “The message is clear: people want more than technical or textbook answers. They want to be seen, understood and spoken to in plain language. Credentials remain critical, but they must now be accompanied by communication that builds emotional trust.”⁵

Trust Impacts Health Outcomes

Studies continue to demonstrate the importance of patient and family trust, including associations with stronger adherence to treatment plans, improved health outcomes and referrals to family members and friends.

Conversely, a lack of trust can have significant consequences. In one study, more than one-third of participants reported skipping or avoiding care because they did not like the way the health care provider or staff treated them. In the same study, eight in ten participants said they would not return to the same provider if they had an experience where they lost trust.⁶

The impact of trust was highlighted during the COVID-19 pandemic, where confusion, mistrust and conspiracy theories impacted vaccine

hesitancy and lack of compliance with public health recommendations.

Connecting with Patients and Families

The board sets the tone for what the hospital or health system values, cultural expectations for how providers and staff interact with patients, and how the organization communicates with patients and the community as a whole.

Valuing Patients as Individuals. Patients want to feel seen and heard, which requires providers taking the time to understand each unique patient’s

needs. It may also require additional training to help providers better engage with patients and overcome unconscious bias.

Culturally Competent Care. Different population groups lose trust in the health care system for different reasons. African Americans report losing trust because of behaviors by medical professionals. Hispanics report government influence as the biggest factor in trust, while Whites are most likely to lose trust because of the influence of insurance companies.³

Providers and staff require ongoing training in cultural awareness to deliver more personalized care. They also need access to resources to provide culturally relevant care, such as

“People want more than technical or textbook answers. They want to be seen, understood and spoken to in plain language. Credentials remain critical, but they must now be accompanied by communication that builds emotional trust.”

— 2025 Edelman Trust Barometer.

Trust and Health is Changing

The most distrusted

sources of health are the government and the media.

86% of those surveyed trust doctors as influential voices.

67% say personal experience with a health issue or past beneficial advice is an important qualifier of a legitimate health expert.

Young people are 2x

more likely than those over 55 to believe the average person who has done research is just as knowledgeable as a doctor.

58% of young people (ages 18-35) have regretted a health decision made based on misinformation.

36% of patients won’t trust or will drop a provider over political differences.

Two thirds

of young people (ages 18-35) consume health media from its original source in major news outlets or on social media—and they are most likely to post health related news, personal stories and opinions online.

Source: 2025 Edelman Trust Barometer. www.edelman.com/trust/2025/trust-barometer/special-report-health.



translation services and graphical posters in patient rooms.

Providers that connect with patients personally are more likely to build trust and improve patient outcomes. In one study, two-thirds of Black or African Americans reported it is important to see a health care provider “who looks like you, talks like you, is from your community, or has shared life experiences.”⁶

Information that is Easy to Understand and Relatable. Patients and

families want information that is easy to access and easy to understand. This applies to all communication, including discharge instructions, patient action plans, community health information and sharing the hospital’s story.

Strategies may include:

- Pictures, graphics and verbiage that portrays empathy;
- Story telling; and
- Personal examples.

Information should still be scientifically-based, but focus on the human connection.⁵

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Measuring Public Trust.

Measuring public trust is an important component of tracking progress and determining what’s necessary to improve trust locally. HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) are already measured and should be reviewed regularly, but there is more to patient trust and

the patient experience than what is measured in the HCAHPS scores. Some hospitals use additional measures, including online reviews, social media comments, patient forums, patient complaints, patient referrals, patient surveys and focus groups.

Telling Your Hospital Story. Hospitals and health systems have positive stories waiting to be shared. Telling the hospital’s story through

multiple avenues is an opportunity to make health care personal and relatable. The American Hospital Association’s resources for Telling the Hospital Story are a great place to start.

Questions for Boards

- What is the state of trust in our hospital or health system? How do we know?
- How does our community hear about our hospital or health system? What do they hear?
- What actions are we taking to make sure health information communicated is understandable, relatable and personal?
- How are we reaching community members relying on “non-credentialed experts” for medical information and advice?
- Do we invest in training to help providers and staff better engage with patients and the community?
- Do we have a social media presence? What opportunities do we have to leverage social media to build trust and share our story?
- Do we have a clear communication message about how our organization is advancing the health of the community?

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GOVERNANCE INSIGHTS

What Boards Need to Know About the One Big Beautiful Bill Act

The new legislation makes significant changes to how health care is funded, and boards must start preparing now.

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (OBBBA). Despite significant push-back and delays, the final legislation passed by a narrow margin to result in historic cuts to federal health spending in the United States.

The legislation extended tax cuts and increased spending on border security, defense and energy. To offset some of the expenses, the legislation included significant changes to Medicaid and the Health Insurance Marketplace (Marketplace) established through the Affordable Care Act (ACA).

The Number of Uninsured will Increase

The Congressional Budget Office (CBO) estimates that 10 million people will lose insurance coverage by 2034. The loss of coverage falls into two primary areas: 1) changes in Medicaid coverage and funding, and 2) changes to Marketplace enrollments.

