



Kansas Hospital
ASSOCIATION

Kansas Hospital Association

Health Care Access Improvement Program Update

Program Related Issues

Identified by Members of the
Legislature

2015 Legislature

- Included language in the appropriations bill requiring KDHE “to conduct an audit of revenues and disbursements of the health care access improvement fund for the fiscal year ending June 30, 2015: *Provided*, That the health care access improvement panel shall provide a report in accordance with the provisions of K.S.A. 2014 Supp. 65-6218, and amendments thereto, to the 2016 legislature no later than February 15, 2016, with a plan to address the long-term sustainability of the health care access improvement program with funding only from the assessment revenues defined in K.S.A. 2014 Supp. 65-6207(g), and amendments thereto, other than for working capital needs.”
- Recommendation from the Panel: “Increase the MCO Privilege Fee – Managed Care Organizations pay a privilege fee of 3.31% on their premiums. KanCare HMOs pay the vast majority of these privilege fees, and because the capitated payments must be actuarially sound, privilege fees must be included in the rates paid to the MCOs. According to DHCF, the privilege fee would need to be increase b y 40 basis points, from 3.31% to 3.71% to generate over \$13.09 million to cover the \$7.2 million SGF negative balance and the upfront SGF funds.”
- Action by the Legislature - None

2017 Legislature

- Once again, in the appropriations bill, KDHE was directed “to submit a written report to the senate standing committee on ways and means on or before sine die adjournment of the 2017 regular legislative session that details full disclosure and reconciliation of the health care access improvement fund (264-00-2443-2215) and use of funds from the hospital provider assessment imposed pursuant to K.S.A. 2016 Supp. 65-6208, and amendments thereto, for state fiscal years 2012 through 2017, including revenue, expenditures, running balance of the health care access improvement fund, any deficits and write-offs and any specific actions taken to reconcile the health care access improvement fund during calendar year 2011.”
- KDHE Report – Indicated that any expenditures in excess of revenue in the Health Care Access Improvement Fund were paid by the State General Fund. The report included a chart reflecting a positive ending balance of \$1.4 million at the end of SFY 2016 and a negative ending balance of \$3,931,318 at the end of SFY 2017.
- Action by the Legislature - None

2018 Legislature

- KDHE reported to the 2018 Legislature that a review by their actuaries showed:
 - The previous actuary had failed to include expenditures for the physician rate increases; and
 - The fund would be overspent by an estimated \$18 million in state funds and \$40 million all funds in FY 2018
- The 2018 Governor's budget included a transfer of \$11.5 million from the HCAIP fund to the State General Fund, because the fund in the state treasury had an ending balance of \$18.0 million for FY 2017
- However, the transfer was contingent upon two things:
 - The passage of a 4% rate increase for hospitals ; and
 - The completion of a review of the provider assessment program by a third party agreed upon by the Kansas Hospital Association and KDHE, subject to appropriate non-disclosure agreements.

