

Testimony on House Bill 2761
To
The House Committee on Social Services
By Bill McDaniel
Commissioner, Program and Policy Commission

March 12, 2008

Chairman Bethell and members of the Committee, I am Bill McDaniel, Commissioner of Program and Policy Commission at the Kansas Department on Aging (KDOA). Thank you for the opportunity to appear before you today as a neutral conferee on House Bill 2761. This bill provides multi-year funding for the Home and Community Based Services-Frail Elderly (HCBS-FE) Waiver which is administered by KDOA.

House Bill 2761 appropriates state general funds for three years, 2009-2011, to two accounts. One account is for a waiting list priority to reduce or eliminate waiting lists for the waivers. The second account is for community capacity expansion to increase payment rates to service providers.

Background

The HCBS-FE waiver has allowed the state of Kansas to meet the needs of seniors 65 or older in their homes and communities. The senior must be functionally eligible for nursing home care and meet Medicaid financial eligibility criteria to receive payment for HCBS-FE services. Home and community based service waivers, also known as 1915(c) waivers, are allowed under section 1915(c) of the Social Security Act. The waivers are funded at the federal financial participation (FFP) rate which is approximately 60 percent federal with 40 percent state matching funds.

The Program Impact

The Waiting List Priority account will be used to reduce or eliminate HCBS-FE waiting lists. The \$1.6 million state general fund appropriated each year will generate another \$2.4 million in FFP matching funds. The total increased funding available in each of the three years is approximately \$4 million. The amount in the Waiting List Priority account in excess of \$100 at the end of the fiscal year will be re-appropriated to the next fiscal year.

The attached chart shows the nursing home and HCBS-FE caseload from state fiscal year 1998 through the 2009 projections. At this time, the HCBS-FE Waiver does not have a waiting list. However, when a waiting list was implemented in state fiscal year 2002, the HCBS-FE caseload went down while the nursing home caseload went up. Seniors prefer to live in the community and the HCBS-FE services are very cost effective alternative to nursing home care. It makes sense to avoid waiting lists for home and community based services.

The projected average monthly number of seniors to be served in SFY 2008 is 5,874. The projected average monthly number of seniors is expected to increase to 6,000 in SFY 2009. House Bill 2761 provides approximately \$4 million in funding in SFY 2009 for additional caseload should the projection be exceeded.

The Community Capacity Expansion account will be used for increased provider payment rates. The \$500,000 state general fund appropriated for rate increases will generate another \$750,000 for a total increase of approximately \$1,250,000 in each of the three years. The amount in the Community Capacity Expansion account in excess of \$100 at the end of the fiscal year will be re-appropriated to the next fiscal year.

The HCBS-FE providers have had two rate increases since SFY 1999. The providers received a 6% rate increase, effective July 1, 1999. They did not receive another rate increase until July 1, 2006, at which point, they received a 4% increase. The attached chart reflects the rates for each HCBS-FE service from July 1, 1998 through July 1, 2006.

There was no provider rate increase on July 1, 2007. A budget enhancement request for SFY 2009 included a 2% rate increase for the HCBS-FE providers. The projected cost was \$1,276,891 (\$519,950). This is slightly higher than the amount included in House Bill 2761 for SFY 2009.

Systems Transformation

The KDOA has been actively participating with the Department of Social and Rehabilitation Services (SRS) in the federal Systems Transformation Grant. The grant provides the agencies the opportunity to review the payment methodology structure for the waivers, functional eligibility determinations, and individual budgeting/self direction. SRS will have a contract in place September 1, 2008 to begin a study of the payment methodology which is to be completed one year later. The contractor will conduct a study to identify the costs of providing services to individuals (aging and disabled) in community settings with a focus on “independence, productivity and community living”. This information will be used to make recommendations regarding the funding and payment methodology for the waivers.

The KDOA will collaborate with SRS to study wages paid to community direct care staff funded through reimbursement rates to providers. KDOA agrees that the issue of adequate reimbursement needs to be addressed.

Thank you for this opportunity to provide you with this information and I will now stand for any questions.