

MINUTES OF THE HOUSE COMMITTEE ON HEALTH AND HUMAN SERVICES.

The meeting was called to order by Chairperson Carlos Mayans, at 1:30 p.m. on March 10, 1998 in Room 423-S-of the State Capitol.

All members were present except: Representative Jerry Henry - excused  
Representative Tony Powell - excused  
Representative Clark Shultz - excused

Committee staff present: Robin Kempf, Legislative Research Department  
Norman Furse, Revisor of Statutes  
Lois Hedrick, Committee Secretary

Conferees appearing before the committee:  
John Kiefhaver, Kansas Health Care Association  
Brad Fischer, Administrator, McCrite Plaza, Topeka  
Monte Coffman, Executive Director, Windsor Place, Coffeyville  
Debra Zehr, Vice President, Kansas Association of Homes and Services for the Aging

Others attending: See Guest List ([Attachment 1](#))

Chairperson Mayans noted that the meeting scheduled for March 9, 1998 was cancelled due to the weather and the agenda will be re-scheduled.

The minutes of the committee meeting held on March 5, 1998 were distributed for review and, by policy, will be approved as read if no changes are reported to the Chairperson by 5:00 p.m., March 10.

Chairperson Mayans opened the hearing on **HB 2969** (quality enhancement wage pass-through program for nursing facilities), stating that the bill is a result of discussions with representatives of the nursing home industry regarding improvements in the care of care home residents. The representatives agreed that staffing equates to the quality of care. **HB 2969** is an attempt to remedy the situation by providing additional funding for wage or benefits increases to direct care staff which should improve the retention rate and prompt training of direct and support staff personnel who, in turn, would provide better care.

John Kiefhaber, Kansas Health Care Association, testified in support of the bill, and directed attention to the issue paper the Association prepared on the proposal (see [Attachment 2](#)). Representative Geringer asked why the facilities did not simply increase the wage scales. Mr. Kiefhaber answered that care facilities are capitalized in various ways--non-profits and some for-profits are not able to put money up front of time for salaries because of the Medicaid reimbursement system. He noted that in Kansas, 57% for-profit facilities and 44% of non-profit facilities have Medicaid residents.

Brad Fischer, of McCrite Plaza, testifying in support of **HB 2969**, explained the benefits that could be expected by passage of the bill (see [Attachment 3](#)).

Mr. Kiefhaber noted that it is estimated the cost will be \$5.7 million of which \$2.4 million of the state's General Fund would be required for funding this bill. Chairperson Mayans asked how the impact of this bill can be measured concerning quality of care. Mr. Fischer responded that this bill does not address that issue; but believes presently it is accomplished by survey.

Monte Coffman, Executive Director of Windsor Place in Coffeyville, supported passage of **HB 2969** by describing the 1997 annual turnover rates for certain job classifications in Kansas nursing facilities and compared them to the higher experience of Windsor Place. He noted that he believes they are due to the differences in the rates of pay. (See testimony, [Attachment 4](#).)

Debra Zehr, Kansas Association of Homes and Services for the Aging, in supporting **HB 2969**, stated the association believes the legislation will assist in stabilizing the workforce in Kansas nursing facilities. (See [Attachment 5](#).)

Representative Cook questioned if the small increases to each care worker that is allowed by this bill would be meaningful. Ms. Zehr answered that in some areas of the state, it would be extremely helpful in retaining staff as it would be an important variable. As an example, in Hesston a \$1 raise to a care nurse assistant would be a 12% increase. The personnel problem is being experienced in every state.

Representative Showalter asked if a facility takes advantage of this bill, would it later become ineligible for it.

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Mr. Coffman indicated that it would. Mr. Kiefhaber stated the belief is that about 35% of the facilities will participate in this funding the first year after the bill becomes effective.

Chairperson Mayans noted that a few amendments are under consideration, and asked if certain personnel classifications were eliminated would that impact Medicaid payments. Mr. Kiefhaber answered that by invoking the Medicaid reimbursement formula for costs to operate a facility the amendments would not affect the formula. He noted, too, that probably after three years of the bill's passage, the need for the bill would cease.

After consideration, the committee decided to withhold action on the bill until next week.

Chairperson Mayans announced that the next meeting of the committee is scheduled for tomorrow to hear **SB 198** (prescription requirements) and **SB 485** (Schedule IV controlled substances), and possibly take action on bills previously heard.

The meeting was adjourned at 3:10 p.m.

The next meeting is scheduled for March 11, 1998.

HOUSE COMMITTEE ON  
HEALTH AND HUMAN SERVICES COMMITTEE  
GUEST LIST  
MARCH 10, 1998

NAME	REPRESENTING
Erik Sartorius	Pete McGill Assoc.
Monte Egan	K.H.C.A.
Calvin Giffman	—
Bruce Smith	KHCA
John Kieferhofer	Ks. Health Care Assn.
DTZehn	KHSA
Nelson Martin	SRS - MH & DD
Bill McDaniel	Kansas Dept on Aging
J. B.	KHCA
Rich Getthrie	Health Midwest



# Issue

February 1998

## KANSAS HEALTH CARE ASSOCIATION PROPOSED

### Quality Enhancement/Wage Pass-through

Most Kansas nursing facilities operate under a continually growing pressure to provide more and better quality nursing services at a time when skilled nursing and nurse aide personnel are more and more difficult to find and retain. While this problem is not new in Kansas or anywhere in the nation, greater pressures for federal and state regulatory compliance -- as well as greater competition from alternative home and community-based services and home health care providers have raised the staffing problem to crisis proportions in some communities. Because staff turnover has been identified as the most critical impediment to continually increasing quality of care, and because of continued concern in the public and the Kansas Legislature about the quality of care in Kansas nursing facilities, the Kansas Health Care Association is proposing a Quality Enhancement/Wage Pass-through program for direct care staff and other support staff working in Kansas Medicaid certified nursing facilities.

The Quality Enhancement/Wage Pass-through proposal for Kansas nursing facilities is designed to do the following:

- \* promote increased investment in training for direct care staff and other support staff;
- \* create a joint industry/state government investment in wage and/or benefit increases for direct care staff and other support staff, or to hire additional direct care staff and other support staff, of up to \$4.00 per day;
- \* provide for savings to the Medicaid program through a reduction in the use of expensive temporary agency nursing staff and a reduction of the use of Medicaid instead of private health care insurance by single mothers working in nursing facilities; and
- \* improve the quality of care and the quality of life for Kansas' 24,000 nursing facility residents by reducing direct care staff turnover and attracting and retaining quality health care staff.

The Quality Enhancement/Wage Pass-through proposal has been received favorably in concept by the Kansas Association of Homes and Services for the Aging, Kansas Advocates for Better Care, the Kansas Long Term Care Ombudsman, and legislative leaders.

HOUSE HHS COMMITTEE  
Attachment 2-1  
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## Kansas Health Care Association

221 S.W. 33rd Street, Topeka, KS 66611 913-267-6003

Ask Us... About Our Care

Providing Quality Care in Nursing Facilities

Labor costs currently comprise between 60 and 70 percent of all costs associated with the day-to-day operations of a nursing facility in Kansas. A professional labor force is therefore the key component in the delivery of quality nursing services to the 24,000 elderly Kansans residing in nursing facilities. Quality of care in Kansas nursing facilities requires highly trained and skilled staff who are continuously monitoring and providing continuity of care within the facility. As the quality of care demanded by consumers and the public increases so must the skill level of the persons providing these services. With this in mind, facilities will need to invest in and focus on new management techniques, best practices, and quality indicators.

However, it would be impossible for most facilities to increase resources adequately enough to have an impact on the quality of care in Kansas because of a lack of capital and cash flow. This is essentially due to the design of the Medicaid payment system, which provides over 50 percent of facilities' revenues. The Medicaid payment system also creates significant cash flow problems for facilities and prevents the accumulation of reinvestment capital. Therefore, for a facility to increase its investment in quality care at the beginning of a cost reporting period, it would need to be reimbursed for the Medicaid portion at the time of the investment.

The new proposed Quality Enhancement/Wage Pass-through program will allow nursing facilities electing to participate in a pass-through payment option, of up to \$4.00 per day, designed to increase salaries and/or benefits only for those employees providing direct care and support services to elderly Kansans. The categories of individuals that could receive the pass-through would be limited to the following.

Direct Care Staff

- Nurse Aide, Medication Aide, or Restorative/Rehab Aide
- Licensed Mental Health Technician
- Plant Operating/Maintenance
- Dietary-Non Supervisory
- Laundry
- Housekeeping
- Activity Director

A pass-through payment system is designed to reimburse facilities in the current period for costs at the time of the expense. In most pass-through systems payments are received up front. Once the period has ended an audit process is used to determine the amount of the expense. The Quality Enhancement/Wage Pass-through program would provide facilities and their management with the means to provide quality care and compete in a tight labor market for qualified, skilled individuals and to retain these employees for a longer period of time. This could not contribute to an increased bottom-line for facility or for higher wages to management or higher supervisory salaries.

A 1991 study reported in Nursing Management estimates that the cost of staff turnover for nurse aides is over \$2,200 per nurse aide for advertising, agency service, and applicant expenses alone. This does not include any additional costs for training. Therefore, staff turnover in Kansas could be costing the Medicaid program as much as \$11.9 million for the over 10,000 nurse aides at turnover rates shown below.

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Kansas Health Care Association  
 Analysis of Selected Staffing and Employee Turnover Rates  
 Kansas Nursing Facilities

	1993	1994	1995	1996
Nurse Aides	113.0%	115.0%	117.2%	118.3%
Dietary	91.4%	102.5%	99.4%	95.8%
Plant				
Operating	46.3%	61.0%	54.9%	51.9%
Laundry	72.0%	70.2%	79.5%	81.9%
Housekeeping	85.0%	83.8%	87.4%	82.3%
All Employees	82.2%	85.9%	87.4%	88.2%

Source: State audited cost reports (MS 2004)

If an upfront investment by the nursing home industry and the state is applied to higher wages or additional staff, quality of care improvements can be expected to carry through into future years.

The Quality Enhancement/Wage Pass-through program will prospectively reimburse participating nursing facilities for up to \$4.00 per Medicaid day for a period of one to three years due to Medicaid rate setting time frames and facility budget cycles. The enhancement moneys would be paid to facilities outside of cost center limits or occupancy penalties as a pass-through labor cost reimbursement. As the pass-through costs are included in the cost report base the amount of the Quality Enhancement/Wage Pass-through payment would decline.

Some facilities may not elect to participate since staff turnover rates in some facilities may already be under control. Some facilities may also have higher than average wages in their community, which would already be built into their Medicaid cost structure. KHCA estimates that 35 percent of the facilities will benefit from the Quality Enhancement/Wage Pass-through program in the first year, resulting in an increased Medicaid expenditure of \$5.7 million all funds (\$2.4 million State General Funds). If all facilities were to eventually volunteer for the program total fiscal impact could be a maximum of \$16.3 million all funds (6.9 million SGF).

One important feature of the new Quality Enhancement/Wage Pass-through program will be a Quarterly Wage Audit. The Quarterly Wage Audits will require facilities to submit cost information within 45 days of the end of each quarter quantifying the wage pass-through payment was utilized according to policy set out in this proposal. The Quarterly Wage Audit process will be used to assure that the Quality Enhancement/Wage Pass-through payment is used to increase salaries and benefits to current direct care staff and other support staff or to hire additional staff that fall into the outlined categories. The audit process will assure that no portion of the Quality Enhancement/Wage Pass-through is allowed to increase management wages or facility profits. Failure to file Quarterly Enhancement Audit reports would result in recoupment of 100% of the Quality Enhancement/Wage Pass-through payments.

Kansas Health Care Association  
 Top 10 Cited Deficiencies for July 1, 1995 through June 30, 1997

Top Ten Deficiencies Cited By KDHE (7/95 - 6/97)	Percentage of Facilities Cited	F-Tag Description
F253	38.8%	Housekeeping and Maintenance Services
- F279	36.7%	Comprehensive Care Plans
- F272	34.6%	Comprehensive Assessments
F371	32.2%	Store, Prepare, Distribute and Serve Food
F323	30.6%	Residents Environment is Free of Accidents and Hazards
F314	30.0%	Pressure Sores
F309	25.8%	Each Resident Must Attain & Maintain Highest Practicable Physical, Mental and Psychosocial Well Being
F465	25.4%	Safe, Functional, Sanitary, and Comfortable Environment for Residents, Staff and Public
F316	24.2%	Incontinence Treatment and Services to Prevent UTI and to Restore Normal Functions
F324	21.0%	Adequate Supervision and Assistance Devices to Prevent Accidents

- Not incl in NB 2969.

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Thank you Chairman Mayans and committee members for the opportunity to speak in support of House Bill 2969. My name is Brad Fischer and I am the Administrator of McCrite Plaza Health Center in Topeka, Kansas. We are part of a continual care retirement community that employs 125 people.

A year or so ago the chairman of this committee, rightly so I believe, challenged the nursing home industry to come up with solutions to the problems of our industry. He said if we didn't, he would. I'm happy to say that with the passing of this bill we will be taking a step toward fixing a lot of problems.

A lot of the "problems" in facilities can be traced back to one root cause, staffing. There are two general reasons why facilities have staffing problems. Number one would be the inability to hire good people, and two would be retaining those people. This bill can help with both areas.

