Approved: 1-23-01
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on January 16, 2001 in Room 234-N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
JoAnn Bunten, Committee Secretary

Conferees appearing before the committee:

Laura Howard, Assistant Secretary for Health Care Policy, SRS
Bob Day, Director of Medical Policy /Medicaid, Div. of Health Care Policy, SRS

Others attending: See attached list.

Work Incentives Improvement Act and Medicaid Buy-In Program

Laura Howard, Assistant Secretary for Health Care Policy, SRS, provided information to the Committee on the Ticket to Work and Work Incentives Improvement Act passed by Congress in 1999 which made it easier for states to assist people with disabilities to maintain employment without losing necessary health benefits. The Act directed the Department of Health and Human Services to establish a Medicaid Infrastructure Grant program for the design, establishment and operation of state infrastructures to support working individuals with disabilities. SRS received a grant in October 2000 in the amount of $2,049,583 for a four-year period. Kansas plans to use the grant funds to accomplish the following initiatives: (1) Design, plan and implement a Medicaid Buy-In program for two new eligibility groups; (2) conduct outreach campaigns to educate beneficiaries; and (3) develop personal assistance services for persons who need support to successfully function in the workplace. The Medicaid-Buy-In Program for working people with disabilities offers health coverage under the Medicaid program to certain workers with disabilities, either by permitting them to purchase Medicaid coverage or by extending Medicaid eligibility to them without charge. (Attachment 1)

During Committee discussion about the Medicaid Buy-In Program, Ms. Howard pointed out that SRS will hire two staff people to oversee the grant funds and develop an extensive outreach program.

Blending Titles XXI and XIX

Bob Day, Director of Medical Policy /Medicaid, Division. of Health Care Policy, SRS, briefed the Committee on the creation of a single health plan for children blending Titles XXI and XIX called HealthWave that would provide families with a single health plan regardless of funding source, improve access to providers through the use of management entities, assure the delinking of health coverage from other welfare benefits and improve the health status of beneficiaries through value based purchasing as outlined in his written testimony. The new HealthWave would be effective July 1, 2001. (Attachment 2)

Approval of Minutes

Senator Teichman made a motion to approve the Committee minutes of January 10, 11, seconded by Senator Corbin. The motion carried.

Adjournment

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee is scheduled for January 17, 2001.

SENATE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: 1-16-01

NAME	REPRESENTING
Rich Guthrie	Heartland Midwest
Jim Wood	Conlee Consulting
Harley Boom	Dept of Admin
Jeremy Anderson	Insurance Department
Nancy Zogleman	Pfizer
Mike Hutfles	First Guard
Marianne Deagle	SRS
FRED LUCKY	KANSAS HOSPITAL ASSN.
Sam Sellers	KS ASSOC. INS. AGENTS
Michael Kennedy, MD	Interested Citizen
Brenda Eddy	ATK
Cindy Shaw	Kearney Law Office
BOB ALDERSON	KS. PHARMACISTS ASSOC.
Scott Brunner	DOB
Bill Sneed	Merck
Hal Hudson	NFIB/KS
Seth Bridge	Sen. Brungardt
Laura Howard	SRS
Robert Day	SRS

SENATE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: 1-16-21

NAME	REPRESENTING
Kevin Davis	Am Family Mut.
[illegible]	[illegible]
Kirk Lowry	TILRC
[illegible]	Tobacco Council.
[illegible]	BBS
[illegible]	KAIA
Roger Fraude	KGC
Katrina Hull	IAP
[illegible]	SLCK
Gina McDonald	KACIL
George Barker	GBBA
Doug Bowman	Ks ICC
Josie Torres	Ks Council on Dev. Disabilities
Kevin Barone	Hein Law Chtd.
Steve Montgomery	United Healthcare
Kathy Damron	Bridgeport Rental
Carolyn Middendorf	Ks St Ns Assn

Kansas Department of Social and Rehabilitation Services

Janet Schalansky, Secretary

For additional information contact:

Diane Duffy, Deputy Secretary of Operations

J.G. Scott, Budget Director;

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Senate Financial Institutions and Insurance Committee
January 16, 2001

Ticket to Work

Health Care Policy
Laura Howard, Assistant Secretary
785.296.3773

Senate Financial Inst. & Insurance
Date: 1-16-01
Attachment No. 1

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

Senate Financial Institutions and Insurance Committee
January 16, 2001

Madam Chair and members of the Committee, thank you for the opportunity to appear before you today to provide information on the Ticket to Work and Work Incentive Improvement Program. My name is Laura Howard, the Assistant Secretary for Health Care Policy for SRS.

