



**Funding for COVID-19 Prevention, Testing and Care in Kansas Adult Care Homes
(Amendments to Original Proposal for State Funding)**

To: Governor Laura Kelly
 Members of the SPARK Task Force
 Laura Howard, Secretary, Kansas Department for Aging and Disability Services
 Sarah Fertig, State Medicaid Director
 Larry Campbell, Director, Kansas Division of Budget

From: Debra Zehr, President/CEO LeadingAge Kansas
 Linda MowBray, President/CEO, Kansas Health Care Association
 Bill Tofflemire, Executive Director, Kansas Adult Care Executives

Date: July 14, 2020

BACKGROUND

LeadingAge Kansas, Kansas Health Care Association and Kansas Adult Care Executives came together with consulting experts at BKD in the early days of the COVID-19 pandemic to develop and test a model to estimate additional costs that would be incurred by Kansas nursing homes due to COVID-19. A proposal for additional funding for nursing homes was developed as a result. This proposal was shared with the Governor, the Secretary of the Kansas Department for Aging and Disability Services (KDADS) and the State Medicaid Director on May 12, 2020. (See Attachment A on starting on page 4.)

Snapshot of estimated average additional COVID-19 cost to a Kansas nursing home (not including testing):

Outbreak severity				
Level 1. Prevention only - no outbreak in town or city				
Level 2. Case or cases now exist in facility's town or city				
Level 3. One positive case in the facility				
Level 4. Multiple positive cases in the facility				
	1	2	3	4
Average cost per resident day	\$ 63.07	\$ 100.14	\$ 203.65	\$ 562.23

Our original estimate remains valid based on recent analysis.

WHAT HAS CHANGED SINCE OUR ORIGINAL PROPOSAL?

Since our initial proposal was submitted, these important developments have occurred that were not anticipated in our original proposal:

1. The State Legislature passed, and the Governor signed, **House Bill 2016. Section 19 (B) (1)-(5)** of the bill requires the Kansas Department for Aging and Disability Services to provide the necessary personal protective equipment, sanitizing supplies and testing kits appropriate to the needs of each adult care home (i.e. nursing homes, assisted living, residential health care, homes plus, adult day care, and board and care homes) on an ongoing basis based upon:
 - a. Current number of residents;
 - b. Current number of full-time and part-time staff members; and
 - c. Number of residents and staff who have tested positive for COVID-19 in the last 14 days.
2. **COVID-19 testing** is emphasized in KDHE's statewide testing strategy, Additionally KDADS requires all adult care homes to develop a multi-faceted testing plan. Testing costs associated were not anticipated in our initial proposal.
3. KDADS received CMS approval for a **retroactive, time-limited \$20 per resident day add-on for nursing home residents whose care is reimbursed by Medicaid** (59% of residents.)
4. We are seeing that, in addition to nursing homes, other adult care homes (**i.e. assisted living, residential health care, homes plus, board and care homes and adult day care**) **staff and residents are not exempt from COVID-19**, and are also in need of PPE, testing and funding to prevent, detect and care for COVID-19 residents. According to KDADS, as of last week, there were ten such free-standing "other than nursing home" facilities that were experiencing outbreaks, and another seven facilities that are part of a building that also includes a nursing home.
5. The US Department of Health and Human Services (HHS) allocated **CARES Act funding of \$1.25B to Kansas** for COVID-19 prevention, preparation and response.
6. HHS broadly views every patient as a possible case of COVID-19, **regardless of payor source.**
7. The **SPARK Task Force was established** to make CARES Act funding deployment recommendations.

AMENDMENTS TO OUR ORIGINAL PROPOSAL

The Boards of LeadingAge Kansas, Kansas Adult care Executives and Kansas Health Care Association (Attachment B starting on page 7) respectfully request funding for the following eminently justifiable amendments to our original proposal:

1. **Funding for COVID-19 testing for adult care home staff and residents, regardless of their payor source.** Tests should be covered if a local or state health official requires them, or if deemed prudent by an adult care home executive for the safety of residents and staff. Our preference is for labs to bill Medicare or the State directly, without involvement of the adult care home, since they are already stretched to capacity at this time, and especially so when an outbreak is developing or occurring. The estimated average cost for testing of every nursing home staff member and resident is \$2.315 Million, not including Medicare billable costs. (Note: We are awaiting word from KDADS on

the number of staff and residents in adult care homes other than nursing homes to estimate testing costs in these settings.)

- An additional per adult care home resident per day COVID-19 payment, regardless of payment source, through the end of the calendar year at a minimum.** We acknowledge and appreciate KDADS’ plan for a COVID-19 add-on of \$20 per Medicaid resident day for the 120 days from March 1 – June 30, 2020. However, we strongly urge, as we did in our original proposal, that this add-on be extended through December 31, 2020 at a minimum, based on continuation of the pandemic. In addition, a COVID-19 case in a nursing home puts all residents at risk, regardless of payor source. Because of this, we request a COVID-19 payment of \$20 per resident day for residents whose primary payor is not Medicaid through the end of this calendar year at a minimum.

		Association	Association
		Original Proposed	Amended Proposed
	KDADS Proposed	Add-on for	Add-on for
	Medicaid Add-on	Medicaid Residents	All Residents
Dates covered	March 13, 2020 - July 11, 2020	March 1, 2020 - December 31, 2020	March 1, 2020 - December 31, 2020
Calendar days covered	120	306	306
PRD add-on	\$ 20.00	\$ 20.00	\$ 20.00
Number of residents	9,070	9,070	15,954
Total cost	\$ 21,768,000	\$ 55,508,400	\$ 97,638,480
Additional funding request		\$ 33,740,400	\$ 75,870,480

- Eliminate the original request for a nursing home-designated COVID-19 Emergency Fund.**

AMENDED ASSOCIATION PROPOSAL FUNDING REQUEST:

\$75.8M	\$20 per resident per day Add-On March-December 31, 2020 above that planned by KDADS/approved by CMS for NF Medicaid NF add-on
\$14M*	6 rounds of <u>nursing home</u> staff & resident testing (\$4.63M average), July-December 2020
\$89.8M**	TOTAL

*Approximately half of testing expense can be billed to Medicare. State funds \$2.315M/round needed.

**Estimated licensed only adult care home cost unavailable, pending KDADS census and staffing information.

FINAL THOUGHTS

The collective cost for COVID-19 prevention, detection, care, and future planning is, in the end, unknowable and likely staggering. This is especially true for the oldest Kansans residing in congregate settings like adult care homes, affordable housing (HUD) apartments and life plan communities. While our current amended proposal focuses on adult care homes, we want to be on the record as advocating for older Kansans as they face the COVID-19 pandemic, wherever they choose to call home. We are committed to work with our national associations and Members of Congress to secure further funding for the fuller spectrum of aging services to meet COVID-19 related needs in this highest risk population.

ATTACHMENT A - Original Proposal

Submitted to Governor, KDADS, Medicaid State Director on May 12, 2020

Introduction

COVID-19 is an insidious threat with devastating repercussions to people who reside in nursing homes. Caring for Kansas nursing home residents is challenging under the best of circumstances, given their conditions and impairments, advanced age, and frailty. According to Section 3 of the latest *Nursing Home Data Compendium* published in 2015 by the Centers for Medicare and Medicaid Services, the vast majority of Kansas nursing home residents are aged 85 and older, more than half experience impairment in 3-5 activities of daily living, 60% live with moderate to severe cognitive impairment, in addition to a host of chronic clinical conditions such as diabetes, hypertension, osteoarthritis, behavioral conditions, incontinence and more.

Many of Kansas's 320 nursing homes are experiencing serious financial distress due to multiple chronic factors. Using data taken from the 2018 Kansas Medicaid Nursing Facility Cost Report, over 40% of Kansas nursing homes (excluding hospital long-term care units) experienced a negative margin. Now Kansas nursing homes are at the frontline of delivering care and services for the population most vulnerable to the dire and deadly consequences of COVID-19.

