LeadingAge™
Kansas

To: Sen. Ty Masterson, Chair and Members,
Senate Ways and Means Committee

From: Rachel Monger, Director of Government Affairs

Date: March 8, 2016

Testimony in Support of Senate Bill 457

Thank you, Chairman Masterson and Members of the Committee. I am Rachel Monger, Director of Government Affairs for LeadingAge Kansas, the state association for not-for-profit aging services. We have 160 members across Kansas, which include not-for-profit nursing homes, retirement communities, hospital long-term care units, assisted living, homes plus, housing, low-income housing, home health agencies, home and community based service programs, PACE and Meals on Wheels. Our members serve more than 25,000 elders each day.

Thank you for the opportunity to make our comments in support of SB 457, which concerns the quality care assessment program for Kansas nursing facilities.

What is the Quality Care Assessment?

In 2010, the Kansas Legislature passed a provider assessment for nursing homes. The assessment is levied on every licensed nursing facility, and calculated on a per-bed basis. A discounted 1/6th assessment rate is given to very small nursing homes, continuing care retirement communities and nursing homes which provide an especially large amount of Medicaid care.

The assessment money is collected and used by the State to pull down additional federal Medicaid dollars for the nursing home program. For the last six years, the quality assessment program has provided necessary funding for nursing homes that would have otherwise been required to come from the state general fund.

The Sunset

We respectfully ask the Committee to support a delay in the sunset of the quality care assessment program to July 1, 2020.

Under the currently quality care assessment statute, the program will sunset on July 1, 2016. SB 457 would preserve the program and push the sunset back to July 1, 2020. If the quality care assessment is allowed to sunset, the nursing home Medicaid program will lose $51 million and providers would see an average rate cut of 7%.

Preserving the sunset is of vital importance. Finding an additional $51 million in the state budget is not feasible, and a 7% rate cut would result in many nursing homes closing their doors, and residents receiving poor care.

Rebasing of Nursing Home Rates

We respectfully ask the Committee to support an increase in the assessment to allow rebasing of nursing home rates, as required in statute, and at no additional cost to the state.

Medicaid rates for nursing homes are calculated using a cost-based reimbursement formula. Because rates are supposed to be linked to cost, state law requires the reimbursement formula to be based on the rolling average of the last three cost reporting years. The whole process is called "rebasing."

Rebasing has been suspended by budget provisos for the last several years, because the state budget has not been in a position to fund it. Right now, nursing home rates are based on cost reports from 2010, 2011 and 2012. The failure to rebase has created an ever-increasing and unsustainable gap between nursing home rates and nursing home costs for resident care.

SB 457 increases the provider assessment to an amount which will allow nursing home rates to be rebased to reflect current costs, while using no additional state dollars.

More than half of those in nursing homes (10,000 elders) have their care paid for by Medicaid. For every dollar a nursing home spends on care for those on Medicaid, they receive only eighty-nine cents back. Rate rebasing for nursing homes is set in statute, because the cost of care deficit for nursing homes quickly becomes unsustainable.

We are lagging years behind, and we are receiving less and less money for every dollar we spend on care for our elders. We understand that the state is not able to fund our rate rebasing. With SB 457 we are proposing a solution that will help nursing homes close their funding deficit, while adding no extra burden to the state general fund.

We appreciate your time and attention to the issues, and are always happy to answer any questions on this or any other aging services issues.