Background

At a time when industry is facing serious obstacles in finding qualified workers, three out of four people with disabilities are not working. Even fewer people on Social Security disability programs ever enter the workforce or return to work. Many of these people are highly skilled and want to work.

The concern expressed most frequently by people with disabilities who want to work is the fear of losing coverage for health care should employment cause them to lose eligibility for health benefits. Often these individuals cannot obtain private health insurance due to factors such as pre-existing conditions. The loss of publicly-funded health benefits would leave them without a way to pay for medical expenses and for basic supports such as personal assistance services they need to live and work. Many, therefore, fear working as not in their best interests. Others may be employed, but are careful to limit their employment to very low levels that will not jeopardize such coverage.

The Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA)

In 1999, Congress passed the "Ticket to Work and Work Incentives Improvement Act" to make it easier for States to assist people with disabilities to maintain employment without losing necessary health care benefits. The Act improves access to employment training and placement services for people with disabilities who want to work and offers States opportunities to eliminate barriers to employment for people with disabilities by improving access to health care coverage under Medicare and Medicaid. Specifically with regard to Medicaid, TWWIIA allows states to establish a new eligibility category for coverage which would permit persons with disabilities to retain their Medicaid coverage while working and to pay a premium towards this health care coverage. This means that persons receiving SSI or SSDI who lose medical benefits because of earned income could "buy-in" to Medicaid for health care coverage. Congress gave states a lot of flexibility to establish eligibility criteria, including income and asset limits that exceed regular eligibility standards. In addition, premiums can be established on a sliding scale so that persons pay more towards their coverage as their income rises.

Section 203 of the Act directed the Department of Health and Human Services (DHHS) to establish a Medicaid Infrastructure Grant program for the design, establishment, and operation of state infrastructures to support working individuals with disabilities.

Kansas Awarded Infrastructure Grant

In October 2000, the DHHS awarded the Department of Social and Rehabilitation Services (SRS) a Medicaid Infrastructure Grant in the amount of $2,049,583 over four years. Kansas was one of 25 states to receive this four year grant of approximately $500,000 per year. The grant provides needed support to help build the system necessary to allow the purchase of health care coverage through Medicaid for persons with disabilities who want to work, including the enhancement of systems that provide personal assistance services. The goal of the grant is to provide resources necessary to break down barriers that preclude people with disabilities from working. Grant funds may be used to design and implement two new eligibility categories, reach out to people with disabilities who might benefit from the expanded eligibility options, or improve the ability of the Kansas Medicaid program to provide the services that help people sustain their work efforts, such as personal assistance services. No State match is required.

Kansas plans to use the grant funds to accomplish the following initiatives: (1) design, plan and implement a Medicaid Buy-In program to two new eligibility groups; (2) conduct outreach campaigns to educate beneficiaries of the availability of health care coverage for competitively employed individuals with disabilities; and (3) develop personal assistance services for persons who need support to successfully function in the workplace. The grant to Kansas is conditional and must be applied for each year. Continued funding is contingent upon meeting annual benchmarks which include providing personal assistance services in the Medicaid State Plan.

The Medicaid Buy-In Program for Working People with Disabilities

The Medicaid Buy-In Program for Working People with Disabilities offers health coverage under the Medicaid program to certain workers with disabilities, either by permitting them to purchase Medicaid coverage or by extending Medicaid eligibility to them without charge. The State decides the upper income level for people who could be eligible and how much money people may save from their work and still be eligible. The State also decides how much it wants to charge participants in the way of copayments, fees, premiums or other cost sharing mechanisms.

SRS's Efforts to Administer the Grant

At this juncture, funding for the Medicaid Buy-In program is not included as part of the SRS budget. However, efforts are underway at SRS to administer this grant. As is always the case with a new federal program, it is just a matter of time before SRS, with the help of stakeholders, will determine who will be eligible for the new program, schedule outreach activities, draft Medicaid State Plan amendments, and assess the program's fiscal impact.

