



Kansas Hospital
ASSOCIATION

To: House Social Services Budget Committee

From: Tara Mays, VP State Legislative Affairs

Date: February 7, 2023

Re: KDHE Budget

Thank you for the opportunity to comment on the Governor's budget recommendation for the Kansas Department of Health and Environment on behalf of our membership. We support the Governor's budget for FY 2023 and 2024 for KDHE-Health, with a few additional recommendations.

It's essential to thank you for your continued support as we worked to get the Center for Medicare and Medicaid Services' approval of the changes to our provider assessment program. The updated program was retroactive to July 1, 2022, and is meeting its statutory mandate to operate within the dollars generated by the program without state general fund support. Our thanks to the KDHE staff who have worked tirelessly to get the new program implemented and the payments out as efficiently as possible.

While the revenue generated through the increased hospital provider assessment has had a positive impact, it's only a supplement to the Medicaid rates paid to Kansas hospitals. Over the past two decades and outside of the provider assessment program, Kansas hospitals have only received one Medicaid rate enhancement by the State of Kansas and that occurred in 2019. As a result, Kansas hospitals continue to struggle with increased costs due to inflation, supply chain issues and workforce shortages. Agency staffing rates have not yet dropped to pre-2020 levels, and our hospitals continue to rely on agency staff in many cases. Unfortunately, rates paid by Medicare and Medicaid are not keeping up with the financial realities healthcare providers face.

Therefore, we request the legislature to direct KDHE to develop a long-term plan for Medicaid provider rate increases so that incremental rate increases can be put into place to stabilize and maintain the healthcare system in Kansas. In addition, we request an immediate increase in behavioral health rates in the Medicaid program of 10% to shore up an already struggling behavioral health system.

Further, KHA strongly supports the Medicaid rate enhancement being requested for Kansas physicians by the Kansas Medical Society and the affiliated specialty societies.

Thank you for the opportunity to share our comments on the KDHE budget.