



To: House Health and Human Services Committee

From: Tara Mays, Vice President of State Legislative Affairs

Date: January 26, 2022

Re: House Bill 2463

Thank you for the opportunity to provide testimony on House Bill 2463. The Kansas Hospital Association has been an active partner with the state, and the KanCare managed care organizations since the implementation of KanCare in 2013. While the initial implementation was complex, we appreciate the continued efforts of the KanCare staff and the MCOs to make improvements to the program each year.

We are providing testimony on House Bill 2463 to make this committee aware of some unintended consequences of maintaining the current program. The first, which you may be familiar with, is the inability to make changes to our Health Care Access Improvement Program (HCAIP), or as it is more commonly known, our hospital provider assessment. This program started in 2003 and uses assessment payments from non-critical access hospitals to draw down additional federal matching dollars for the Kansas Medicaid program. Those dollars are then paid out in increased Medicaid payments to hospitals, physicians and a lump sum for graduate medical education, based on a statutory formula. Over the past few years, the HCAIP began to overspend the generated resources when KanCare was implemented. At the Legislature's direction, the Kansas Hospital Association worked with KDHE to determine the shortfall amount. It came to the Legislature with a solution to make the HCAIP self-sustaining. The Legislature approved that change, which was submitted to the Centers for Medicare and Medicaid Services (CMS) for approval. Unfortunately, because spending is capped under the current waiver based on calculations before legislative approval of the change to the HCAIP, we have been unable to secure CMS approval of the HCAIP change. Extending the current waiver means that it is unlikely CMS will approve the change, leaving the Legislature with the difficult choice of continuing to fund the shortfall in the program, which the 2021 Post Audit report estimates to be approximately \$10 million annually, or make significant cuts to providers in the program. We would request an amendment be considered that would allow for changes to the HCAIP program once any approval by CMS is granted.

The other matters we have with House Bill 2463 are related to the ability to make substantive or material changes in the program through December 31, 2025. We have reservations that this limitation would lock in current fees to Medicaid providers, prevent the use of new drugs or treatments to be offered to patients, and impact the state's ability to address telehealth-related changes to the program to assist in addressing patients' needs for health care services.

Thank you for the opportunity to share our thoughts on House Bill 2463. We would welcome the opportunity to work with the committee to address any of the items mentioned above..