



Overview
January 21, 2015

Overview of Medicaid and CHIP

Medicaid and the State Children's Health Insurance Program (CHIP) are:

- Joint programs between state and federal government
- Major payers in our health care system
- Tailored by each state to meet the needs of the vulnerable populations of the state
- Growing

Overview of Medicaid Nationally

Medicaid:

- Created in 1965 through an amendment to the Social Security Act
- Provides coverage for a broad range of health care services
- Serves children, pregnant women, the frail elderly, physically disabled individuals and individuals with intellectual or developmental disabilities
- Nationally, Medicaid state and federal expenditures in FY 2013 were over \$449 billion

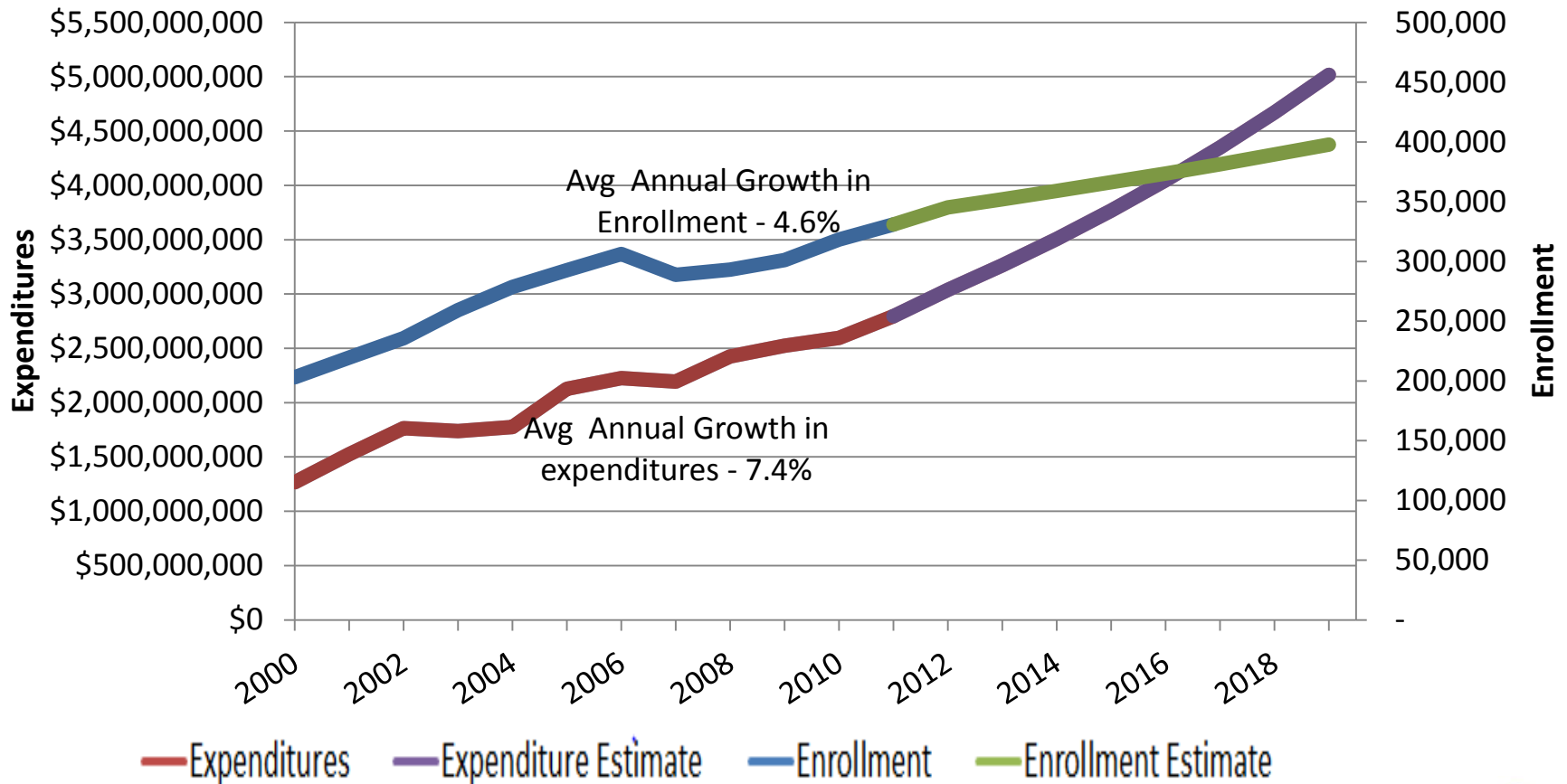
Overview of CHIP Nationally

Children's Health Insurance Program (CHIP):

