Approved: March 4, 2008
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on January 28, 2008 in Room 123-S of the Capitol.

All members were present except:
Senator Donald Betts, Jr. - excused
Senator Jean Schodorf - excused

Committee staff present:
Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
Kristen Clarke Kellems, Assistant Revisor of Statutes
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:
Don Jordan, Secretary, Kansas Department of Social and Rehabilitation Services
Dr. Marcia Nielsen, Ph.D, Kansas Health Policy Authority

Others attending:
See attached list.

Chairman Umbarger welcomed Don Jordan, Secretary, Kansas Department of Social and Rehabilitation Services (SRS), who provided an agency overview (Attachment 1). Secretary Jordan addressed the mission and vision for SRS. He also provided updated information on their organizational structure. The FY 2008 successes are:

- Successful transition to mental health managed care
- Expanded adult mental health bed capacity through private/public partnership
- Successful transition to substance abuse managed care
- SAMHSA prevention grant awarded
- Implemented new residential care system
- Autism Waiver
- Child Support Enforcement Call Center

Secretary Jordan detailed information on their FY 2009 Initiatives, detailed in their written testimony. Secretary Jordan noted that the majority of SRS funds are spent first in direct assistance and direct service delivery. Committee questions and discussion followed.

The Chairman welcomed Dr. Marcia Nielsen, PhD, Kansas Health Policy Authority, who presented an update on the Medicaid prescription drug authorization system (Attachment 2). Dr. Nielsen explained that the purpose of the system is to procure a statewide automated prior authorization system that can be accessed at the point of care by pharmacists in order to improve patient safety and cost-effectiveness. The population served are all Medicaid and HealthWave beneficiaries, pharmacy and medical providers. Dr. Nielsen also provided an overview of the agency, Kansas Health Policy Authority. She noted that Medicaid and HealthWave are the major areas of their budget. She addressed the Kansas Health Policy Authority budget enhancements for FY 2009. Information was distributed regarding the Kansas Health Policy Authority (KHPA) FY 2009 Budget Enhancement Requests Fact Sheet (Attachment 3). A chart of the Kansas Health Policy Authority FY 2009 Governor's Budget Recommendations was distributed to the Committee (Attachment 4). Committee questions and discussion followed.

Dr. Nielsen explained that the Kansas Health Policy Authority and the Department of Social and Rehabilitation Services have recognized a need to implement a new integrated benefits and eligibility

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

information system in order to improve customer service, program effectiveness and employee production (Attachment 5). She detailed information on the current system limitations, new system vision, cost estimates and population served.

The meeting adjourned at 11:55 a.m. The next meeting was scheduled for January 29, 2008.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

SENATE WAYS AND MEANS
GUEST LIST

Date January 28, 2008

NAME	REPRESENTING
Mike Huttles	Huttles Govt. Relations
Bud Burke	Eli Lilly
Pat Woods	SRS
Ray Dalton	SRS
Sandra Hazlett	SRS
Melissa L. Ness	St Francis Community Services
Bruce Linhos	Children's Alliance
Phillip Hayes	KHPA
Margaret Smith	KHPA
Judy Schrock	KSNA
Carolyn Middendorf	Ks St Ns Assn
[illegible]	SKIL
Ami Hyten	TILRC
Dan Murray	Federico Consulting
Stuart Little	Little Govt. Relations
Jane Carter	KOSE, AFT/AFSCME
Mike Hammond	ACMHCK
Bill Brady	KAHSA
Mark Borabyak	Capitol Strategies
Paul Johnson	Ks. Cath Conf
Tom Krebs	KASB
Robin Clements	Child Welfare Cos.
Chad Austin	KS Hosp Assoc

SENATE WAYS AND MEANS
GUEST LIST

Date 1/28/08

NAME	REPRESENTING
Dan Morin	KS Medical Society
Tom Bruno	EDS
Julie Thomas	DOB
Scott Brunner	KHPA
Michael Hooper	Kearney & Assoc.
Heidi Pickerell	Midland Care Connection
Jennie Rose	KCSL
Doug Bowman	CCECDS
Rd Mealy	Little Govt. Relations
Lindsey Douglas	Hein Law Firm
Kyle Kessler	KVC Behavioral HealthCare

