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House Long Term Care and Aging Committee
 January 18, 2011
 Chairman Bob Bethell

Good Morning Mr. Chairman and Committee Members.

My name is Cindy Luxem, Executive Director of the Kansas Health Care Association and Kansas Center for Assisted Living, a trade association with a membership of over 185 providing care in nursing homes, assisted living, residential health care, home plus, nursing facilities for mental health and HCBS services. Thank you for the opportunity to testify.

Today, I want to highlight three areas important to our association. The first area to be discussed is funding.

The world of long term care looks different today and it continues to change daily. Over 55% of Kansans depend on Medicaid for their daily care (10,000). Nationally, 64% of 3.4 million people use Medicaid to pay for their daily care. As we have discussed before, long term care is made up of three different pay systems. Today, Medicare is used more and more as homes have increased their capability to admit treat and return home growing numbers of patients requiring intensive rehabilitative care. This is a clear benefit to seniors as well as taxpayers. Performing this rehab in a more expensive hospital would put further strains on federal and state budgets. In senior care settings, Medicaid relies on Medicare funding to supplement its "puny" reimbursement. We must view Medicare and Medicaid funding together, not in isolation.

A recent study Genworth Financial's "Our Family, Our Future: The Heart of Long Term Care Planning" found that only 35% of American's believe they will ever need long term care. In reality, more than two-thirds of people (70%) over the age of 65 actually need long-term care at some point during their lives, Genworth said.

The industry (do not like using this term) but it is an infusion of more than \$2.1 billion into the Kansas economy. Nationally, \$372 billion with more than 4.4 million jobs, in the Aging and Long Term Care Committee more than 2400 Kansans are employed. This is truly vital to our economy. Those of you who live in rural Kansas know what a huge impact the senior care homes have in your area.

(Mention Economic Impact Statements)

A new national Medicaid study projects Kansas' Medicaid program underfunds the actual cost of providing skilled nursing care. A projected (-\$21.61) daily shortfall for Kansas providers.

HOUSE AGING & LTC

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We plan to be a part of the administration's discussion of how to look differently at Medicaid. Until changes, we ask that you maintain Medicaid funding according to methodology currently set in statute and regulation.

The second point I would like to make today is about Kansas providers. They are winners. More than 287 out of 343 homes are a part of Advancing Excellence. The Advancing Excellence initiative looks at areas of Staff Turnover, Consistent Staffing, staff satisfaction, resident and family satisfaction to name a few. In the initial stages of the Advancing Excellence, Kansas led the nation in reduction of use.

Kansas Health Care Association and Kansas Center for Assisted Living saw providers honored at the national level. -press release-

The last area of concern is the health care reform. The complexity of the health care system and the recently signed federal law to reform that system has created more questions than answers. One health care mantra that has been around for a while is "the right care, at the right time, in the right setting." The theory being that monitoring a person's health closely (which consumers should and can do in conjunction with providers) will allow the application of more prevention and early intervention programs with lower cost and better overall results. This leads to better outcomes and more satisfied consumers who can avoid or minimize intrusive acute care interventions requiring a hospital stay.

KHCA continues to work with the state in the Money Follows the Person program. Also, diversion strategies help in diverting almost one in five people to a less restrictive setting and providers are taking the lead in these diversions. Long term care benefits in these diversions because as it turns out, they become the "value" provider in the health care system. Hospitals will definitely be targeted by cost control measures as high-cost providers. On the other end, diversion will slow down but not stop, the movement of people getting services in long term care residences.

We need to continue to get as much information to the public on services available. Second, we must reform the Medicaid eligibility process so that it is consistent, timely and efficient. There is no way for most communities to assume the responsibility of care for a pending Medicaid beneficiary, legally or financially. I believe home and community based options also are constrained because of rates and timeliness of payments.

Thank you for the opportunity to present today. KHCA providers do the majority of the Medicaid services for Kansas seniors so we want to be partners with the state of Kansas. We will all benefit if we sit down and look for opportunities to improve the care of Kansas seniors.