

Testimony on HB 2149

House Committee on Children and Seniors

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Chair Concannon and members of the committee, my name is Adam Proffitt, and I serve as the Director of Program Finance and Informatics for the Kansas Department of Health and Environment (KDHE). Thank you for the opportunity to provide opponent testimony on HB 2149.

HB 2149 would penalize the State's eligibility contractor Maximus for delayed application processing and compensate nursing facilities for the delay in receiving Medicaid payment for the resident. HB 2149 stipulates that the penalty shall be charged by the State to the contractor, and made payable directly to the nursing facility. The fine will be 1% of the per diem reimbursement for applications that are deemed to be beyond the 45 days under normal exceptions for unusual circumstances, and the fine will be 3% for applications that are not identified as normal exceptions.

KDHE is opposed to HB 2149 because the bill language is vague, creates an administrative burden for the agency, and is duplicative. We believe this bill if passed as written will have undesired and unintended negative effects to the Kansas Medicaid System.

This bill would allow the contractor to be penalized for every nursing home application that is untimely, regardless of who is at fault for the delay. There is potential that applications that go beyond 45 days are a result of a lack of information from the applicant, but these applications would still result in a fine against the contractor.

The administrative burden to track, calculate, and administer the provisions of this bill are not entirely known, but are projected to be high. KDHE will be required to track each application that is beyond 45 days, and determine whether the delay is deemed as a normal exception, or if it is not a normal exception in order to determine the penalty. This will require additional FTEs dedicated to this process, as the process is cumbersome and not clearly defined. It is also unclear who will be charged with monitoring payments to the nursing facilities, and what reporting, if any, would be required to ensure adherence to this bill.

Finally, we would like to communicate that the state already has performance standards and assesses liquidated damages against the contractor for untimely processing, so this bill would be duplicative. It is unclear how this bill would affect the State's ability to include other liquidated damages (payable to the state) for untimely application processing in the State's contract with Maximus.