Senate Ways and Means
1-28-08
Attachment 1

Kansas Department of Social and Rehabilitation Services

Agency Overview

Don Jordan, Secretary

DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

SRS Mission and Vision

Mission

To Protect Children and Promote Adult Self-Sufficiency

Vision

Partnering to connect Kansans with supports and services to improve lives

SRS Guiding Principles

All of us, every day, working on behalf of and with Kansans are guided by these principles:

- Act with integrity and respect in our work with customers, partners, and each other
- Champion customer success
- Demonstrate leadership without regard to position or title; embrace responsibility, take risks, make decisions and act to overcome challenges
- Strive for continuous improvement
- Demonstrate passion for our mission
- Recognize the value of partnerships both within the agency and with community partners to stretch capacity and achieve extraordinary results

Organization

Office of the Secretary
Don Jordan, Secretary

Disability and Behavioral Health Services
Ray Dalton, Deputy Secretary

- Addiction and Prevention Services
  - Problem Gambling
- Community Supports and Services
  - Developmental Disability Services
  - Physical Disability Services
  - Traumatic Brain Injury Services
  - Autism Waiver
  - Technology Assisted Children Waiver
- Mental Health Services
  - Serious Emotional Disturbance Waiver
- State Hospitals
  - Kansas Neurological Institute
  - Larned State Hospital
  - Osawatomie State Hospital
  - Parsons State Hospital and Training Center
  - Rainbow Mental Health Facility

Administration
Laura Howard, Deputy Secretary, Chief Financial Officer

Information Technology
Jeff Lewis, Deputy Secretary, Chief Information Officer

Strategic Development
Lori Alvarado, Deputy Secretary

Human Resources
Robbie Berry, Director

Legal
John Badger, General Counsel

Integrated Service Delivery
Candace Shively, Deputy Secretary

- Child Welfare
  - Child Protective Services
  - Adoption
  - Family Preservation
  - Reintegration Foster Care
- Economic and Employment Support
  - Food Assistance
  - Child Care
  - Medical Assistance
  - Cash Assistance
  - Energy Assistance
  - Adult Protective Services
- Rehabilitation Services
- Child Support Enforcement
- Regional Offices
  - Kansas City Metro
  - Northeast Region
  - South Central Region
  - Southeast Region
  - West Region
  - Wichita Region

FY 2008 Successes

Successful Transition to Mental Health Managed Care

Prepaid Ambulatory Health Plan (PAHP)

- Kansas Health Solutions, a newly-formed corporation sponsored by the Kansas Community Mental Health Centers, was selected to serve as the statewide managed care organization for mental health services.
- Expansion of provider network to include all individuals in the state who are Licensed Mental Health Professionals, expanding customer choice and access.

1-6

FY 2008 Successes

Expanded adult mental health bed capacity through Private/Public Partnerships

- Contracted with a private provider to serve youth who would have otherwise been placed in Rainbow Mental Health Facility, increasing adult capacity by 20 beds

FY 2008 Successes

Successful Transition to Substance Abuse Managed Care

Prepaid Inpatient Health Plan (PIHP)

- Value Options was selected to manage outpatient and inpatient substance abuse treatment services under the direction of SRS.
- Created a seamless system of care by including Substance Abuse Prevention Treatment block grant funds to this new management system to ensure enhanced consumer access, choice and care

8-1

FY 2008 Successes

SAMHSA Prevention Grant Awarded

- Strategic Prevention Framework – $2.1 million annually for five years
- Fourteen local communities selected to receive grants to reduce underage drinking
- Build prevention capacity and infrastructure

9-1

FY 2008 Successes

Implemented New Residential Care System

Psychiatric Residential Treatment Facilities (PRTFs)

- Youth in need of intensive mental health treatment now receive care at PRTF's
- PRTFs provide active treatment in a structured therapeutic environment for children and youth with significant functional impairments resulting from an identified mental health diagnosis and/or a mental health diagnosis with a co-occurring disorder.
- Youth Residential Centers provide services to youth who do not need the intensity of PRTF services

1-10

FY 2008 Successes

Autism Waiver

•SRS implemented a 1915c Home and Community Based Services Waiver to serve children with Autism Spectrum Disorders in January 2008

•The waiver will serve 25 children in the first year.

•Children are eligible to enter the program from the age of diagnosis through the age of 5 and will receive services for a period of 3 years.

•Services provided include: Consultative Clinical and Therapeutic Services, Intensive Individual Supports, Respite Care, Parent Support and Training, and Family Adjustment Counseling.

