

February 28, 2022

The Honorable Troy Waymaster, Chairperson  
House Committee on Appropriations  
Statehouse, Room 112-N  
Topeka, Kansas 66612

Dear Representative Waymaster:

**SUBJECT:** Fiscal Note for HB 2663 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2663 is respectfully submitted to your committee.

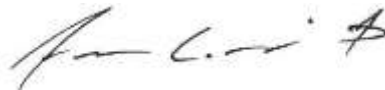
Current law requires the Kansas Department for Aging and Disability Services (KDADS) to set nursing facility rates based on an average of the last three cost report years, subject to appropriations. HB 2663 would require KDADS to adjust the Medicaid nursing facility rate based upon the most recent cost report year.

Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$43.0 million	\$107.2 million
FTE Pos.	--	--	--	--

KDADS indicates that HB 2663 would require FY 2023 Medicaid nursing facility rates to be set using Calendar Year 2021 costs only as reported by each nursing facility. KDADS is currently in the process of receiving and processing cost reports for Calendar Year 2021. Since the agency does not have actual cost data from the nursing facilities for this estimate, the agency has developed estimates based on trending factors and estimated inflationary costs. This estimate projects that HB 2663 could result in an average 16.68 percent rate increase, or \$107.2 million from all funding sources, including \$43.0 million from the State General Fund for nursing facilities

in FY 2023. The Governor's budget recommendation includes \$21.5 million from all funding sources, including \$8.6 million from the State General Fund, for partial rebasing of rates as part of the Consensus Caseload recommendation. The difference of \$85.7 million from all funding sources, including \$34.4 million from the State General Fund, is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Leigh Keck, Aging & Disability Services