These are among the critical resources needed to stem the tide of COVID-19 among frail elders who reside in our nursing homes:

- Adequate Personal Protective Equipment (PPE)
- Sufficient staff
- Funding to help with extra costs for COVID-19 prevention, early intervention, and care.

Estimated Costs of COVID-19 Prevention, Early Intervention, Care and Outbreak Mitigation

The extra cost associated with protecting and serving Kansas nursing home residents during the COVID-19 pandemic will be large. COVID-19 costs could be the death knell for some nursing homes that are already fragile, especially in rural and frontier parts of the state.

LeadingAge Kansas, Kansas Health Care Association and Kansas Adult Care Executives recently came together with consulting experts to develop and test a model to estimate additional costs that will be incurred by Kansas nursing homes due to COVID-19. It was based on KDADS 2018 Medicaid Nursing Facility Cost Report data and tested with thirty nursing homes. Using this model, we determined that the average extra cost nursing homes incur for COVID-19 prevention and early detection is \$101 per resident day (PRD.) The average extra cost (above the existing Medicaid rate) associated with one COVID-19 positive case is \$203 PRD). With 2 or more confirmed cases, that average cost rises to an average of \$562 PRD. Our cost estimator was given to the State Medicaid Director and Deputy Director of KDADs on April 14th.

Existing Medicaid Nursing Facility Reimbursement Methodology

Kansas employs a complex prospective, cost-based, acuity-adjusted, facility-specific rate-setting methodology to set Medicaid nursing home rates. The allowable expenses are reported in three cost centers:

Operating, Indirect Health Care and Direct Health Care. Reimbursement is capped for each of these cost centers. In addition, there is a nominally funded incentive factor add-on, and a real and personal property fee, which is also capped. Historically rate pass-throughs have been added to the base rate (e.g. a pass-through for minimum wage increases in 2009.)

Proposed Plan for Additional Funding to Protect and Care for Nursing Home Residents During the COVID-19 Pandemic

LeadingAge Kansas and Kansas Health Care Association, the two statewide trade associations representing long term care and aging service providers, respectfully, urge that the State provide funding to assist with a fraction of extra COVID-19 associated costs that have been, and will be, incurred by nursing homes to protect and care for their residents.

We understand that many nursing homes have qualified for and received supporting funds from the federal government to assist with financial shortfalls. These amounts are not intended to fully cover all COVID-19 related expenses, therefore our request for state funding is for a fraction of extra COVID-19 costs through a Medicaid PRD pass-through, and an emergency fund in cases of COVID-19 outbreaks.

Our proposal contains two critical elements:

- 1. Provide a Medicaid Nursing Facility COVID-19 Prevention and Symptom Detection PRD pass-through of \$20 PRD**, effective March 1, 2020 through December 31, 2020, or until 120 days after both the Governor and Presidents' States of Emergency end and CMS COVID-19 guidance and requirements for nursing homes are lifted. This will fund approximately 20% of the average cost that nursing homes are incurring for COVID-19 prevention and early intervention. Major categories of expense include:

Personal Protective Equipment (PPE) and sanitization supplies related to COVID-19., including masks, gowns, gloves, sanitizers. NOTE: PPE expenses are running 2-10 times the usual price per item, and nursing homes are **using 4-5 times** the usual amount.

Extra staffing costs for more individual care delivery, overtime, staff attendance incentives, staff meals and other support, contract nursing staff to cover staff shortages due to illness/unavailability (2-3 times typical cost), increased time needed to comply with CMS and CDC guidance for staff and visitor screening and reporting. Types of staff this Pass-through would help fund include:

- Nurses and nurse aides (hands-on care, resident assessment, and other nursing interventions),
- Housekeepers (to conduct intensive sanitation 24/7),
- Social services staff (for additional one-on-one emotional and psychosocial support and facilitating communication with families through technology and other means),
- Activities staff (individual life enhancement endeavors to help residents stay meaningfully engaged when they cannot go about so many of their usual communal activities), and
- Food service staff (to deliver meals into individual resident rooms and extra time for individual interactions.)

