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March 23, 2016

To: House Committee on Appropriations

From: Amy Deckard, Assistant Director for Information Management

Re: SB 457 Quality Care Assessment

SB 457 would increase the maximum annual amount of the quality care assessment and extend its sunset date and also would update and make changes to the membership of and reporting requirements on the Quality Care Improvement Panel.

The bill would increase the maximum annual amount of the quality care assessment from the current $1,950 to $4,908 per licensed bed. The bill also would extend the expiration date of the assessment by four years, from July 1, 2016, to July 1, 2020. The bill would require the implementation of the statutory three year rolling average to determine nursing facilities' reimbursement rates, notwithstanding the provisions of the 2015 appropriations bill for FY 2017.

In addition, the bill would update reference to the Kansas Homes and Services for the Aging to the entity's new name, LeadingAge Kansas, in relation to the Quality Care Improvement Panel membership. The bill also would increase the membership of the Quality Care Improvement Panel from the current 11 members to 13 members. One of the new members would be appointed by the President of the Senate and be affiliated with an organization representing the interests of retired persons, and the other new member would be appointed by the Speaker of the House of Representatives and be a volunteer with the Office of the State Long-Term Care Ombudsman.

The bill also would specify the currently required annual report from the Quality Care Improvement Panel be submitted to the Senate Committees on Public Health and Welfare and Ways and Means, the House Committees on Health and Human Services and Appropriations, and the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight. (Under current law, the report must be provided annually to the Legislature on or before January 10 and address the activities of the panel during the preceding calendar year and any recommendations which the panel may have concerning the administration of and expenditures from the Quality Care Assessment Fund.)

The bill would direct the annual report to also include information regarding the reduction of use of anti-psychotic medication for elders with dementia, participation in the nursing facility quality and efficiency outcome incentive factor, participation in the culture change and person-centered care incentive program and annual resident satisfaction ratings.

The quality care assessment is a provider assessment, which is a mechanism used to maximize the amount of federal funding for the state by generating new state funds. After

collection, the additional funds are used as the state match to draw down additional federal funds. This results in increased Medicaid payments to providers for Medicaid eligible services.

The fiscal note prepared by the Division of the Budget estimates passage of the bill, as introduced, would result in collections of $55.6 million from the provider assessment in FY 2017. These funds would then be expended in state share for the Medicaid program to draw down $70.6 million in federal Medicaid funds, for a total of $126.2 million in additional Medicaid expenditures in FY 2017. Any fiscal effect associated with the bill is not reflected in *The FY 2017 Governor's Budget Report*.

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