



To: Chairman Hawkins, Members, House Health and Human Services Committee
From: Rachel Monger, Vice President of Government Affairs
Date: March 16, 2017

Testimony in Opposition to House Bill 2065

Thank you, Chairman and Members of the Committee. I am Rachel Monger, Vice President of Government Affairs for LeadingAge Kansas, the state association for faith based and other not-for-profit providers of aging services. We have 150 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.

We are here today to express our opposition to House Bill 2065. While we support the plan to restore the 2016 Medicaid cuts through an increase in the HMO privilege fee, we strongly disagree with the section of HB 2065 which also increases the hospital provider tax. Increasing the HMO privilege fee pulls down more than enough funds to restore our cuts. Increasing hospital taxes is unnecessary, and harmful to us all. We ask that the Committee reject HB 2065, and instead support HB 2180 which has already been approved by the House Appropriations Committee. HB 2180 restores all Medicaid cuts through the HMO privilege fee, without further harming providers.

The end result of HB 2065 would be the draining of more money out of hospitals through a provider tax, in order to restore cuts for all other Medicaid providers. LeadingAge Kansas is especially sensitive to this proposal, because it is exactly what is happening to nursing homes today. It has been extremely painful for us, and we do not wish it upon another provider type.

While the net reduction to state Medicaid payments across the program is 4%, nursing homes are actually being cut at a rate of 4.47%, and losing the greatest amount of dollars out of all types of Medicaid providers. The extra money taken from nursing homes is being used to restore cuts for rural hospitals and providers of home and community based services. Why? Because of an increased nursing home provider tax.

Just days before the Governor announced the July 1, 2016 Medicaid cuts to address the state budget shortfall, he signed legislation to raise the nursing home provider assessment by over 150%. Nursing homes advocated for the higher provider assessment amount, because the state had fallen years behind in their statutorily set nursing home funding methodology. Raising the assessment seemed to be the only realistic way to fill the gap between reimbursement and the ever-increasing cost of care. Recognizing the continued plummet in state budget revenues, nursing homes raised the provider assessment as the only path available to close their funding gap. However, after the July 1st cuts, nursing homes are now paying a very large assessment in order to stay close to the underfunded position they

were in before. Many of our members are in a worse position, as the cuts pushed more providers into the loss column. Meaning a greater number of nursing homes are paying more in provider assessments than they are getting back through their Medicaid rates.

We thought that raising the provider assessment was a positive move. A way to help ourselves without turning to the state general fund. Instead, we find ourselves in the perverse situation of paying a 150% higher assessment to finance other Medicaid providers. This is coming at a time when so many of our nursing homes have been faltering under low rates and a continuing Medicaid eligibility backlog. Increasing the hospital provider tax in order to pay for our reimbursement cuts would be poison for hospitals. Just as it has been for nursing homes.

Finally, we are not opposing HB 2065 solely on principle. 25% of LeadingAge Kansas members are affiliated with hospitals. Health care is an ecosystem. Draining more money out of hospitals to restore cuts would have no benefit for a large number of our members. We would only be shifting hurt from one side of an organization to the other.

For the reasons outlined above, we respectfully ask the Committee to oppose HB 2065, and to support a solution for restoring Medicaid cuts that does not cause further harm to providers.