

Senate Committee on Ways and Means
Chairwoman McGinn
February 6, 2017

SB 94 – Proponent

Madam Chairwoman and Committee Members-

We are the Kansas Health Care Association and Kansas Center for Assisted Living, a trade association with a membership of nursing homes, assisted living, residential health care, home plus, and nursing facilities for mental health. We are the oldest and largest nursing home trade association in Kansas. Our members care for nearly 20,000 elders across the state each and every day.

Thank you for the opportunity to testify on SB 94 which is related to a privilege fee on health maintenance organizations and extends the medical assistance fee fund.

The purpose behind this bill is to garner funds to back fill the Medicaid cuts of July 1, 2016. Let me begin by saying that it is critical for the funds to be restored to the nursing home providers. By whichever vehicle or means that this body sees fit to use, the funds must be replenished for providers to stay in business and provide quality care for Kansans.

If I might step back in history to 2010, the nursing home profession came to the legislature and asked for a self-imposed quality care assessment or tax that was designed to leverage federal funds and bring them back to the state for long term care Medicaid providers. Our providers were willing to pay out of their own pockets to fund this quality initiative. In 2013, the profession saw the need to impose a higher tax on themselves, bring back additional federal funds and support the Medicaid program. The monies garnered from this program were never meant to replace state support for the Medicaid program, only enhance the rates for quality improvement. Unfortunately, beginning in FY 2017, this was no longer the case. Providers found it necessary to nearly triple the self-imposed tax in order to fulfill the state's responsibility to rebase the rates and inflate to a more current mid-point. The bill was signed one day and the 4.47% cuts were made the next. Just like that. All of our provider's goodwill and quite frankly a good amount of their money was gone...just gone.

So, on July 1, 2016, instead of receiving an increase to cover the cost of care, nursing home providers were paying a higher assessment to fund their own Medicaid cuts. On top of it, we still believe the state applied the cuts to the provider assessment pass through payments, a practice strictly prohibited by our statute.

This hardship is on top of the absolutely untenable situation with the Medicaid eligibility process. At the time of the cuts, our KHCA providers had more than \$14 million in IOUs from the state of Kansas for

Medicaid clients. That's \$14 million dollars of care that had already been provided that providers were unable to bill for.

Had the administration just talked to us, we believe we might have been able to offer solutions to maximize the dollars instead of cutting without any consideration or discussions.

So now we ask you, we beg you, by whatever means it takes to stop the bleeding, reverse the cuts, replenish our funds and restore the ability to be the low cost high quality solution.

Please support SB 94 as a vehicle to begin undoing the mess that is Medicaid in Kansas.

Submitted by Cindy Luxem