

March 9, 2012

The Honorable Bob Bethell, Chairperson
House Committee on Aging and Long Term Care
Statehouse, Room 055-S
Topeka, Kansas 66612

Dear Representative Bethell:

SUBJECT: Fiscal Note for HB 2524 by House Committee on Aging and Long Term Care

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2524 is respectfully submitted to your committee.

HB 2524 would amend the definition of “continuing care contract” to require that the contract be effective for the life of the resident or a period of more than one year. Currently, any provider who voluntarily applies for a certificate to operate as a continuing care provider is not required to charge the \$5,000 entrance fee to residents. HB 2524 would require all continuing care providers to collect this fee. The bill would also increase the filing fee associated with the application for a certificate to operate as a continuing care provider from \$50 to \$1,000. The bill would increase the renewal fee for the certificate from \$25 to \$250.

Currently there are 57 continuing care providers whose annual renewal fee would increase by \$225. Therefore, if all the providers continue to register under this designation, HB 2524 would increase Kansas Insurance Department revenue by \$12,825 per year (57 x \$225.)

However, the Department on Aging states that HB 2524 would deter nursing facilities from voluntarily registering as continuing care providers. Currently, any provider that voluntarily applies for a certificate to operate as a continuing care provider is not required to charge the \$5,000 entrance fee. Enactment of this bill would require all continuing care providers to collect this fee, and the Department believes that adult care homes would be less inclined to apply for a certificate if they had to pass such a large expense on to its consumers. The Department also believes that several adult care homes have registered as continuing care providers in order to reduce their nursing facility provider assessments. The regular assessment rate is \$1,500 per bed. The continuing care provider rate is \$250 per bed. The agency notes that 25 adult care homes with 1,998 beds voluntarily registered as continuing care providers during the time period between passage of the nursing home provider assessment bill and the

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implementation of the assessment. If all 25 of those facilities chose not to continue with this designation, assessment revenues would increase by as much as \$2,497,500 (1,998 X (\$1,500-\$250.)) The additional assessment revenue would be used to draw down \$3,258,435 in federal Medicaid funds, for a total increase in revenue of \$5,755,935 in FY 2013. The increased receipts would then be expended for nursing facility services based on the provisions of the Provider Assessment Program. Any fiscal effect associated with HB 2524 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Zac Anshutz, Insurance