- Created in 1997, reauthorized in 2009
- Provides coverage for health care services
- Serves children in families who have too much income to qualify for Medicaid
- Nationally, CHIP state and federal expenditures in FY 2013 were \$13.2 billion

Sustained Medicaid Growth

Total Medicaid – without expansion

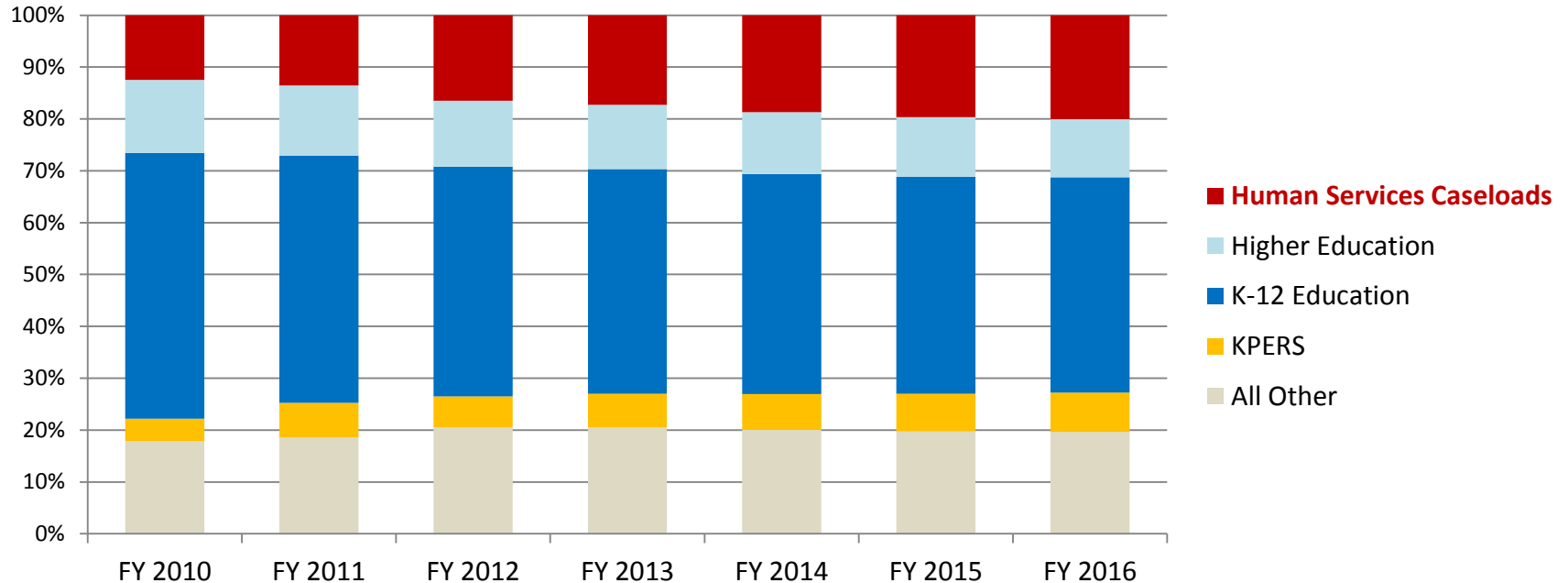


Medicaid Components

| SFY 2012 , in \$millions | Children/ Families | Disabled | Aged | MediKan/ Other | TOTAL |
|-----------------------------------|-----------------------|-------------|------------|-------------------|-------------|
| Physical Health | 630 | 469 | 107 | 77 | 1283 |
| Behavioral Health | 46 | 126 | 15 | 48 | 235 |
| Substance Abuse | 8 | 7 | 0 | 4 | 19 |
| Nursing Facilities | 0 | 121 | 375 | 1 | 497 |
| Home and Community Based Services | 0 | 475 | 115 | 9 | 599 |
| TOTAL | 684 | 1198 | 612 | 139 | 2633 |

Projected Cost Increase Effect

Expenses as % of State General Fund



FY 12-16 projected; illustrates impact on other programs if Medicaid spending growth continues unabated. Assumes projected deficits would be offset in other programs.