- 2. Establish a COVID-19 Nursing Home Outbreak Emergency Fund**

The estimated average cost associated for providing care and supplies during an actual nursing home outbreak is \$562 per resident day. With approximately 16,000 residents in over 300 homes, the average nursing home has approximately 53 residents. Considering a 30-day time to contain an outbreak, the additional average cost to a nursing home of this size is estimated to be nearly \$894,000. Note there are many nursing homes in the state with far more than 53 residents. We understand there are already more than 20 nursing homes in the state at or above two confirmed cases. We request that the establishment a COVID-19 Nursing Home Outbreak Emergency Fund of \$100M to be used for lump sum grants for nursing homes based on actual or projected costs when there are two or more residents identified as COVID-19 positive in their building.

Because such outbreaks are public health emergencies that have ramifications for all residents, families, staff, local citizens and communities, we strongly recommend that such emergency funding not be based strictly on the number of Medicaid beneficiaries in the building, but rather, on costs to treat and contain the outbreak as a whole.

We request the State replenish the fund as needed so grants can be made for the duration of the declared state of emergency. We note that the States of New Hampshire and Vermont are establishing emergency funds for COVID-19. We propose that homes with current outbreaks of COVID-19 be allowed to request an immediate disbursement from this fund up to \$562 per resident day for a maximum 30-day period. If the outbreak is not contained within 30 days, additional disbursements may be requested. We expect a detail accounting for the use of these payments to be completed when the outbreak has been contained with any excess payments being returned to the fund.

Thank you in advance for your serious consideration of our proposal. We will look forward to hearing any questions you or your team might have. We stand ready to partner with the Administration to serve the frailest, oldest, and highest risk segment of the Kansas citizenry in this time of pandemic.

Respectfully,



Debra Zehr, President/CEO
LeadingAge Kansas
www.leadingagekansas.org/



Linda MowBray, President/CEO
Kansas Health Care Association
<https://www.khca.org/>

ATTACHMENT B- BOARDS OF KACE, KHCA and LEADINGAGE KANSAS
(Board Member names, organization, city/cities)

KANSAS ADULT CARE EXECUTIVES BOARD <https://kansasadultcareexecutives.wildapricot.org/>

- David Haase, Chair – CSJ Initiatives, **Wichita**
 - **Kansas CSJ locations: Wichita, Mulvane**
- Leanna Chaffee – Brewster Place, **Topeka**
- Brad Heidrick - **Olathe**
- Sara Sourk, Treasurer - Crestview Nursing & Residential Living, Treasurer, **Seneca**
- Haely Ordoyne – The Centennial Homestead, **Washington**
- Kris Erickson, Secretary - Bethany Home, **Lindsborg**
- Lee Eaton – Midwest Health, Inc., **Topeka**
 - **Kansas Midwest Health, Inc. locations: Salina, Auburn, Augusta, Wichita, Derby, El Dorado, Eudora, Garden City, Halstead, Hays, Leavenworth, Shawnee Mission, Manhattan, Olathe, Overland Park, Russell, Topeka, Wellington, Meriden, Lawrence, Lansing, Ulysses, Alma, Halstead**
- Alicia Rumold – Holiday Resort, **Emporia**
- Mark Schulte – Via Christi Village Georgetown, **Wichita**
 - **Ascension Senior Living locations: Hays, Manhattan, Overland Park, Pittsburg, 5 locations in Wichita**
- Tami Klinedinst – Clearwater Nursing and Rehabilitation Center, **Clearwater**
- Valerie McGhee, **Alma**
- Garold Fowler, **Oskaloosa**
- Alejandro Nieto – Omega Senior Living Wichita
 - **Kansas Omega Senior Living locations DBA LakePoint: Augusta, Eldorado, Wichita**

