

February 27, 2017

TO: Senate Ways and Means Committee
FROM: Ron Pasmore, 12722 W. Jayson Lane, Wichita, KS 67235
RE: SB 173

I am writing in support of SB 173.

I recently retired after serving as the President/CEO of KETCH for nearly 30 years. KETCH is a provider of HCBS services to adults with Intellectual and Developmental Disabilities (IDD) in Sedgwick County. Earlier in my career, I worked as a state employee at Winfield State Hospital and Training Center which at the time served about 600 residents.

In the late 1980's to early 1990's Kansas was a national leader in use of the HCBS Medicaid Waiver to finance community services for Kansans with IDD. By "re-financing" services that were 100% state funded into the federal/state shared funding of HCBS services, Kansas used the influx of new federal dollars to eliminate the waiting list for community services which existed at that time. Kansas also used the HCBS to reduce the census of KNI and Parsons State Hospital as well as eliminate Norton and Winfield State Hospitals. Kansas promised families that HCBS would remain into the future as the preferred choice to institutional care for their loved ones.

I spent the better part of my career expanding community services at KETCH to meet the challenge of serving new persons from the waiting list and persons leaving the state institutions. Today KETCH serves more people than the remaining two IDD institutions combined.

The system of community supports and services that was built has served Kansans well. However, organizations like KETCH now find themselves in a state of crisis that compromises their ability to maintain services at an acceptable level of quality.

Today, the primary funding source is KanCare. This makes IDD service organizations more vulnerable to changes brought about from that funding source. There have been multiple changes put into place through KanCare. Changes have served to limit funding for the services, deny payment for services that are provided, and require increased back office costs to pursue reimbursement for services. Since the onset of KanCare, KETCH lost much of its reserves just to help fill the holes in funding its day to day operations. As a result, the organization has much less flexibility in meeting the needs of those served.

Community Service Providers have very few tools for controlling costs. Providers in Sedgwick County are required to serve every person that chooses them. It places an increased financial burden upon providers to appropriately service those with greater needs and ultimately cost more than is reimbursed through the HCBS Waiver. There once was a mechanism to capture those costs through a process called "extraordinary rates." This has been lost through KanCare. Unlike medical providers, IDD HCBS service providers do not have the ability to refuse new KanCare referrals. There are no other forms of insurance that pay for IDD HCBS Waiver services. Providers have very

limited means for reducing their costs, other than workforce reductions which would ultimately place the persons we serve at risk.

The normal costs of doing business increase each year. The organization is dependent upon Medicaid to fund the increased cost of doing business. Most years, the reimbursement rates remain flat. It requires the organization cut some costs to shift resources to areas that cannot be cut, such as insurance, utilities, etc. It has been 9 years since Medicaid rates have been adjusted. During that time funding has been restricted from KanCare. Medicaid rates have been cut by 4% for Targeted Case Management. The Health Home program, which KETCH was a provider for, was eliminated. Wages for direct care staffing has increased. The difficulty of maintaining the direct care workforce has increased, resulting in a dangerously high rate of direct care positions that remain vacant.

SB 173 would provide much needed rate increases under the HCBS IDD Waiver over a three year period. This would help stabilize community service providers to build back some of the capacity that has been lost over the last decade. The bill also includes an ongoing cost of living increase in the outlying years to avoid letting the IDD community service system lose service system capacity to normal inflation.

Sincerely,

A handwritten signature in cursive script that reads "Ron Pasmore".

Ron Pasmore