Key Features of KanCare

- Coordinating care for the whole person
- Clear accountability
- Improving health outcomes
- Consolidation of financing

Whole Person-Centered Care Coordination

- No reduction in current levels of Medicaid services and eligibility
- New services include:
 - Heart and lung transplants for adults
 - Weight-loss surgery
 - Valued-added services
- Health homes
- Options counseling

Clear Accountability

- Each contractor is required to:
 - Maintain a Health Information System (HIS)
 - Report data to State of Kansas and Centers for Medicare and Medicaid Services (CMS)
 - Submit to an External Quality Review (EQR)
- Performance benchmarks
- KanCare Advisory Council
- Bob Bethell Joint Committee on Home and Community Based Services and KanCare Oversight

Improving Outcomes

Through the contracts with the managed care organizations (MCOs), we are focused on:

- Lessening reliance on institutional care
- Decreasing re-hospitalizations
- Managing chronic conditions
- Improving access to health services

Financing Consolidation

- Move almost the entirety of Medicaid into a capitated risk-based managed care system
- KanCare contractors will be rewarded for paying for preventive care that keeps people healthy

KanCare 1115 Waiver

- Provides flexibility in program administration
- Bring nearly all Medicaid populations into managed care
- Cover nearly all Medicaid services through managed care, including long-term services and supports

Moving Forward

- Health Homes
- Medicaid Cost Comparisons
- Utilization Comparison
- Program Changes
- Innovation in Service Delivery
- Review of Executive Summary

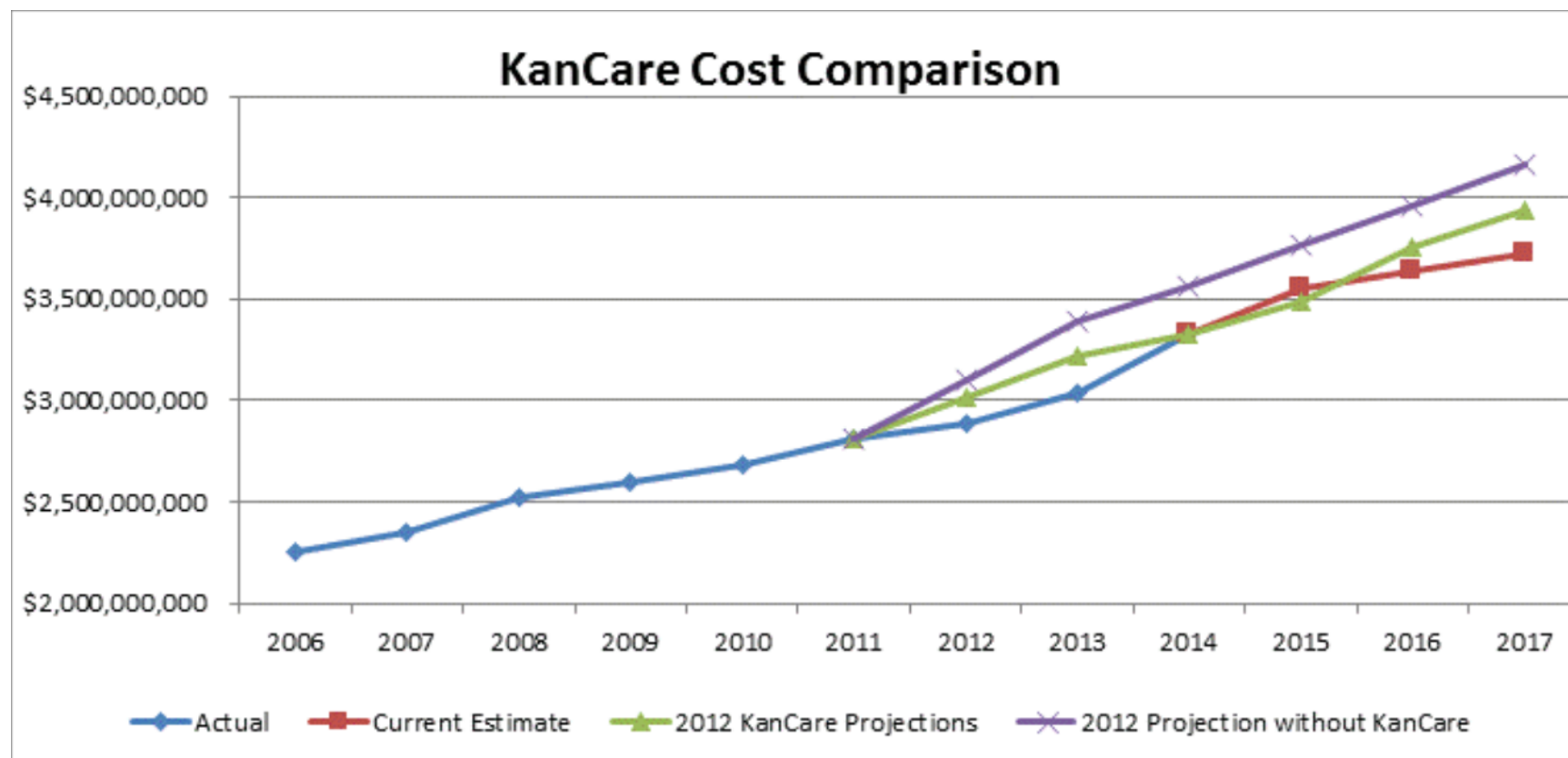
Health Homes

- Health Homes will ensure that:
 - Critical information is shared among providers and with Health Home members
 - Members have the tools they to manage their illness
 - Critical screenings and tests are performed regularly and on time
 - Unnecessary emergency room visits and hospital stays are avoided
 - Community and social supports are in place to help Health Home members stay healthy

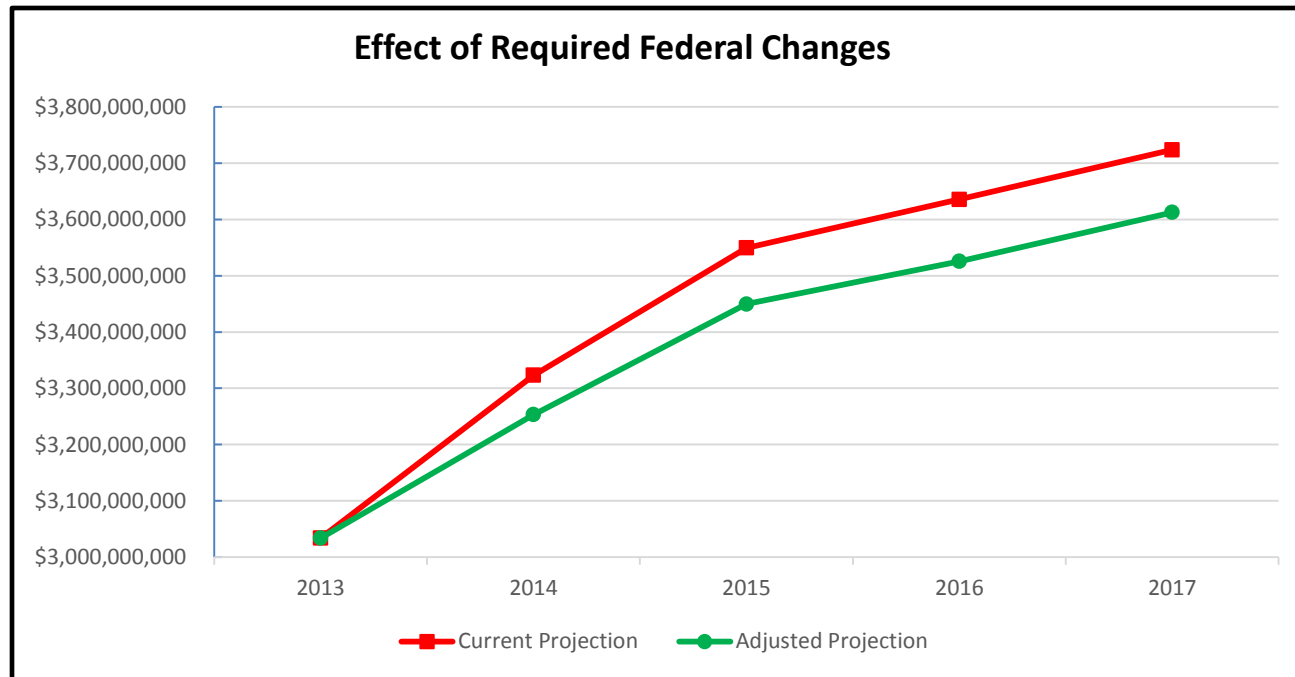
Health Homes Update

- Health Homes for individuals with Serious Mental Illness (SMI) implemented July 1, 2014
- As of Jan. 1, 27,766 were enrolled in SMI Health Homes
 - I/DD members comprise 4.9 percent
 - 4,894 have opted out, 15 percent opt out rate
 - Projected opt out rate was 25 percent
- As of Jan. 7, there were 80 contracted Health Home Partners (HHPs)
 - While not all contract with an MCO, each MCO has at least 56 contracted HHPs

KanCare Cost Comparison



Federal Effect Cost Comparison



Adjusted Projection is net of woodwork effect associated with ACA, Health Insurance Providers Fee pass through, and Hepatitis C case rate addition.

Cost Comparison Components

| | SGF | | |
|------------------|---------------|---------------|---------------|
| | SFY 2015 | SFY 2016 | SFY 2017 |
| ACA HIPF | \$ 14,202,400 | \$ 14,822,054 | \$ 15,784,573 |
| ACA Woodwork | \$ 17,320,000 | \$ 17,549,200 | \$ 17,616,000 |
| Hep C | \$ 7,361,000 | \$ 15,738,669 | \$ 15,798,578 |
| FMAP Changes | \$ 3,826,218 | \$ 24,572,528 | \$ 30,913,208 |
| Total SGF Effect | \$ 42,709,618 | \$ 72,682,451 | \$ 80,112,358 |

- ACA HIPF: nationally \$8 billion in 2014, \$14.3 billion in 2015
- ACA Woodwork: individuals previously eligible who now apply
- FMAP: Federal Medical Assistance Percentage
- Hepatitis C: Federal requirement to cover new treatment drugs

Utilization Comparison

| Utilization Report | | | |
|------------------------------|----------------|----------------------|--------------|
| Comparing CY 2013 to CY 2012 | | | |
| Type of Service | Units Reported | Utilization Per/1000 | % Difference |
| Behavioral Health | Claims | 269 | 5% |
| Dental | Claims | 2,842 | 318% |
| HCBS | Unit | 443,848 | 9% |
| Inpatient | Days | -202 | -17% |
| Nursing Facility | Days | 25,313 | 7% |
| Outpatient ER | Claims | -7 | -1% |
| Outpatient Non-ER | Claims | -61 | -3% |
| Pharmacy | Prescriptions | 2,025 | 20% |
| Transportation | Claims | 155 | 25% |
| Vision | Claims | 66 | 20% |
| Primary Care Physician | Claims | 1,642 | 43% |
| FQHC/RHC | Claims | 175 | 20% |

Program Changes

- Ways to optimize and streamline administrative costs that will not affect the services of those enrolled in KanCare include:
 - Medicaid pharmacy administration reforms
 - Transition eligibility functions from the Department of Children and Families to the Department of Health and Environment
 - MCOs to implement payment reforms, e.g. shared savings, to financially incentivize providers to improve health outcomes

Innovation in Service Delivery

- Project ECHO
- Oral Health Initiative
- Collaborative Improvement & Innovation Network (CoIIN)
- Million Hearts

Project ECHO

- One of eight states selected to take part in a feasibility study
 - Telementoring program
 - Based on a successful model in New Mexico
 - Links expert specialist teams with primary care in local communities
 - Together they manage the patients care
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Project ECHO

- Based on the recognition of four basic tenets:
 1. People need access to specialty care for their complex health conditions
 2. There are not enough specialists to treat everyone who needs care, especially in rural and underserved areas
 3. ECHO trains primary care clinicians to provide specialty care services, meaning more people can get the care they need
 4. Patients get the right care, in the right place, at the right time; improving outcomes and reducing costs

Oral Health Initiative

- One of five states selected to participate in this project
- Combines work within Medicaid and the Bureau of Oral Health
- Targets preventative care

Collaborative Improvement & Innovation Network

- Public-private partnership to reduce infant mortality and improve birth outcomes
- Five selected priorities:
 1. Reduce elective delivery prior to 39 weeks
 2. Expand access to interconception care
 3. Promote smoking cessation among pregnant women
 4. Promote safe sleep practices
 5. Improve perinatal regionalization

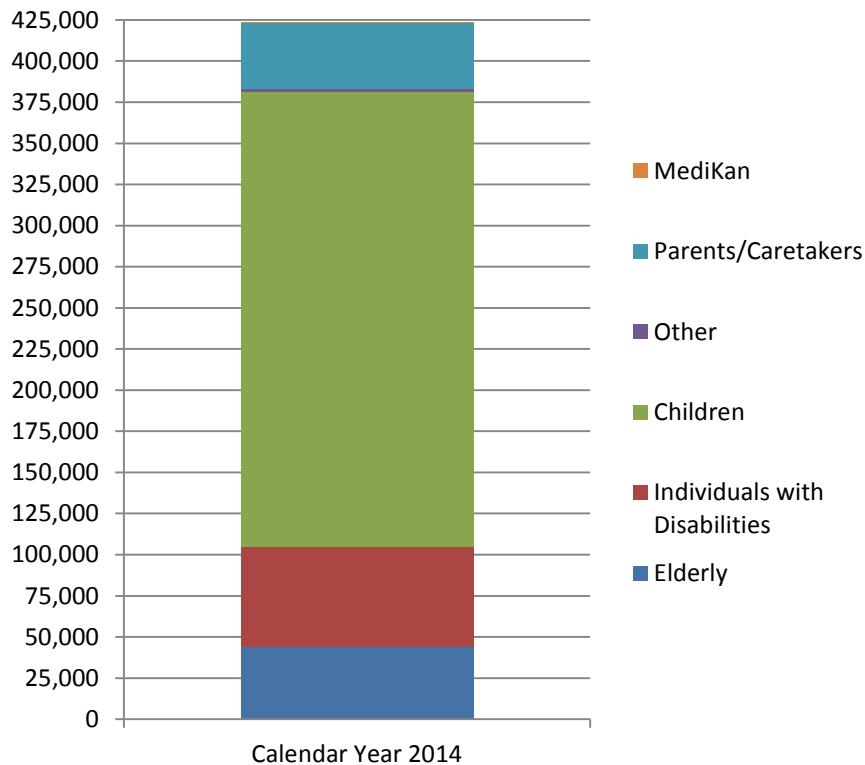
Million Hearts

- National initiative with goal of preventing 1 million heart attacks and strokes by 2017
- Focus on the ABCS
 - Appropriate Aspirin therapy
 - Blood Pressure Control
 - Cholesterol Management
 - Smoking Cessation
- Aims to improve patient access to effective care and focusing clinical attention on the prevention of heart attack and stroke

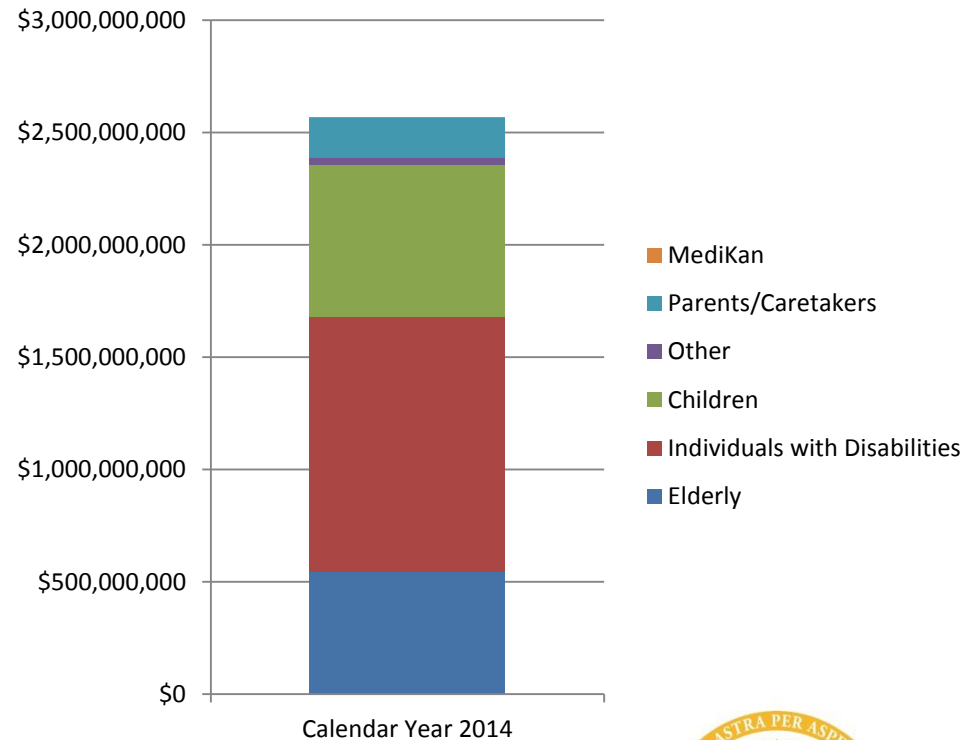
Executive Summary

Eligibility/Expenditure Comparison

Eligibility Composition
Calendar Year 2014
(January - November)



Expenditure Composition
Calendar Year 2014
(January - November)



Thank you

Questions?