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May 22, 2009

Dave Halferty
Director of Nursing Facility and PACE Division
Kansas Department On Aging
New England Building, Second Floor
503 South Kansas Avenue
Topeka, KS 66603-3404

Dear Dave:

Thank you for allowing the Kansas Health Care Association to review and provide comments for the Notice of the Proposed Rates and Methodology for fiscal year 2010. The Kansas Health Care Association would like for you to review the following areas before finalizing the rates.

We still have concern among the providers regarding the **DME pass through**. It appears from the comments the pass through will continue at the level established last fall. However, KHCA would like to suggest a method for improving the payment for these items. Since the 2008 cost report data is not being used in this methodology, we have concern the appropriate costs are not included in the rates. The concern is the initial evaluation and subsequent survey to set the current pass-through may not have captured all costs. We suggest you re-survey the providers to determine an update to the pass-through for DME using more current data. We ask that you make sure this survey be widely publicized and you ask both KHCA and KAHSa to inform their members regarding the importance of obtaining current correct data.

The second area of clarification would be concerning the increased **minimum wage pass-through**. We believe many providers have been moving up wages prior to the state identifying the June 1 cutoff. Many providers had to move up other staff to keep space between their wage rates. Those making \$6.55 an hour were moved up to a higher wage rate and so forth between most pay scales. This would have been blended into the average rate for 2010's rate setting period but now that is lost. And as the wage moves up again, the base wage moves up there will be more of a ripple effect especially for the smaller homes- with no relief.

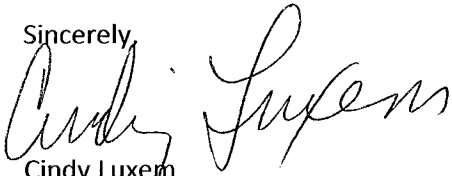
We would also like to make some comments about the **Nursing Facility Quality and Efficiency Incentive Factors**. While we understand the desire to have quality measures in place, we remain concerned about the validity of the survey process. As we work through these issues we believe tying the incentive program to jeopardy citations is NOT a good idea. The lack of consistency in survey models across the state of Kansas, with both QIS and traditional surveys being used, the state should not be using the survey as a trigger for incentives. We are not aware of any CMS requirement concerning this addition in the state plan.

The remaining issue in the quality and incentive factor is the addition of the Kansas Culture Change Instrument Survey Tool. Leading up to the publication of the rate methodology, the workgroup had focused on including customer and employee satisfaction surveys as a part of the incentive factors. We were advised the Kansas Department on Aging did not want to support any particular propriety tool but one that was tested and valid. Considering most Kansas homes use some form of satisfaction survey for residents, family and employees, with more than half the KHCA membership using the My Innerview model, we would request you consider adding a satisfaction survey component. The culture change instrument could be used in addition to the other surveys. We believe the satisfaction surveys would be a true way of validating whether or not person centered care initiatives are having a positive impact on residents and employees. We would request that you add the customer and employee surveys to culture change tool and add \$.15 to the point system, for a total of \$.30 for surveys.

The last area we will address is the reimbursement and incentive factors for the nursing facilities for mental health. We had some very productive discussions concerning reimbursement to NFMHs and understand because of state financial constraints the decision was made to continue the current model of incentives. We must insist the NFMH reimbursement situation become a priority discussion for KDOA. The MDS scoring system does not accurately measure the acuity level of the mental health resident and the homes are reaching a crisis point from lack of adequate funding.

Once again we appreciate the opportunity to comment on issues involved with the Medicaid rates for FY 2010. Please let me know if we can provide more information.

Sincerely,



Cindy Luxem

CEO/President

Kansas Health Care Association