

February 13, 2013

The Honorable Brian Weber, Chairperson  
House Committee on Social Services Budget  
Statehouse, Room 481-W  
Topeka, Kansas 66612

Dear Representative Weber:

**SUBJECT:** Fiscal Note for HB 2160 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2160 is respectfully submitted to your committee.

Current law provides that the nursing facility provider assessment rate will be reduced to 60.0 percent of the current rate effective July 1, 2013, and the entire assessment will expire on July 1, 2014. HB 2160 would eliminate the sunset provision and would extend the assessment through July 1, 2016. In addition, HB 2160 would change all agency references contained in the nursing facility provider assessment statute from the "Kansas Department on Aging" to the "Department for Aging and Disability Services." Finally, the bill would require that the Quality Care Panel report to the Legislature in general, rather than to the Health Policy Oversight Committee, as prescribed in the current statute.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	\$7,500,000	\$16,700,000
Expenditure	--	--	\$7,500,000	\$16,700,000
FTE Pos.	--	--	--	--

The Kansas Department for Aging and Disability Services states that passage of HB 2160 would restore \$7.5 million in assessment revenue in FY 2014. This revenue is used to draw federal Medicaid funding totaling \$9.2 million and the full \$16.7 million is then used for nursing facility expenditures. The loss of this funding under current law would most likely lead to nursing facility reimbursement rate reductions of 3.7 percent.

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Page 2—HB 2160

If the assessment were allowed to expire in FY 2015 the lost revenue would total \$18.7 million. This revenue would draw down \$23.0 million in Medicaid funding for total nursing facility expenditures of \$41.7 million. Without the assessment revenue in FY 2015 nursing facility reimbursement rates would have to be reduced by 9.3 percent.

Any fiscal effect associated with HB 2160 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Dave Halferty, Aging & Disability Services  
Aaron Dunkel, KDHE