1-11

FY 2008 Successes

Child Support Enforcement Call Center

- SRS established a child support enforcement (CSE) call center in Halstead, Kansas to improve customer service and to utilize CSE case worker's time more efficiently.
- Call center staff are available to answer most questions callers have, allowing more time for CSE staff to concentrate on locating missing parents, establishing paternity, and establishing and enforcing support orders.
- The call center began taking calls in fall 2007, incrementally adding regions over a six month period. The center will begin taking calls statewide in February 2008.

FY 2009 Initiatives

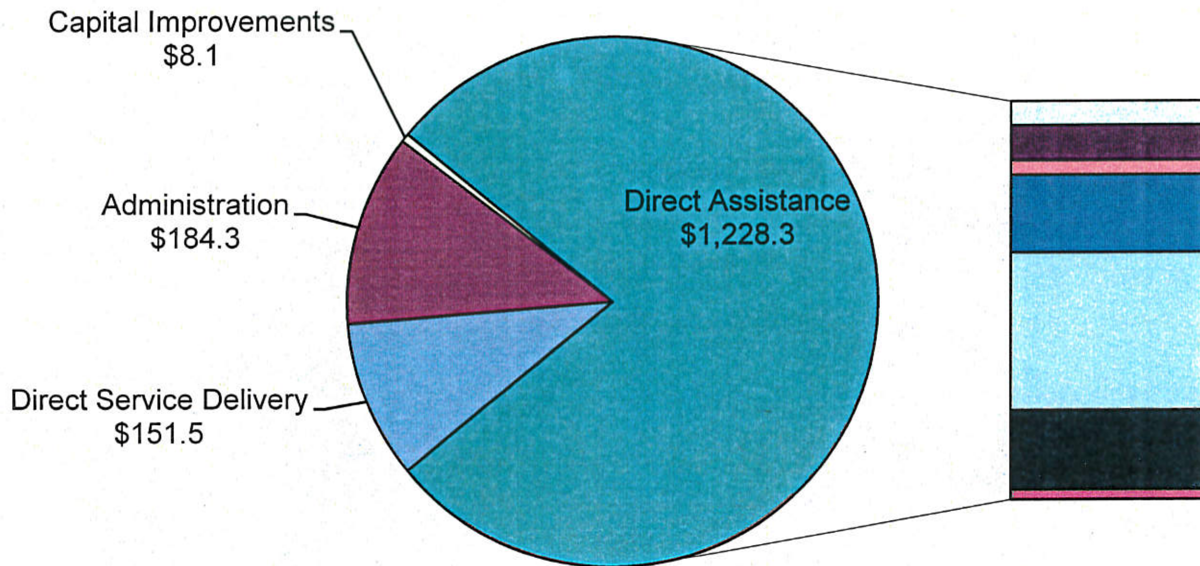
- Continue emphasis on child protective services by replacing loss in federal funds
- Implement the recommendations of Child Protective Services task force
- Begin implementation of Human Services Management (HSM) System, in partnership with the Kansas Health Policy Authority
- Meet Temporary Assistance to Families work requirements of Deficit Reduction Act of 2006
- Reduce waiting list for persons with a developmental disability needing HCBS services
- Maintain no waiting list on physical disability, traumatic brain injury, and technology-assisted children waivers

1-13

FY 2009 Initiatives

•Implement Money Follows the Person federal grant, July 2008 to facilitate individuals choice to transition out of institutional settings into community settings
•Institute programs to treat problem gambling
•Implement Federal PRTF Waiver in April 2008

FY 2009 SRS Governor's Budget Recommendations
Expenditures (in millions)



Cash Assistance
$74.0

Child Care and Employment Services
$108.5

Addictions and Prevention Services
$45.0

Mental Health
$239.1

Developmental and Physical Disabilities
$486.8

Children and Family Services
$245.3

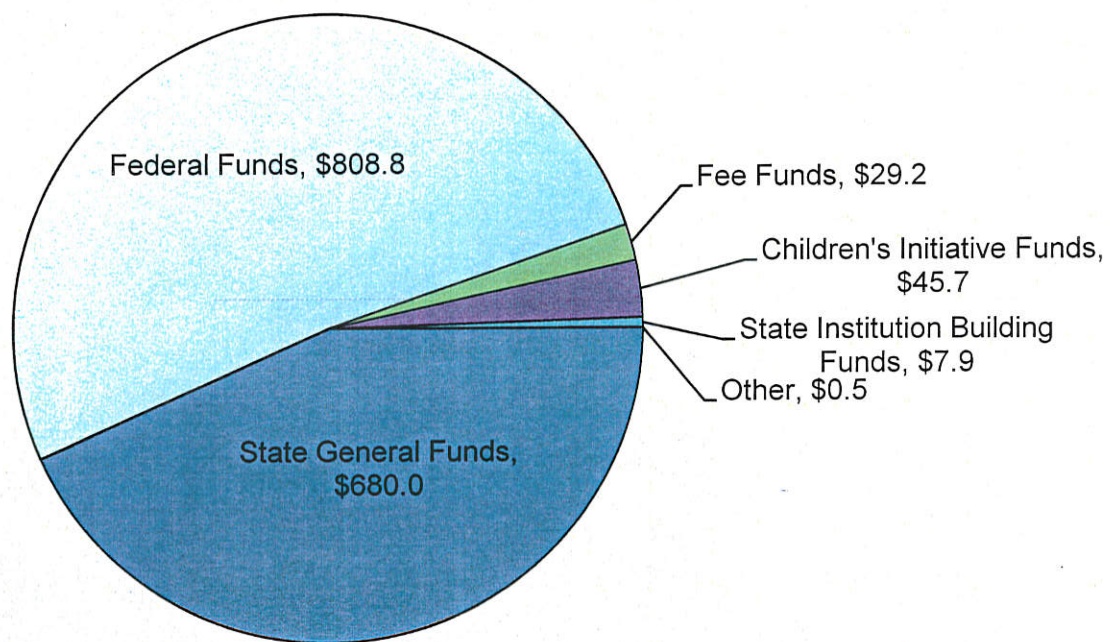
Rehabilitation Services
$29.6

Total Budget $1,572.2 million

1-15

FY 2009 SRS Governor's Budget Recommendations

Funding (in millions)



Total Budget $1,572.2 million

Summary of Expenditures & Persons Served

Annual Expenditures in Millions

		SFY 2007		SFY 2008 GBR		SFY 2009 GBR		
Protective Services	Caseload Unit	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	Endnote
Investigations and Services to Protect Adults	Annual Persons Served	$0.3	7,272	$0.5	8,729	$0.4	7,490	1
Child Abuse/ Neglect Reports	Annual Reports	*	53,048	*	55,700	*	58,485	2
Services to Preserve Families	Annual Persons	$14.0	24,650	$15.5	24,509	$15.4	24,098	
Children's Out of Home Services								
Reintegration/Foster Care	Average Monthly Children	$137.5	5,501	$149.6	5,829	$165.0	6,041	
Adoption Subsidy and Permanent Custodian	Average Monthly Children	$22.2	6,196	$25.9	6,714	$28.5	7,021	
Foster Youth Independent Living	Annual Youth	$3.0	878	$3.0	929	$2.6	1,061	

*Direct services associated with child abuse/neglect investigations included in other child welfare categories

17-1

Summary of Expenditures & Persons Served

Annual Expenditures in Millions

		SFY 2007		SFY 2008 GBR		SFY 2009 GBR		
Employment Services	Caseload Unit	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	Endnote
Child Care Assistance	Average Monthly Children	$76.9	21,025	$80.1	21,600	$84.6	22,368	
Child Care Quality Enhancement	*	$3.1	——	$3.1	——	$3.1	——	3
Vocational Rehabilitation	Average Monthly Persons	$19.9	8,261	$22.0	8,539	$21.9	8,209	4
Blind and Visually Impaired Services	Annual Persons	$2.3	1,069	$2.5	1,299	$2.6	1,309	
TANF Employment Services	Average Monthly Adults	$11.0	13,735	$12.0	12,520	$12.0	12,200	5

1-18

Summary of Expenditures & Persons Served

Annul Expenditures in Millions

		SFY 2007		SFY 2008 GBR		SFY 2009 GBR		
Financial Support	Caseload Unit	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	Endnote
Child Support Collections	Annual Cases	$172.9	130,367	$180.7	129,018	$191.1	129,444	6
Food Assistance	Average Monthly Persons	$190.3	184,036	$206.2	186,865	$218.3	191,157	
TANF Cash Assistance	Average Monthly Persons	$56.7	39,226	$51.0	35,066	$49.0	33,595	
Energy Assistance	Annual Persons	$12.0	97,478	$15.7	97,967	$12.8	97,967	7
General Assistance	Average Monthly Persons	$8.5	4,187	$8.7	4,026	$8.7	4,035	
Grandparents as Caregivers	Average Monthly Children	$.2	165	$.9	364	$1.4	604	
Disability Determination	Annual Claims Processed	$13.9	31,829	$14.5	33,000	$14.2	33,000	

