

Kansas Department of

# **Social and Rehabilitation Services**

Gary J. Daniels, Acting Secretary

**Long-Term Care Services Task Force and  
Legislative Budget Committee**

November 8, 2004

**ICFs/MR and NFs/MH**

**Division of Health Care Policy**

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Chairmen Morris and Salmans and Committee members, I am Margaret Zillinger, Director of Community Supports and Services, Department of Social and Rehabilitation Services. Thank you for this opportunity to present information regarding two of the private institutional programs SRS manages and funds through Medicaid, Intermediate Care Facilities for persons with Mental Retardation (ICFs/MR) and Nursing Facilities for Mental Health (NFs/MH)

ICFs/MR

Intermediate Care Facilities for persons with Mental Retardation (ICFs/MR) are Medicaid certified facilities that provide institutional services to persons with a developmental disability. The facilities must be larger than four beds and provide services that comply with extensive federal requirements commonly referred to as "active treatment." There are 28 private ICFs/MR in Kansas categorized by size as follows:

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Facility Size	Number of Facilities
Four to Eight Beds	20
Nine to Sixteen Beds	7
Larger than Sixteen Beds	1

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Reimbursement for these facilities has historically been based on annual cost reports submitted by each facility. The costs in the reports are inflated to account for increased costs due to inflation. The inflated costs were then compared to cost center limits and the resulting reimbursement rate was based on the inflated costs or the limits whichever was less. Using this method reimbursement rates for ICFs/MR increased each year. SRS is currently seeking a state Medicaid plan amendment that reduces the pace at which ICFs/MR reimbursement rates increase each year. Final approval of the state Medicaid plan by the Centers on Medicare and Medicaid is pending.

Nearly all persons living in ICFs/MR are eligible for Medicaid and the entire program is eligible for the typical 60.96% federal Medicaid matching funds. The ICFs/MR program is not currently included in the consensus caseload estimating process. Many years ago it was included, but when the number of ICFs/MR began to drop in the mid to late 1990s the program was removed so that funds saved from the closure of facilities could move with the persons affected by the closures and be used to pay for their needed community based services. This approach to money

following the person was not conducive to consensus case loading estimating, so the program was removed from the process.

### NFs/MH

NFs/MH are nursing facilities that serve primarily persons who are severely and persistently mentally ill. These facilities must meet licensing standards for nursing facilities and Medicaid certification requirements. There are 12 NFs/MH ranging in size from 34 to 102 beds. Reimbursement rates for NFs/MH are established using the same rules as are used for “regular” nursing facilities. Historically, each facility submitted an annual cost report. The costs in the report are inflated to account for increased costs due to inflation. These inflated costs are then compared to cost center limits and the resulting NFs/MH reimbursement rate is based on the inflated costs or the limits which ever is less. As with nursing facilities NFs/MH reimbursement rates are now determined using their CY 2001 cost reports.

The Center’s for Medicare and Medicaid (CMS) define NFs/MH as institutions for mental disease (IMDs) because they predominately serve persons with mental illness. Because of this designation, persons ages 19 though 64 are not eligible to have the cost of their services funded by federal Medicaid. Reimbursement for these persons must be all state funds. About seventy-five percent (75%) of the persons in NFs/MH are in this IMD exclusion group. As a result over 84% of the cost of NFsMH are state funded.

CMHCs are screening persons applying for admission to NFs/MH to ensure they need this level of care. CMHCs are also annually rescreening persons in NFs/MH to ensure they continue to need this services. As a result some persons are being diverted or being placed from NFs/MH into appropriate community-based services. However, because of new admissions, the overall number of persons in the NFs/MH is not declining.

Like nursing facilities, NFs/MH services are an entitlement for those who qualify for Medicaid and require this level of service, so they are included in the consensus case load estimating process.

This concludes my testimony. I would be happy to answer any questions at this time.