Currently, 71 million individuals are enrolled in Medicaid and another 24 million individuals are enrolled in the Health Insurance Marketplaces.²

All hospitals and health systems will face cuts, but the impact is expected to be particularly difficult for rural hospitals. Medicaid and the Insurance Marketplaces disproportionately cover more rural populations than other

The CBO estimates that 10 million people will lose insurance coverage by 2034.

insurance programs, and rural hospitals are already struggling. Nearly half of all rural hospitals operate at a loss.^{2,3} The OBBBA is projected to eliminate Medicaid coverage for 1.8 million individuals in rural communities by 2034. In addition, changes in Medicaid funding are expected to result in a \$50 billion reduction in federal Medicaid spending on rural hospitals over the next ten years.³

Changes to Medicaid

Medicaid Work Requirements.

Starting in January 2027, states that have expanded Medicaid under the ACA must require adults ages 19-64 to meet work requirements to be eligible for Medicaid. The work requirement does not apply to the 10 states that have not expanded Medicaid to non-disabled adults.¹

For the states with Medicaid expansion, individuals that qualify must re-submit verification twice a year to keep their coverage. The requirement includes at least 80 hours a month of work or other qualifying activities, such as volunteering or attending school.¹

According to the Kaiser Family Foundation, the policy is expected to have little impact on employment because most working age individuals enrolled in Medicaid are already looking for work or cannot work because of allowed reasons (including a disability, caring for a family member or attending school).¹

Experts are concerned that individuals who should qualify will face barriers that prevent them from re-submitting verification. There are also concerns about the additional costs for states to implement the work requirement.

Increased Out-of-Pocket Costs. Some adults with coverage under Medicaid will pay up to \$35 for some services, depending on their income level. Before the OBBBA, most Medicaid enrollees did not pay anything for these services.¹





No matter how often repeated, the magnitude of these reductions — and the number of individuals who will lose health coverage — cannot be simply dismissed as waste, fraud, and abuse...The real-life consequences of these reductions will negatively impact access to care for all Americans. - Rick Pollack, President and CEO, American Hospital Association



Changes to Medicaid

- Work requirements for adults ages 19-64 in Medicaid expansion states
- Twice yearly verification to maintain Medicaid coverage
- Increased out-of-pocket costs for Medicaid enrollees
- Limits to provider taxes used to subsidize state Medicaid programs
- Limits to state directed payments to subsidize Medicaid payments
- Shortened retroactive coverage timeframe for new enrollees

The increase in co-payments will not apply to primary care, mental health care or substance abuse treatment.¹

In addition, the Act allows states to increase cost sharing for emergency room visits that are deemed non-emergencies.¹ For hospitals and health systems, these changes will mean increased efforts to collect co-payments and additional charity care costs when patients cannot pay the increased amounts.

Reduction in Provider Taxes Used to Fund Medicaid. Medicaid is financed by both the federal and state governments. Currently, states use provider taxes to help fund state Medicaid expenses, including matching federal funds, expanding

coverage and paying more to providers than Medicaid would typically pay.^{1,4,5}

These state directed payments are very important, as Medicaid pays significantly less than the cost of care. The OBBBA limits the ability for states to use state directed payments, meaning hospitals in many states will receive lower payment rates for services than in the past.

The OBBBA does not prevent provider taxes, but it does put some significant limits. Under the law, existing provider taxes are frozen and new provider taxes are not allowed.⁴ That means that states cannot increase provider taxes to cover new cuts they are facing.

In addition, the law phases down taxes over five years in the 40 states that have accepted Medicaid expansion, decreasing provider taxes from 6% to 3.5% over five years.⁴

Many rural hospitals already operate on negative or thin margins and have a high percentage of Medicaid patients. One study analyzing the impact of the OBBBA predicts that over 300 rural hospitals could be at risk of reducing services or closing entirely.⁶

Limits to Retroactive Coverage. Prior to the OBBBA, Medicaid allowed up to 90 days of retroactive eligibility if a patient needed services but was not currently enrolled. Under the new law, retroactive eligibility has changed to two months for traditional Medicaid

enrollees and one month for those covered under Medicaid expansion.⁴

This shift could result in a significant change in reimbursement coverage for hospitals.

Changes to the Health Insurance Marketplace

End to Automatic Enrollment.