Summary of Expenditures & Persons Served

Annual Expenditures in Millions

		SFY 2007		SFY 2008 GBR		SFY 2009 GBR		
Disability and Behavioral Health Services	Caseload Unit	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	Endnote
Addiction and Treatment Services	Annual Consumers	$37.6	24,454	$51.1	25,050	$50.7	25,050	
Mental Health Services	Annual Consumers	$232.8	103,778	$297.1	113,800	$288.5	113,800	
Developmental Disability Services	Annual Consumers	$319.4	15,315	$345.9	15,500	$356.8	15,925	8
Physical Disability Services	Annual Consumers	$94.4	6,102	$102.1	6,600	$105.7	6,864	
Services for Traumatic Brain Injured Persons	Annual Consumers	$14.2	208	$12.9	190	$13.3	212	
Services for Technology-Assisted Children	Annual Consumers	$20.9	292	$19.4	291	$19.7	290	

1-20

Summary of Expenditures & Persons Served

Annual Expenditures in Millions

		SFY 2007		SFY 2008 GBR		SFY 2009 GBR		
Disability and Behavioral Health Services	Caseload Unit	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	**Expenditures**	**Persons Served**	Endnote
Grants to Centers for Independent Living	Annual Consumers	$1.8	1,000	$2.5	1,000	$2.5	1,000	
State Mental Health Hospitals	Average Daily Census	$71.8	477	$74.9	468	$73.5	469	
State Mental Retardation Hospitals	Average Daily Census	$50.3	359	$53.7	359	$52.7	359	
Sexual Predator Treatment Program	Average Daily Census	$11.5	157	$12.6	165	$12.3	175	

Endnotes

1. FY 2008 increase due to $72,000 reappropriation for Greensburg
2. The direct services associated with child abuse/neglect investigations are included in other child welfare categories
3. Child Care Quality represents grants to KACCRA, early childhood professional development, literacy training, etc, which can not be represented by a caseload count
4. The FY 2009 decline in persons reflects an estimated 3.5 percent increase in the average monthly cost per person.
5. The caseload decline reflects the general TAF caseload decline in the TAF caseload.
6. Dollar amounts represent child support collections. The decrease on average monthly cases reflects decline in the TAF caseload.
7. Federal LIEAP funding is variable and composed of a block grant and emergency funds. The budget estimate assumed only the block grant due to the large difference between the President's budget and Congressional proposals. Also in FY 2008 no emergency funds were awarded. Subsequent to the budget submission, Kansas received 7.3 million in three emergency funds installments (release by the Executive). These emergency funds are not included in the submitted budget nor in the GBR.
8. Developmental Disabilities Services includes Developmental Disability Waiver, Developmental Disability Grants, Targeted Case Management, and Autism Waiver.

KHPA Budget Overview for Senate Ways and Means

January 28, 2008

Marcia Nielsen, PhD, MPH
Executive Director
Kansas Health Policy Authority

Objectives

- Medicaid Prescription Drug Prior Authorization System
  - Current System
  - Budget Enhancement: Automated System
  - Benefits of New System
- KHPA Budget Overview

Senate Ways and Means
1-28-08
Attachment 2

Medicaid Prescription Drug Prior Authorization System

3

Medicaid Prescription Drug Prior Authorization System

- Enhancement Request FY 2009:
  - SGF $206,250; All Funds $825,000
- Purpose: To procure a statewide automated prior authorization system that can be accessed at the point of care by pharmacists in order to improve patient safety and cost-effectiveness
- Population Served: All Medicaid and HealthWave beneficiaries, pharmacy and medical providers

4

Benefits of Automated System

- Enhances relations with providers and pharmacists through real-time approval of drugs and quicker reimbursements
- Immediate cost savings & quality improvement in drug program
- Improves beneficiary access to needed medications and minimizes delays
- Automates 60-90% of Prior Authorization requests
- Ultimately can be used for authorization of durable medical equipment and selected medical procedures

5

Missouri's Experience

- Missouri implemented an automated system in 2002
- In FY 2002-2003, annual increase of 4.5% in fee for service pharmacy claims
  - Previous Year. Significantly less than the 10.4% increase during the previous FY
  - National Increase. Significantly less than the 15-18% national average increase for the same time period
- Since 2004, Missouri Medicaid claims editing & prior authorization system has saved approximately 9% per year in prescription drug expenditures
- Estimated $85 million of savings annually for prescription drug expenditures

6

Idaho's Experience

- Idaho implemented an automated system in 2003
  - Allowed the State to validate over 700,000 claims per year (up from 69,000 per year prior to implementation)
  - Cost savings of $4.7 million per year in drug expenditures

7

Projected Contract Costs

	SGF	Other Funds	Total
Web-Based Program	187,500	562,500	$750,000
EDS (MMIS Changes)	18,750	56,250	$75,000
Subtotal	206,250	618,750	$825,000

8

Estimated Expenditures

	Budget Year	Out Year 1	Out Year 2	Out Year 3
	FY 2009	FY 2010	FY 2011	FY 2012
Salaries & Wages				
Contractual Services	825,000	750,000	750,000	750,000
Commodities				
Capital Outlay	-	-	-	-
Assistance	-	-	-	-
TOTAL	$825,000	$750,000	$750,000	$750,000

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Estimated Financing

	Budget Year	Out Year 1	Out Year 2	Out Year 3
	FY 2009	FY 2010	FY 2011	FY 2012
SGF	206,250	250,000	250,000	250,000
Fees Fund				
Federal Funds	618,750	500,000	500,000	500,000
Other Funds				
TOTAL	$825,000	$750,000	$750,000	$750,000

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Conclusions

- Cost-Effective. Automated system has demonstrated cost-effectiveness indicating cost savings within the first year
- Improved Quality. Decreases wait time for patients receiving prescribed drugs and increases access to medications, thereby improving quality of patient care
- Future Applications. Provides a medium for other medical care procedures & equipment needing prior authorization to be integrated within the automated system

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Budget Overview

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Budget Overview

- Expenditures trends for Medicaid (Title 19), HealthWave (Title 21), and the State Employee Health Plan (SEHP)
- KHPA Board enhancement requests
  - Summary table
  - Detailed information on system improvements
- Summary of health reform recommendations

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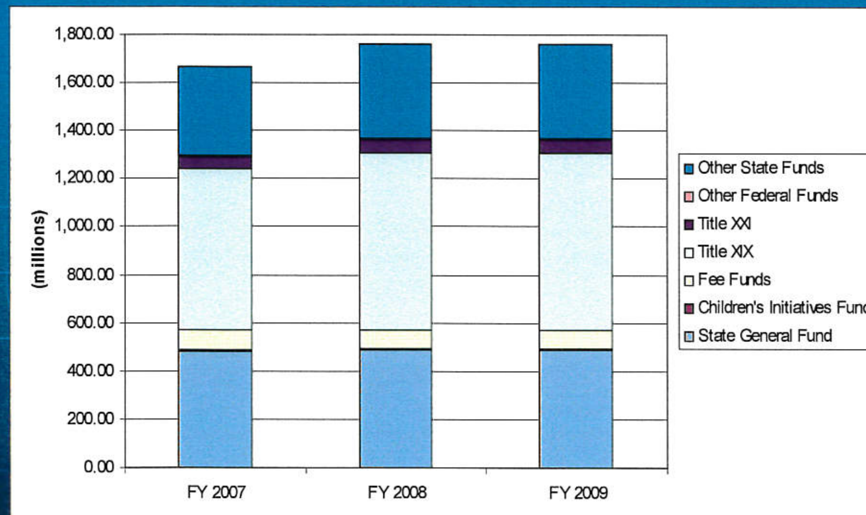
Expenditures by Funding Source



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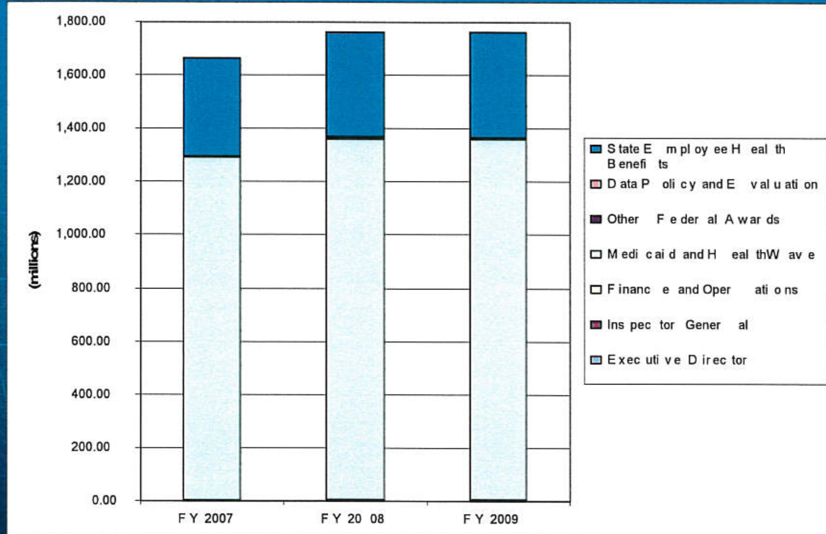
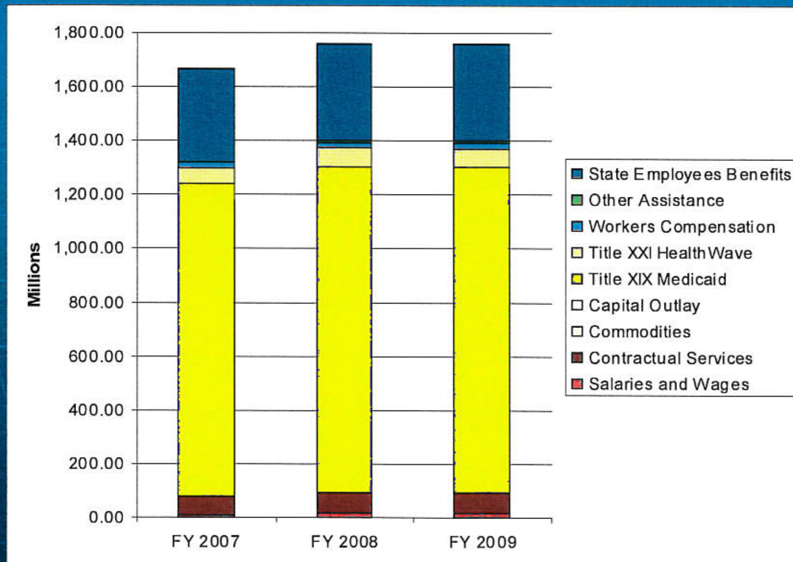

Expenditures by Program
1,800.00
1,600.00
1,400.00
1,200.00
1,000.00
800.00
600.00
400.00
200.00
0.00
(millions)
FY 2007
FY 2008
FY 2009
State Employee Health Benefits
Data Policy and Evaluation
Other Federal Awards
Medicaid and HealthWave
Finance and Operations
Inspector General
Executive Director
15


Expenditures by Category
1,800.00
1,600.00
1,400.00
1,200.00
1,000.00
800.00
600.00
400.00
200.00
0.00
Millions
FY 2007
FY 2008
FY 2009
State Employees Benefits
Other Assistance
Workers Compensation
Title XXI HealthWave
Title XIX Medicaid
Capital Outlay
Commodities
Contractual Services
Salaries and Wages
16

FY 2009 Budget Enhancement Requests*

Priority	Description	State General Fund	All Funds
1	Premium Assistance Implementation (1)	5,037,000	12,075,000
2	Integrated Enrollment System	4,000,000	8,000,000
3	Medicaid Prescription Drug Prior Authorization System	206,250	825,000
4	Expand Enhanced Care Management	50,000	100,000
5	Community Health Record	50,000	100,000
	Total Request	**$ 11,343,250**	**$ 25,100,000**

* Reflects most recent request from our Budget Appeal

1) This item includes $10.0 million for health benefits for those eligible for Premium Assistance and $2.1 million for administrative costs.

