



**MAXIM HEALTHCARE GROUP**

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September 28, 2020

The Honorable Brenda Landwehr  
Chair, Robert G. (Bob) Bethell Joint  
Committee on Home and  
Community Based Services and  
KanCare Oversight

Kansas House of Representatives  
Room 352-S  
Kansas State Capitol  
300 SW 10th Street  
Topeka, Kansas 66612

The Honorable Gene Suellentrop  
Vice Chair, Robert G. (Bob) Bethell  
Joint Committee on Home and  
Community Based Services and  
KanCare Oversight

Kansas State Senate  
Room 441-E  
Kansas State Capitol  
300 SW 10th Street  
Topeka, Kansas 66612

**RE: Request for Medicaid Reimbursement Rate Increase for Specialized  
Medical Care (SMC) Services**

Dear Chairwoman Landwehr, Vice Chairman Suellentrop, and Distinguished  
Members of the Committee:

My name is Matt Johnson and I am the Director of Business Operations in Kansas at the Maxim Healthcare Group family of companies ("Maxim"). Maxim Healthcare Services, Inc., a member of the Maxim Healthcare Group, is a national provider of home healthcare and homecare solutions. We provide services in Kansas via offices in Kansas City and Wichita which employ over 500 nurses and caregivers serving over 200 patients throughout the eastern portion of the State, primarily patients who receive Specialized Medical Care (SMC) services through the Technology Assisted (TA) and Intellectual/Developmental Disability (I/DD) waivers. SMC services are continuous skilled nursing care provided in the home for medically-complex and vulnerable pediatric and adult patient populations under Medicaid, many of whom require assistive technology such as ventilators and tracheostomies to sustain life.

Thank you for continuing to work with providers to find a solution regarding the reimbursement rate challenges that are affecting our patients and families and for considering our request for additional funding today. Thank you also to KDHE and KDADS for partnering with us to research and analyze data that can potentially lead to a solution. Finally, thank you to Medicaid Director Sarah Fertig, Deputy Director Chris Swartz, Commissioner Amy Penrod, Commissioner Brad Ridley, Director Michele Hayden, Derek Hays, Janis DeBoer, and countless others that gave their very limited time to work with us on this issue.

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At the request of this Committee, we have worked with KDHE and KDADS since the last Committee meeting to compile relevant data regarding this population in pursuit of several goals:

- To define a more accurate cost per participant by identifying the average number of hours an SMC recipient receives.
- To define the programs' current utilization rate by comparing the authorized hours versus utilized hours.
- To define this patient population's current hospitalization usage and cost.
- To identify the number of SMC participants with primary insurance coverage.
- To estimate the total number of hospitalization days needed to be reduced in order to justify a reimbursement rate increase to \$47 per hour for the T1000, T1000TD, and T1005 codes.

Thanks to the collaboration between the Departments and providers, we were able to answer all but one of these goals (all except for the utilization rate derived from authorized versus utilized hours). We started by identifying the total SMC population from 2019 (defined by Medicaid recipients who received T1000, T100TD, or T1005 billed services). We then looked at the total spend on SMC by totaling all T1000, T1000TD and T1005 billing from 2019. We were then able to identify which SMC patients had a primary insurance. Finally, we identified the hospital billing for this population. Here are the findings we derived from the data we were able to pull:

- The total spend for SMC in 2019 was approximately \$45.5 million over an estimated 1.44 million hours.
- The average number of hours per week per participant was 53 hours.
- The Specialized Medical Care population experienced just over 95,000 days in the hospital in 2019 which cost \$1.5 billion.
- About 42% of SMC recipients have a primary insurance, so the exact cost savings is imprecise since it is unclear which payer would be covering the costs in the hospital for those patients.
- Based on this information, a rough calculation suggests that if we were to reduce hospitalization cost and days by the primary insurance percentage (assuming no costs are covered by Medicaid for the entire 42%), that leaves \$880 million in Medicaid-funded hospitalization spend for the SMC population over the course of 55,000 days in the hospital.

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- **It would take a reduction of roughly 2.5% in hospitalization days (1,383 days) across the total patient population to pay for the entire rate increase for Specialized Medical Care to \$47 per hour, which is estimated to be around \$22 million in costs across all funds.**
- The state general funds cost is estimated to be about \$9 million which would only require a reduction of 566 hospitalization days.
- Due to the large amount of spend on hospitalizations for this population, we believe the increase will create an environment that would reduce hospitalizations significantly more than the 2.5% and make the SMC rate increase revenue neutral, if not give the state cost savings.

**Accordingly, we request that this Committee and the Kansas Legislature increase the Medicaid reimbursement rate for Specialized Medical Care services to \$47 per hour.** Doing so will enable homecare providers to better accomplish three priorities.

First, it will assist homecare providers in improving quality while containing healthcare costs, as described in more detail above. The cost of sixteen hours of SMC services is only a fraction the cost of a day in the hospital. Through reductions in avoidable hospital utilization, homecare providers keep people in their homes and communities—where they overwhelmingly prefer to be—and with appropriate skilled care support. This provides cost savings by rebalancing the state’s long-term care financing toward home and community-based services (HCBS) rather than more costly facilities or institutional settings and is all the more important when hospital infrastructure is at a premium.

Second, Medicaid SMC reimbursement rates in Kansas have been unchanged for a decade. Non-competitive reimbursement rates for Medicaid providers, including those who administer SMC services, result in workforce challenges. These include increased overtime for caregivers and difficulty in finding qualified caregivers because reimbursement rates have fallen behind increases in the Consumer Price Index (CPI) as well as wages for similar positions in other settings. Providers’ challenges in attracting caregivers can result in an insufficiently-sized workforce with the appropriate sophisticated skill levels to care for this highly complex population in the home. This can cause authorized service hours to go unfilled as patients are forced to seek out care in more expensive institutional settings.

Non-competitive wages and caregiver burnout exacerbate ever-growing recruitment and training challenges and result in increased turnover in our



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nursing staff—a problem that is endemic throughout healthcare. Furthermore, low reimbursement rates do not meet providers' operational expenses, nor allow providers to compete in the labor market. Increasing Medicaid reimbursement rates will allow providers to recruit and retain quality employees by providing more competitive wages to attract the most qualified caregivers for complex and high-acuity adults and children.

Third, the COVID-19 public health emergency has made the delivery of SMC services more difficult and costly. Appropriate increases will help address the increased costs and difficulty in providing SMC services related to COVID-19 and ensure the continued delivery of this critical service. Medicaid providers have been on the front lines of the pandemic and reducing funding will jeopardize our ability to plan for future outbreaks and continue to provide necessary health services. SMC services are critical to the population we serve, and are a cornerstone of maintaining Kansas's commitment to allowing these patients to stay in their homes and communities with their families and loved ones during the crisis and into the future.

The requested rate increase would reflect appropriate increases to account for changes in the cost of providing services and allow providers to offer more competitive wages when they are most needed, comply with federal and state mandates, adequately pay for medical supplies and equipment used for patient and client care such as personal protective equipment (PPE), and afford expenditures such as rent, utilities, electronic health records systems, professional liability insurance, and health insurance for staff—all of which we as homecare providers struggle to meet here in Kansas.

Thank you for your continuous support of homecare and private duty nursing services as well as for considering my request on behalf of Maxim. If you have any questions, please feel free to contact me at 913-381-8233 or [majohnst@maxhealth.com](mailto:majohnst@maxhealth.com).

Sincerely,

Matt Johnston  
Director of Business Operations

cc: Members, Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight