

it doesn't matter.

Tim finding
out which
states are doing
this —

NAMD wants to
stop approving
plans

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Updated SATURDAY February 19, 2000

Legislature

State sees windfall in loophole

Department on Aging staff find a way to raise \$100 million for the budget by manipulating a federal nursing home grant.

By Scott Rothschild
Eagle Topeka Bureau

TOPEKA -- The federal government may provide the money to solve the state's budget woes, Gov. Bill Graves said Friday.

State bureaucrats learned of a little-known federal program that could provide Kansas with more than \$100 million, Graves said.

The money would come from the Health Care Financing Administration -- the same agency that runs Medicare and Medicaid.

The money Graves wants to tap is usually earmarked by the federal government for nursing home care.

But an accounting trick used by other states could allow Kansas to send the money to nursing homes on the condition that they send it back so the state can spend it elsewhere.

Staff members of the Department on Aging became aware of the strategy from Nebraska colleagues while attending a conference a couple of months ago, department officials said.

Officials with the federal agency said Friday they could not immediately confirm whether Kansas would be eligible for such money.

A decline in state revenues has left the Legislature struggling for ways to finance a number of programs.

Graves is optimistic the state would get the federal funding but said lawmakers should be cautious in spending it because the funding source will probably not be available much longer.

Since more states are becoming aware of the program, Congress may be inclined to close it, he said.

To Chris
Tami -
to I need
disarm w/ you.
Nancy -

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Members of the Kansas congressional delegation either could not be reached for comment or were not familiar with the program.

At least five other states -- Michigan, Nebraska, New York, Pennsylvania and Wisconsin -- are taking advantage of the program. Wisconsin has been drawing extra federal funds since 1986, Graves said.

"As long as we are following the rules as they exist, we are not doing our job if we are not seeking out these kinds of opportunities," Graves said.

Sen. Dave Kerr, R-Hutchinson and chairman of the Senate budget-writing committee, said the federal windfall "could turn into more of a curse than a blessing" if the state adds more expenses to the budget that it won't be able to cover later if the federal funds stop.

Graves wants to use the money to pay for nursing homes and a new program to help low-income senior citizens buy prescription drugs.

He also wants to increase state per-pupil spending on public schools by \$50 in fiscal 2001, and he wants to increase state support of special education. The state has been spending more money on special education but struggling to keep up with school districts' needs.

The money could also be used to pay for more nurse assistants in nursing homes and to cover the cost of projected growth in nursing home patient populations.

In addition, Graves said he wanted to set up a Senior Services Trust Fund that would help senior citizens buy drugs, a proposal that is similar to legislation being pushed by Rep. Carlos Mayans, R-Wichita. And the state could establish a nursing-home loan fund to improve nursing homes.

Budget problems have dominated the legislative session. State revenue missed projections, and the Legislature cut the budget for the current fiscal year. Since then, the focus has been on budget priorities for the next fiscal year, which starts July 1.

"I hope for the Legislature and the people of Kansas, it's at least potentially some good news, and an opportunity to help us with some of our critical funding needs this session," Graves said.

Scott Rothschild covers state government. He can be reached at (785) 296-3006. Contributing: Associated Press