



May 12,2020

The Honorable Laura Kelly, Governor  
State of Kansas  
Kansas Statehouse  
Topeka, Kansas 66612

Dear Governor Kelly:

### **Proposal for State Funding for COVID-19 Prevention and Care for Kansas Nursing Home Residents**

#### **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, it was 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 14<sup>th</sup>.

### **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:

**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.)

### **Establishment of 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 period 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,



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cc: Larry Campbell, Director of Budget  
Laura Howard, Secretary of Kansas Department on Aging and Disability Services  
Janis DeBoer, Deputy Secretary, Kansas Department on Aging and Disability Services  
Adam Proffitt, Medicaid State Director