2019 Legislature

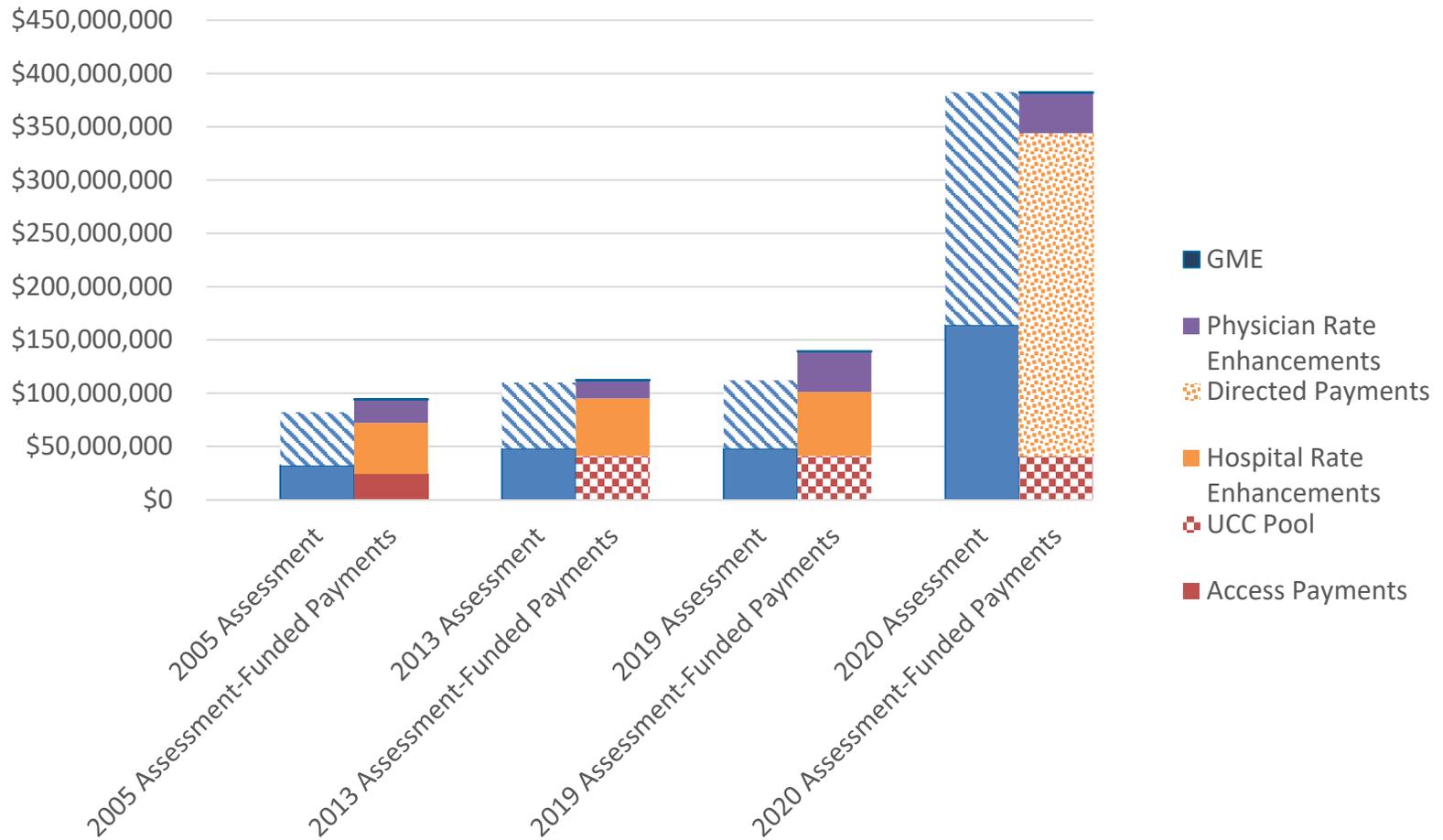
- Senate Bill 225 Introduced
 - Was not passed out of committee for fear of Medicaid expansion amendments
- House Substitute for Senate Bill 25
 - The budget bill included language to implement SB 225 changes:

Section 80(l) During the fiscal years ending June 30, 2019, and June 30, 2020, notwithstanding the provisions of K.S.A. 65-6208, and amendments thereto, or any other statute to the contrary, in addition to the other purposes for which expenditures may be made by the department of health and environment – division of health care finance from moneys appropriated from the state general fund or from any special revenue fund or funds for fiscal years 2019 and 2020 as authorized by chapter 104 of the 2017 Session Laws of Kansas, chapter 109 of the 2018 Session Laws of Kansas, this or other appropriation act of the 2019 regular session of the legislature, expenditures shall be made by such agency from such moneys during fiscal years 2019 and 2020 to submit to the United States centers for Medicare and Medicaid services an approval request **to increase the hospital provider assessment rate to 3%, to include hospital outpatient operating revenue in the hospital provider assessment and to base such assessment on each hospital's fiscal year 2016**: Provided further, That the department of health and environment shall cause notice of such approval by the United States centers for Medicare and Medicaid services to be published in the Kansas register: And provided further, That the changes to the hospital provider assessment described in this subsection shall take effect on and after January 1 or July 1 immediately following such publication: And provided further, That, after such date, no additional moneys appropriated from the state general fund shall be expended to support rate enhancements under the hospital provider assessment.