Blending Titles XXI and XIX

Creating a single health plan

Overview

- The national context
- Changing role of publicly financed coverage
- Rationale for shifting to capitated managed care
- Business concerns essential to shifting to MCO delivered health care

Senate Financial Inst. & Insurance
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Attachment No. 2

National Issues

- Over 42 million Americans are without health coverage
- The United States has the most expensive per capita healthcare system in the world
- The United States ranks near the bottom of the industrial nations in health outcomes
- Access to health care is increasingly viewed as a right and not a privilege

The uninsured are generally:

- In poorer health than the insured
- Less likely to seek treatment when they experience symptoms
- Likely to access health care using expensive delivery systems e.g. emergency rooms
- At greater risk for long term health problems

Publicly funded health care for the indigent and working poor has been embraced as a bipartisan issue in which the debate is more about how rather than whether or not

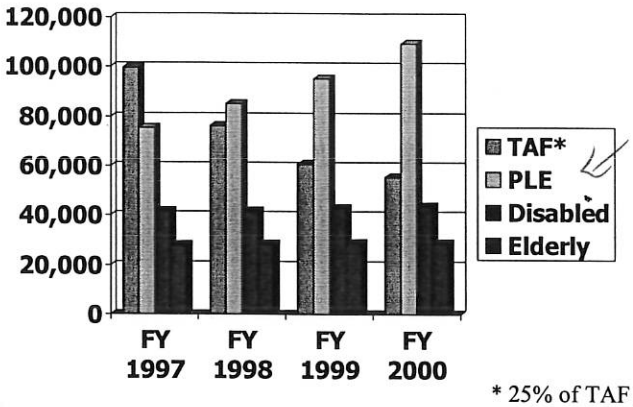
The Shift in Medicaid

The failure of the Clinton single payer health plan has led to an incremental approach to expanding publicly funded health insurance with Medicaid at the core of the change process.

Federal Initiatives

- Delinking of Medicaid and cash assistance
- Creation of the States Children's Health Insurance Program (SCHIP)
- Encouragement of simultaneous enrollment and eligibility
- Creation of new eligibility categories
  - Ticket to work
  - Caregiver
  - Women to 250% of poverty for breast and cervical cancer

Enrollment by eligibility category



* 25% of TAF are adults

Kansas Initiatives

- Simultaneous eligibility and enrollment
- Waiving face-to-face requirement
- Outreach to encourage enrollment
- Use of a clearinghouse for enrollment
- Use of risk based managed care
- Elimination of 6-month waiting period

Rationale for expanding capitated managed care in publicly funded health coverage

Contracting with managed care companies allows the State the opportunity to influence health outcomes by hiring entities specifically designed to organize health care delivery in a coordinated fashion.

MCOs influence care by

- Providing case management services to targeted populations (persons with chronic disease)
- Providing an organized entity to influence physicians to provide evidence based practice
- Promoting wellness through well child check ups & immunizations
- Providing for aggressive prenatal care

Difference between Medicaid and commercial managed care

Medicaid

- Mandated benefit package
- Open formulary
- No co-pay
- Regulatory control by the state

Commercial

- Limits benefits & rations care
- Uses restricted formulary
- Controls access through co-payment structures
- Little oversight or consumer protection

Goals of the Blended Program

7-1-01

- To provide families with a single health plan regardless of funding source
- Improve access to providers through the use of management entities
- Assure the delinking of health coverage from other welfare benefits
- Improve the health status of beneficiaries through value based purchasing

Anticipated changes in the program

- Provide capitated managed care only for both Titles XIX & XXI across 2/3 of the state
- Expand the short application and clearinghouse enrollment to cover all TAF/PLE population

Changes cont.

- Eliminate waiting period for services in Title XXI
- Renaming Prime Care HealthWave
- Encouraging area offices to develop local outreach activities
- Develop single point of entry for mental health and dental services through combined ASO/MCO

Changes we are going to make

- Create a shortened application for Medicaid
- Use an expanded clearing house to process all TAF/PLE Medicaid applications
- Drop the PrimeCare name and re-name the entire program HealthWave
- Move eligibility policy control for the TAF/PLE population to Medical Policy (using EES staff as consultant)