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Testimony

Christopher Rea, Board Chairman

Kansas Adult Care Executives Association

Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services
and KanCare Oversight

Friday, November 18, 2016

Chairman Hawkins and Members of the Committee:

Thank you for the opportunity to share our concerns about KanCare issues negatively impacting nursing homes in Kansas.

The Kansas Adult Care Executives (KACE) is a non-partisan, non-profit professional association serving nursing home administrators and assisted living operators in Kansas. Our membership includes 300 individual administrators and operators from both the non-profit and for-profit adult care sectors. Our members are located through-out the state of Kansas and several of our members serve as both the administrator and owner of their facilities.

Our members are struggling with two major concerns regarding KanCare: ongoing delays due to the Medicaid eligibility backlog and the financial crisis caused by a simultaneous increase in the Kansas Quality Care Assessment (commonly known as the “bed tax”) and cuts in Medicaid reimbursement rates to nursing facilities.

Medicaid Eligibility Backlog

Before the transition to KanCare it was common practice for Kansas nursing homes to admit residents on a “Medicaid pending” basis. The risk to providers was manageable because there was a reliable 45-day cycle for approving eligibility and we could be confident that we would eventually be paid. However, since the transition to KanCare and particularly in the last year the process for determining Medicaid eligibility is no longer reliable.

There are long delays in determining eligibility that continue to be a problem despite agency efforts to address the backlog. The system put in place to expedite the eligibility determinations relies on filling out a spreadsheet and does not provide for the ability to interact with an actual person to clarify the appropriate information to include on the spreadsheet and to provide guidance in unusual circumstances.

The unfortunate consequence of the current system for determining Medicaid eligibility is that providers can no longer afford accept residents that are “Medicaid pending” because it can take months to receive a determination creating a considerable financial risk. Providers have no choice but to deny admission to vulnerable elders who have not officially received a determination of Medicaid eligibility or risk placing current residents in jeopardy if the nursing home is forced to close due to financial hardship.

A Solution

In many cases the reason for the delay in determining Medicaid eligibility can be traced back to a lack of communication and transparency about the process used to determine eligibility. When the Department for Children and Families was in responsible for Medicaid eligibility, there were field offices and case workers that helped to ensure that family members and others helping residents complete the Medicaid application and submit the appropriate documentation understood what was needed. It may be difficult to re-establish field offices. However, more customer assistance and improved communication regarding the application process could eliminate many of the current delays by ensuring that the application was filled out correctly the first time.

Convergence of State Fiscal Action

As you are aware, the Kansas Quality Care Assessment was increased significantly this year from \$1,950 to \$4,908 per licensed nursing home bed (\$818 for small bed homes and CCRCs). KACE supported this increase because it was believed to be the only means of funding a badly needed increase in Medicaid reimbursement rates to nursing facilities. Financial models projected that 304 nursing facilities in the state would experience net gains and only 35 nursing facilities would experience a net loss after the assessment increase and corresponding reimbursement rate increase of over 10 percent.

Unfortunately, after the Kansas Quality Care Assessment increase was enacted the state announced budget cuts including a 4.5 percent cut to Medicaid Nursing Home Provider Rates starting July 1, 2016. The result is that Kansas nursing facilities will receive a smaller increase than anticipated, in the range of 5.8 percent. When the increase in assessments is factored in almost half of Kansas nursing facilities participating in Medicaid (158) will experience a net loss.

The financial crush that many providers are experiencing as a result of the convergence of increased assessments, lower-than-expected rate increases, and delays in eligibility determinations is making it very difficult for nursing facilities to keep up with personnel and vendor payments creating a ripple effect across the industry that is particularly difficult in smaller communities.

Solution

Reinstating the Medicaid nursing home provider rate cut would go a long way toward stabilizing nursing facilities in our state. Kansas nursing facilities and the businesses that provide their supplies and services are struggling to remain solvent. Business decisions were made based on the two-part proposal to increase the provider assessment and corresponding provider rate increase. Facilities will close if the cuts are not restored.

There is a collective current of discontent concerning the sustainability of the current climate among the administrators and owners in our association. Our members have devoted their lives to ensuring that vulnerable elders receive the highest quality of care and the wellbeing of our members is very closely tied to the financial stability of the facilities that they lead. Please help us to ensure that the state is not creating barriers to the success of Kansas nursing facilities.