KANSAS HEALTH CARE ASSOCIATION BOARD <https://www.khca.org/>

- Staci Cardenas, Chair - Medicalodges, Inc, **Coffeyville**
 - **Kansas Medicalodges locations: Arkansas City, Atchison, Clay Center, Coffeyville, Columbus, Eudora, Fort Scott, Frontenac, Gardner, Girard, Goddard, Great Bend, Independence, Holton, Kinsley, Leavenworth, Oxford, Paola, Pittsburg, Kansas City, Wichita**
- Steve Hatlestad, Immediate Past Chair – Americare Systems Inc, **Sikeston, MO**
 - **Kansas Americare Systems Inc. locations: Eureka, Galena, Chanute, Cunningham, Independence, Moran, Paola, Osage City, Sedan, Baxter Springs, Great Bend, Sabetha, Hutchinson, Russell**
- Della Robordy, VP/Treasurer – Americare Systems Inc, **Sikeston, MO**
 - **See list of all Kansas 14 Americare Systems Inc locations above**
- Angela Moore - Sharon Lane Health Services, **Shawnee**
- Melanie Butler - McCrite Plaza Health Center, **Topeka**
- Sonia Larimore - Windsor Place, **Coffeyville**
- Anthony Johnson – **Recover Care, Brooklyn, NY**
 - **Kansas Recover Care locations: Baldwin City, Emporia, Highland, Louisburg, Gardner, Merriam, Salina, Topeka, Richmond, Rossville, Wichita, Shawnee, Wathena**

- Kendal Kappeler - HMG Services, LLC, **The Woodlands, TX**
 - **Kansas HMG Services, LLC locations: Topeka, Salina, Belleville**
- Teresa Coover - Medicalodges, Inc, **Coffeyville**
 - **See list of all 20 Kansas Medicalodges locations above**
- Tammy O'Donnell - Country Care Inc, **Easton**
- Alejandro Nieto - LakePoint Augusta LLC, **Augusta**
- Dean Hagen - Brandon Woods at Alvarado, **Lawrence**
- Brent Wilson - The Ensign Group, Inc, **Mission Viejo, CA**
 - **Kansas The Ensign Group, Inc locations: Kansas City, Ottawa, Overland Park, Leawood, Olathe, Topeka**
- Kevin Crowley - Diversicare Management Services Co., **Brentwood, TN**
 - **Kansas Diversicare Management Services Co. locations: Chanute, Council Grove, Haysville, Hutchinson, Larned, Segwick**

LEADINGAGE KANSAS BOARD <https://www.leadingagekansas.org/>

- Crystal Packard, Chair – Good Samaritan Society, **Parsons**
 - **Kansas Good Samaritan Society locations: Atwood, Ellis, Ellsworth, Hays, Hutchinson, Liberal, Lyons, Oberlin, 6 locations in Olathe, Parsons and Wamego**
- Ed Strahm, Chair-Elect – Apostolic Christian Home, **Sabetha**
- Nate Glendening, Past Chair – Phillips County Retirement Center, **Phillipsburg**
- Joe Ewert, Secretary – Brewster Place, **Topeka**
- Jason Stucky, Treasurer – Pine Village, **Moundridge**
- Courtney Wolfe - Wichita Presbyterian Manor, **Wichita**
- Chris Osborn - Evergreen Community, **Olathe**
- Karen Sturchio - Kansas Christian Home, **Newton**
- Teresa McComb - Logan Manor Community Health Services, **Logan**
- Lonnie Baker - Meadowlark Hills, **Manhattan**
- Rhonda Parks - Presbyterian Manors of Mid-America (PMMA)
 - **Kansas PMMA locations: Arkansas City, Clay Center, Dodge City, Emporia, Fort Scott, Lawrence, Newton, Olathe, Parsons, Salina, Topeka and Wichita**
- Renee Porter - Dooley Center at Mount Saint Scholastica, **Atchison**
- Treva Greaser - Schowalter Villa, **Hesston and a sister location in North Newton**