



KANSAS

DEPARTMENT ON AGING
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**Testimony on House Bill 2535
to
The Senate Committee on Ways and Means**

**by Martin Kennedy
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Kansas Department on Aging

March 22, 2007

Mr. Chairman and members of the committee, thank you for the opportunity to appear before you in support of House Bill 2535. This bill is needed to provide a source of funding for adult care home survey and certification activities in the Licensure, Certification and Evaluation (LCE) Commission at KDOA. Without additional funds, the program will be unable to meet its statutory and contractual obligations for FY 2007 and FY 2008.

The LCE commission is composed of adult care home surveyors who conduct licensure inspections for approximately 300 federally certified nursing facilities and 350 other State-licensed adult care homes in Kansas. The program serves several different licensure classifications including nursing homes, assisted living facilities, residential health care facilities, homes plus and intermediate care facilities. Together the facilities regulated by KDOA comprise more than 34,000 licensed beds.

Approximately 80 surveyors perform annual surveys of facilities across the state. Those nursing facilities certified to receive federal Medicare and Medicaid reimbursements are surveyed under contract with the federal Centers for Medicare and Medicaid Services (CMS), while state law requires regular oversight of the various state licensed facilities. In addition to health survey activities, the LCE program receives and investigates complaints regarding adult care homes including allegations of abuse, neglect and exploitation of adult care home residents. More than 6,000 complaints will be investigated this year. The department also imposes corrective actions and civil monetary penalties against adult care homes when they fail to meet performance standards.

The State Fire Marshal performs life safety code compliance surveys of nursing facilities. CMS subcontracts the federal life safety code survey process through a contract administered by KDOA.

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The LCE program is funded by a combination of federal Medicare and Medicaid sources, in addition to State general funds. Federal funding from Medicare, which consumes about one-third of the resources directed to federal certification of nursing facilities, has not grown significantly over the past several years. Because of the lack of growth in federal funding support, the State funded portion of the LCE budget has grown from \$2.2 million (40%) in FY 2004 to a projected \$3.4 million (almost 50%) in FY 2008. Based on the Governor's recommendation, the program faces an FY 2007 shortfall of \$432,795 (\$278,980 State funds) and in FY 2008 \$1,272,686 (\$820,373 State funds) due to declining federal funds availability.

Currently, receipts from State license fees of adult care homes are deposited to the State General Fund. The bill would deposit these fees to a newly created License Fee Fund in the Kansas Department on Aging where they would be available for operating the licensure and certification activities of the department. Should the bill pass, KDOA will request appropriation line items in FY 2007 and FY 2008 to allow expenditures from the fee fund.

Licensure fees are expected to total approximately \$600,000 per year. This funding is needed by KDOA to continue survey activities and meet program standards under state and federal law. The bill will provide a more direct relationship between the fees paid by adult care home licensees and the services provided for facilities. This is consistent with other licensure programs conducted by various agencies in state government where licensure fees are appropriated to operate regulatory activities.

Thank you for the opportunity to appear before you today and I ask you to support HB 2535.