If the average facility with an average medicaid population mix enrolls in the program for the full \$4.00 per day, it would be the equivalent to about a dollar an hour increase. That dolloar an hour could be used by the facility to increase starting pay, increase the employers share of benefits paid,(ie medical ins.) or by increasing the number of staff on a particular shift. Retaining our quality staff will provide more consistent, quality care, make the need of high cost agency help less likely, and reduce the cost of retraining to the facility. The beauty of this program is that facilities can participate to the extent they desire. They can spend the money to adust salaries, staff, or benefits, in a way that best suits their situation.

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The job classifications in the bill, in my opinion, are appropriate. The attached table indicates the top ten deficiencies cited in Kansas in the last 24 months. Of those ten, seven(253,371,323,314,309,465,316) can be directly affected by people in those job classifications. Even though we all realize that a survey doesn't always paint the most accurate picture of which facilities are providing quality care, This is the measure by which most people judge a facility. These employees play a vital role in the overall quality of life a facility provides a person in our care.

The checks and balances are also in place in this bill to assure you that the money would go to the staff mentioned in this bill. The quarterly audits can be done in a way that you can see where facilities are spending this money. There would be punitive action against those facilities that didn't return the audit.

In summary, this bill would provide facilities a tool to help the hire and retain quality people. This bill requires a capital commitment from facility ownership. The facilities that benefit the most from these funds would be the facilities with the highest medicaid population. This bill allows facilities the flexibility in managing their business. The bill makes the facilities accountable for how the money is spent. The residents of our facilities are ultimately the beneficiaries of a more consistent high quality of life.

I would be happy to respond to any questions you may have.

# HEALTH MANAGEMENT OF KANSAS, INC.

## Windsor Place

Offices: 2921 W. First Coffeyville, KS 67337 316-251-5190

March 10, 1998

RE: Testimony on House Bill No. 2969

Dear Chairman Mayans & Committee Members:

I thank you for the opportunity to speak in support of House Bill No. 2969.

My name is Monte Coffman. I am the Executive Director of Windsor Place in Coffeyville, Kansas. Windsor Place is an aging services organization of 6 independent living cottages, an 18 unit assisted living facility and a 175 bed nursing facility. We employ 170 employees on our campus. Windsor Place also operates a licensed home care division serving over 700 clients in southeast Kansas through the Department of Aging In Home and Community Based Service (HCBS) program. Windsor Place is probably the largest HCBS contractor in Kansas, serving approximately 11% of the agency's recipients. Windsor Place also offers a variety of community based outreach programs including weekend Meals on Wheels (ours is the only nursing facility in Kansas which prepares and delivers weekend Meals on Wheels), a community non-emergency medical transportation program, etc. I believe because of the size and diversity of our operation I am qualified to speak on House Bill No. 2969.

Consensus management and leadership thought for the last forty years has concluded there are certain factors which provide for job satisfaction and there are certain factors which provide for job dissatisfaction. Those factors which provide for job satisfaction include meaningful and challenging work, recognition for accomplishment, a personal feeling of achievement, increased responsibility, and opportunities for advancement to name a few. Factors which can create dissatisfaction include pay, job security, working conditions, fringe benefits, company policies and interpersonal relationships.

A person is more likely to stay in a job if job satisfiers are present and the dissatisfiers are minimized. That is to say, a person will stay in a job with lower pay as long as they find the work environment and the work pleasing and satisfying. However, the opposite can be true. If those things which provide job satisfaction are neutral or missing, then the presence of strong job dissatisfiers will make an employee leave their job, resulting in employee turnover.

I acknowledge the point that leadership and supervision in Kansas nursing facilities could be stronger. Better leadership could provide for improved job satisfaction, thereby favorably impacting employee turnover.

However, the low rate of pay in most nursing facilities coupled with a non-supportive work environment, is causing our employees to leave the industry.

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Recognizing that all life is precious, we will diligently serve  
the needs of each who enter here in a dignified manner.

Included in the chart below, you see the annual turnover rate for job classifications in Kansas nursing facilities. I have also provided a reasonable projection of the 1997 turnover rate.

