



# KANSAS

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**Testimony on House Bill No. 2144  
to  
The House Social Services Budget Committee**

**by Janis DeBoer  
Deputy Secretary**

**Kansas Department on Aging**

**March 15, 2007**

Good afternoon, Mr. Chairman, and members of the Committee. My name is Janis DeBoer, Deputy Secretary of the Kansas Department on Aging. House Bill 2144 relates to reimbursement rates for nursing facilities.

Essentially, HB 2144 eliminates the current cost-containment base-year model and allows for annual rebasing of nursing facility rates using three years of cost report data. Two points must be noted: 1) Prior to implementing a base-year model in FY 2004, annual rebasing of nursing facility rates using one year of cost report data resulted in annual increases in allowable costs of 7.66% on average per year. Since the implementation of a base-year model, annual increases in allowable costs have decreased significantly to 4.38% on average per year. 2) Averaging three years of cost report data as proposed in this bill, compared to using one year of cost report data, will result in the same outcome as noted above. We would expect nursing facility costs to exceed the rate of inflation consistently, and annual increases in allowable costs to reach 7.66%, or higher, by FY2010.

As such, the bill will significantly increase the nursing home budget over time.

KDOA estimates the fiscal impact of this bill for FY2008, all funds, to be an additional \$8 million (\$3.2M SGF). In the long term, the fiscal impact will be significant. In FY2009, we project the increase in all funds to be \$19.6 million (\$7.9M SGF); and the fiscal impact for FY2010, all funds, is projected to be an additional \$36.3 million (\$14.7M SGF).

Thank you for this opportunity to provide testimony on House Bill 2144.

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