Current vs. SB 25 Structure

Characteristic	Current Structure	Proposed Structure
Assessment Rate	Fixed at 1.83%	Fixed at 3.00%
Assessment Base	Fixed at 2010 IP net revenue	Starts at 2016 IP + OP net revenue, moves forward annually
UCC Pool	Yes, with targeted adjustments	Yes, all hospitals receive uniform adjustment
Enhancements to Rates	Fee schedule adjustment included in claims	Directed payment, quarterly based on services provided
GME	Yes	Yes, no change
Physicians	Yes	Yes, continue to support at current level
Program Over /Under Spend	Yes, varies across years	None in first year, base moves forward to prevent significant overspend

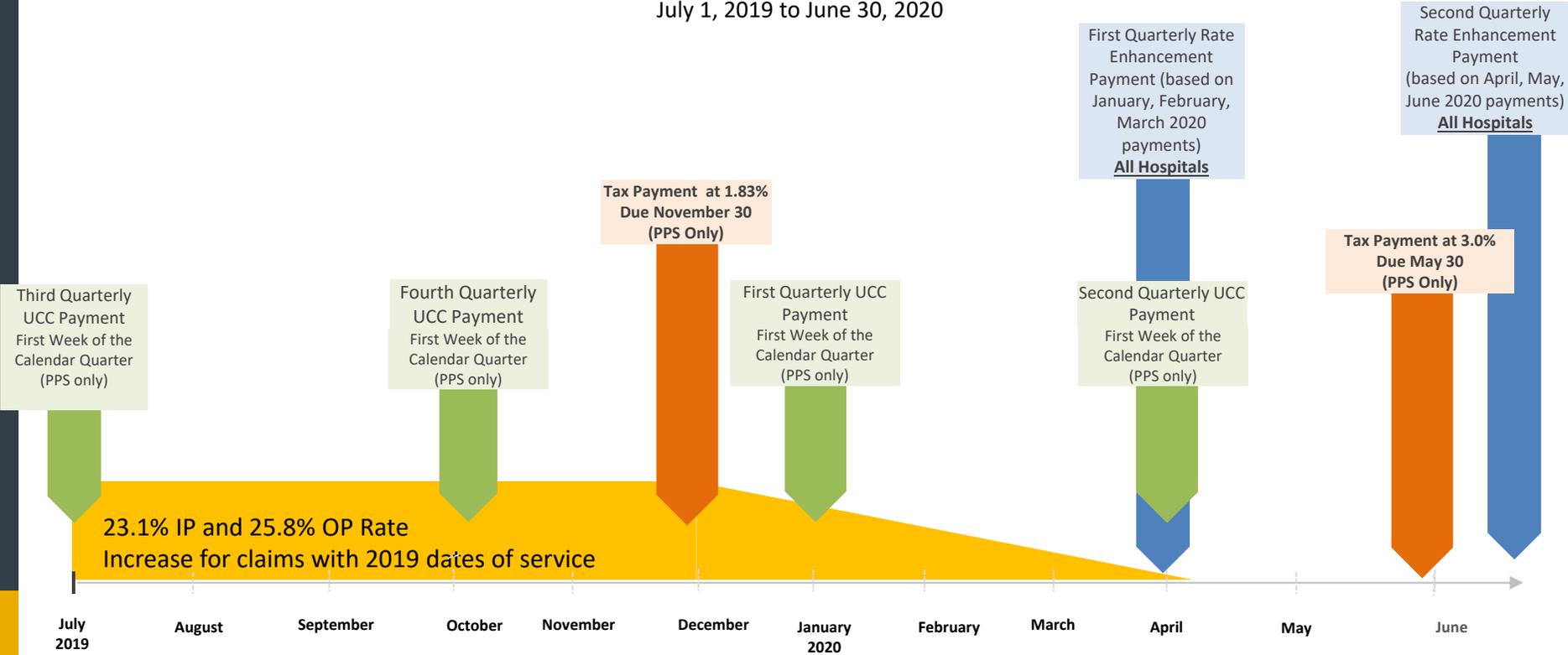
How Does the New Program Compare



HCAIP Funding Timeline – Transition to New Model

State Fiscal Year 2020

July 1, 2019 to June 30, 2020



Steps Moving Forward

- KDHE will need to develop and submit the appropriate state plan amendments to CMS for review and approval
- KHA will work with KDHE and HMA to develop the process for sharing data to calculate the payment amounts.
- KHA will work with KDHE and HMA to develop a notification process for payments each hospital should receive quarterly.
- The 2020 Legislature will need to pass the language in SB 225 to permanently place the increase in statute.



Questions?