Currently, nearly nine in ten individuals who purchase insurance through the Marketplace (88%) are automatically re-enrolled from the previous year.²

Under the OBBBA, policyholders will need to update their information every year to re-enroll manually, including submitting proof of income and immigration status.¹ The timeframe for re-enrolling will also be shortened, giving individuals less time to submit their information before losing coverage.¹

Changes to Marketplaces

- No more automatic re-enrollment
- Individuals must manually enroll in the ACA Insurance Marketplace every year
- Marketplace premium tax credits were not extended; if they expire, premiums may increase by 75%
- Legal immigrants no longer qualify for premium subsidies

Financial Impact

- \$1.06 trillion in reduced federal funding for health care over the next ten years
- \$63 billion increase in hospital uncompensated care in the next ten years
- Impact may be worse if Marketplace tax credits expire at the end of 2025
- Rural Health Transformation Fund may help offset some rural cuts

In addition to the requirement for re-enrollment, current policy holders will also potentially face an increase in premiums. The premium tax credits for Marketplace enrollment are already scheduled to expire at the end of 2025. If not extended, the monthly premium costs for Marketplace insurance plans will increase.² The Kaiser Family Foundation estimates an average increase of 75 percent in Marketplace premiums if the subsidies expire.¹

Limits for Legal Immigrants. The OBBA changes how immigrants can qualify for any governmental coverage, including Medicaid, Medicare and the Marketplace.⁴ The law bans Marketplace subsidies for lawfully present migrants (asylum seekers, victims of trafficking and refugees), essentially making the premiums unaffordable for most immigrants. Subsidies are still allowed for green-card holders.^{1,4}

Experts predict this will shift the insurance pool, as immigrants tend to be younger than the overall U.S. population and their premiums help subsidize the cost of care for sicker, older adults.¹

Financial Impact on Hospitals

The CBO estimates that the OBBA will result in \$1.06 trillion in reduced federal funding by 2034 because of changes made to Medicaid and the Marketplaces. The biggest cuts are attributed to:⁷

- Work requirements for Medicaid expansion (\$325 billion reduction)
- Freeze in provider taxes (\$191 billion reduction)
- Reduced funding for state directed payments (\$149 billion reduction)

Reductions will be more significant for Medicaid expansion states that offer coverage for low-income adults.

The Robert Wood Johnson Foundation estimates that overall national health care spending will decline by \$797 billion over the next ten years, with hospitals experiencing the biggest decline.⁹

How each state responds will vary. States are also facing

decreased funds in other areas as a result of the OBBA, including a reduction in funds for Supplemental Nutrition Assistance Program (SNAP) benefits.

Some states may make cuts to Medicaid benefits, increase taxes, or implement cuts in other budget areas to provide more health funding. Potential Medicaid cuts could be vision or dental, further reductions in payments to providers or more restricted Medicare enrollment criteria.

Increase in Uncompensated Care.

When uninsured rates decline, uncompensated care for hospitals and health systems increases.² According to the Robert Wood Johnson Foundation, the U.S. is now expected to experience a \$204 billion increase in uncompensated care in the next 10 years, with hospitals specifically facing an increase in \$63 billion. If Congress allows the Marketplace tax credits to expire at the end of 2025, the numbers are expected to be significantly higher.⁹



This bill moves us in the wrong direction. It will make it harder to access care and make patients sicker. It will make it more likely that acute, treatable illnesses will turn into life-threatening or costly chronic conditions. That is disappointing, maddening, and unacceptable. - Bobby Mukkamala, MD, President, American Medical Association



Rural Health Transformation Fund.

In an attempt to offset the impact on rural hospitals, the OBBBA created a \$50 billion Rural Health Transformation Fund to help rural hospitals and community health centers over the next five years. The fund will begin in 2027, with \$10 billion available each year.^{1,4}

States can apply for funding by outlining their rural transformation plans and use the money in areas such as paying providers, workforce recruitment and technology.⁴

Impact on Communities

Uninsured and underinsured individuals already struggled to pay health care bills before the OBBBA was passed. According to the Kaiser Family Foundation, nearly half of uninsured individuals report difficulty affording health care costs, and 62 percent report having health care debt (although 44 percent of insured adults also report health care debt).

Uninsured individuals are less likely to access care and more likely to delay care. Conversely, when states expanded Medicaid coverage after the ACA was passed, health outcomes improved. Medicaid expansion has been linked to lower mortality rates from cancer, cardiovascular disease, liver disease and maternal mortality.¹⁰

Reductions in health resources and insurance coverage place communities

at risk as they face the potential for a decline in health outcomes and ultimately quality of life.

Questions for Boards: Now is the Time to Prepare

The financial impacts of the OBBBA

won't be felt

immediately, giving boards a little time to adjust course. The legislation is so significant that boards should consider a retreat or dedicated time to discuss the impacts and update the organization's strategic thinking.

Below are some

questions for boards to consider:

- How will the OBBBA impact our organization specifically? What are the biggest impacts the board should focus on?
- How will increased financial cuts and a higher uninsured rate impact

key components of hospital operations, including quality of care, the workforce and public trust and confidence?

- What changes need to be made at the organization to make health care in our community sustainable?
- What opportunities are there for the organization's leadership and the board to advocate for next steps at the local, state and national level?
- How will we communicate with the community about the coming changes? What are the key talking points?
- Will our organization implement strategies to help Medicaid enrollees submit work verification requirements and/or help community members re-enroll in the Insurance Marketplaces?
- What other community organizations should we partner with to help minimize the impact of the OBBBA on patients and families?

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