

Corrected
SESSION OF 2010

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2673

As Amended by House Committee on
Appropriations

Brief*

HB 2673 would create a provider assessment on all licensed beds within skilled nursing care facilities in the state of Kansas, establish the Kansas Health Policy Authority as the state agency to calculate and implement the provider assessment, establish a Quality Care Fund where all assessments and penalties collected through the assessment program would be deposited and establish a Quality Care Improvement Panel. The bill would exclude the Kansas Soldiers' Home and the Kansas Veteran's Home from the assessment.

A facility would be assessed on the number of beds that the facility is licensed for as of July 1st each year. The assessment amount would be \$1,200 per nursing facility bed per year. The annual assessment amount due would be calculated once, but paid quarterly. If a facility de-licenses beds after July 1st of each year, the facility will not be reimbursed for the assessment already collected but it will not have to pay for the de-licensed beds moving forward. If an organization has more than one licensed facility then the assessment will be applied to each separate facility. Nursing facilities could not create a separate line-item charge for the purpose of passing the assessment through to residents. After the first three years, the assessment amount shall be adjusted to be no more than 60.0 percent of the assessment collected in previous years to establish a downward collection trend for the assessment. Revenue from the assessment would be deposited in the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Kansas Health Policy Authority's newly created Quality Care Fund, up to 1.0 percent of the fund could be used for administration for the program, and then all remaining moneys in the Quality Care Fund would be used to finance initiatives to maintain or improve the quality and quantity of skilled nursing care in Kansas. The assessment would expire four years after its implementation.

The bill would establish a Quality Care Improvement Panel consisting of representatives from Kansas Homes and Services for the Aging, Kansas Health Care Association, Kansas Hospital Association, Kansas Adult Care Executives Association, Kansas Advocates for Better Care, an executive of a Kansas adult care home and whose employing home is not affiliated with any of the trade organizations specified in the bill, Kansas Foundation for Medical Care, the Kansas Department on Aging, and the Kansas Health Policy Authority. Members of the panel shall serve without compensation or expenses and annually report to the Legislature concerning the activities of the panel.

The bill would become effective upon publication of the *Kansas Register*.

Background

The bill, as introduced by the House Federal and State Affairs Committee, was referred separately to the House Appropriations Committee and the House Aging Long-term Care Committee. The House Appropriations Committee amended the bill by setting the amount to be assessed at \$1,200 annually per licensed bed. Originally, the bill allowed for the assessment amount to be at the discretion of the Kansas Health Policy Authority and assessed to the amount of \$2,550 annually per licensed bed. In addition, the House Appropriations Committee deleted language allowing for rate adjustments to be made to reimburse the portion of the assessment imposed and added one representative appointed by the Kansas Hospital Association, one member of the Kansas Adult Care

Executives Association and one representative from a Kansas adult care home and whose employing home is not affiliated with any other trade organization specified in the bill to the Quality Care Improvement Panel.

Proponents for the bill testified before the House Appropriation Committee and included Representative Bethel, the Kansas Department on Aging, the Kansas Health Care Association, the Disability Rights Center of Kansas, Statewide Independent Living Council of Kansas, and various representatives from the nursing facility community and private citizens. Opponents included Kansas Association of Homes and Services for the Aging, and various representatives from the nursing facility community and private citizens. The Kansas Hospital Association and Kansas Advocates for Better Care testified as neutral.

The fiscal note prepared by the Division of the Budget on the introduced version of HB 2673 indicates that passage of the bill allowing for a maximum assessment of \$2,550 per licenced bed would generate approximately \$57.3 million from nursing facility providers. This state funding would be matched by \$129.1 million in federal Medicaid funding, which results in the total additional funding \$186.4 million per fiscal year. In addition, to implement and administer the new program the fiscal note indicated that the Kansas Health Policy Authority would contract with the Kansas Department on Aging. The contracting agency would need 2.0 additional FTE positions and additional contractual funding for consulting services used in the rate setting process. Estimated yearly salary costs for the new positions would total \$95,406, annual consulting costs are estimated at \$30,000, and one-time start up costs would total \$5,000. Under HB 2673 these expenditures could also be made from the assessment revenue. Per CMS guidelines, there is no guarantee a facility will have increased reimbursements to offset the expenditures.