Kansas Nursing Facilities

	1993	1994	1995	1996	1997 est
Nurses Aides	113.00%	115.00%	117.20%	118.30%	119.50%
Dietary	91.40%	102.50%	99.40%	95.80%	97.20%
Plant Operating	46.30%	61.00%	54.90%	51.90%	50.00%
Laundry	72.00%	70.20%	79.50%	81.90%	83.50%
Housekeeping	85.00%	83.80%	87.40%	82.30%	85.00%
All Employees	82.20%	85.90%	87.40%	88.20%	90.00%

Source: State audited cost reports (MS 2004)

As you can clearly see, employee retention and turnover rates are a growing concern. In any organization, higher turnover rates can only mean lower levels of productivity. If we want to improve the quality of service in nursing facilities, we must lower employee turnover rates. We must begin retaining employees.

Allow me to share our experience. In our nursing facility, we have experienced a decrease in our overall turnover rates from a 1995 level of 95% to a 1997 level of 67%. We have been able to lower our turnover rates because of an internal leadership development program which began in 1995. It continues on today as a regular part of our organizational culture. Leadership has done a better job of providing job satisfiers and minimizing job dissatisfiers. During the last 6 months, the overall annualized turnover rate of our nursing facility has been 51%.

We have approximately 200 employees in our home care program. However, the turnover rate for our home care program in 1997 was 35%. The annualized home care employee turnover rate for the last 6 months has been only 18%.

I am convinced the difference in the turnover rates of our two employee groups is largely the rate of pay. The average rate of pay for a CNA on the nursing facility campus is \$6.01 per hour. The average rate of pay for a home care CNA is \$7.10 per hour. This is due to the differing reimbursement rates of the nursing facility and HCBS programs.

I endorse the concepts and provisions of House Bill No. 2969, with the money being directed solely at the lower-level paying jobs. This will impact the increasing turnover rates in Kansas. Probable benefits of the passage of House Bill No. 2969 will be increased quality of nursing facility care and in time a favorable impact on the general SRS Medicaid budget with more persons being gainfully employed and less people on assistance.

I ask for your favorable consideration and subsequent passage of this bill.

In closing I would like to thank Chairman Mayans and the committee for the opportunity to speak.



KANSAS ASSOCIATION OF  
HOMES AND SERVICES FOR THE AGING

TESTIMONY IN SUPPORT OF HOUSE BILL 2969

To: Representative Carlos Mayans, Chair, and Members,  
House Health and Human Services Committee  
From: Debra Harmon Zehr, RN, MA, Vice President, Policy/Education  
Re: House Bill 2969  
Date: Tuesday, March 10, 1998

Thank you, Chairman Mayans, and Members of the Committee, for this opportunity to testify in support of House Bill 2969. The Kansas Association of Homes and Services for the Aging represents more than 150 not-for-profit long-term health care, housing, and community service providers throughout the state.

We believe that the wage pass-through program as outlined in House Bill 2969 will assist in stabilizing the frontline workforce in Kansas nursing facilities, which will, in turn, enhance the quality of care for the frailest elderly of our state.

Adequate and consistent staffing is at the crux of providing high quality care to Kansas nursing facility residents. KAHSA members struggle daily with staffing shortages and high turnover. Right now, Catholic Care Center in Wichita has twenty vacancies in their nursing department. Last month The Cedars in McPherson spent \$30,000 for temporary agency help to fill the gaps created by their staffing shortage. Villa St. Joseph and our other Kansas City members report that they are in the midst of their worst staffing crisis ever. Parkside Homes in Hillsboro is fearful of a major exodus of frontline staff with the opening of a new factory in their town. According to SRS reports, annual turnover rates among nursing home aides in some Kansas counties is as high as 200%. A facility with less than 50% turnover is envied by its peers.

The problem of turnover appears to cut across rural/urban and ownership lines, negatively impacting the quality of care for nursing home residents throughout the state. According to the Kansas Department of Human Resource *Kansas Occupational Outlook 2005*, there were 17, 830 nurse aides employed in 1993. It is projected that there will be need for 23,290 nurse aides by 2005. This represents an expected growth of 30.6%. We have a major concern that problems with recruitment and retention will be exacerbated in the coming decade, severely compromising our ability to care our frailest citizens.

Our members are working to increase recruitment and retention of frontline staff. Many have made changes in job structure, created career laddering opportunities, formally involve CNAs in resident care planning, get frontline staff input into quality improvement initiatives, offer enhanced orientation/mentoring programs, and have increased supervisory training. KAHSA, in conjunction with Wichita State University, is currently engaged in a study to determine turnover contributors and possible interventions. We offer workshops which focus on increasing employee recruitment and retention.

We believe that House Bill 2969 offers an excellent tool to supplement these efforts to improve quality of care through increased staff recruitment and retention.

We ask for your support of House Bill 2969.

HOUSE HHS COMMITTEE  
Attachment 5  
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