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Premium Assistance Implementation

- Enhancement Request FY 2009:
  - SGF 5,037,000; All Funds 12,075,000
- Purpose: To implement first year of new private health insurance assistance program *(Kansas Healthy Choices)* in Jan 2009
  - *Employer-sponsored health insurance*
  - *State-procured private health insurance*
- Population Served: 8,500 very low income Kansas parents

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Integrated Eligibility and Enrollment System

- Enhancement Request FY 2009:
  - SGF 4,000,000; All Funds 8,000,000
- Purpose: To procure a modern integrated eligibility and enrollment software system to improve functionality, productivity, and cost-effectiveness for state operated programs
- Population Served: All Medicaid, HealthWave, and ultimately SEHP beneficiaries (also populations served by SRS). Approximately 388,000 Kansans

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Medicaid Prescription Drug Prior Authorization System

- Enhancement Request FY 2009:
  - SGF $206,250; All Funds $825,000
- Purpose: To procure a statewide automated prior authorization system that can be accessed at the point of care by pharmacists in order to improve patient safety and cost-effectiveness
- Population Served: All Medicaid and HealthWave beneficiaries, pharmacy and medical providers

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Pilot: Enhanced Care Management Program

- Enhancement Request FY 2009:
  - SGF 50,000; All Funds 100,000
- Purpose: To continue a care/disease management pilot program targeted at low income chronically ill Kansans in order to improve health outcomes, prevent further illness, and help to control health care costs
- Population Served: Medicaid beneficiaries in Sedgwick County who have volunteered to participate. After evaluation, potential for statewide implementation

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Pilot: Community Health Record

- Enhancement Request FY 2009:
  - SGF 50,000; All Funds 100,000
- Purpose: To continue and expand the community health record pilot project in order to promote the use of health information technology and exchange, improve health outcomes, and control administrative costs of health care
- Population Served: Medicaid beneficiaries and providers in Sedgwick County. Statewide implementation is recommended as part of health reform

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http://www.khpa.ks.gov/

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KHPA FY 2009 Budget Enhancement Requests
Fact Sheet

Senate Ways and Means
Presented by Dr. Marci Nielsen, Executive Director

January 28, 2008

1. Kansas Healthy Choices (Premium Assistance)

Background: Although children in Kansas are eligible for Medicaid or HealthWave up to 200 percent of the federal poverty level (FPL), Kansas currently has one of the lowest rates of Medicaid eligibility in the nation for poor parents (below 37 percent of the FPL1).

Premium assistance is the use of public, employer, and potentially individual contributions to purchase private health insurance for Kansas families living in poverty who cannot otherwise afford coverage. Kansas Healthy Choices (KHC) is the program name for the initiative authorized by Senate Bill 11 to use premium assistance to provide access to a range of private health insurance options to eligible families. The program applies minimal restrictions on families' purchase of private insurance, while ensuring:

- State access to 60% Federal matching funds;
- Lower costs as compared to both private insurance and more comprehensive Medicaid coverage;
- Access to affordable healthcare for families living in poverty;
- Protection of benefits to those currently eligible for HealthWave;
- Coverage for newly eligible parents on a par with private insurance plans;
- Coverage under one plan for each member of the family;
- Continuing access to a primary care medical home.

Insurance options under Kansas Healthy Choices

Families eligible for Kansas Healthy Choices will receive private coverage through one of the following mechanisms (*subject to pending Federal approvals*):

- Employer sponsored insurance (ESI) buy-in: For families with access to employer sponsored private health insurance, the state would pay the employee share of the health insurance premium for families.

Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220
www.khpa.ks.gov

Medicaid and HealthWave:
Phone: 785-296-3981
Fax: 785-296-4813

State Employee Health Benefits and Plan Purchasing:
Phone: 785-368-6361
Fax: 785-368-7180

State Self Insurance Fund:
Phone: 785-296-2364
Fax: 785-296-6995

Senate Ways and Means
1-28-08
Attachment 3

- Competitively bid state-procured health plans: For families without access to a qualifying employe[r] [p]lan, KHPA will provide a choice of three state procured health plans offering high-quality, cost-eff[ecti]ve benefits. Basic benefits will be tied to the value of state employee benefits.
- Health opportunity account (HOA) pilot: Families in two counties (one urban and one rural) will have access to a pilot program testing the application of consumer-driven purchasing in a low-income population. A high-deductible health plan will be coupled with a funded health opportunity account to provide incentives for prudent, prevention-oriented health care choices.

Participation in Kansas Healthy Choices: KHC options will be available beginning in January 2009. Over three years, the program is expected to provide about 20,000 existing and 24,500 newly eligible caretaker adults and their children with the choice of private insurance options and a "medical home" model of health care services.

Cost Estimate: The FY 2009 Governor's Budget Recommendation included $4,000,000 SGF/$10,000,000 AF for the implementation - assistance costs; and $518,750 SGF/$1,037,500 AF for the administrative costs. This would be the estimated cost for Phase I of this program in FY 2009 to provide health coverage to those families below 37% of the Federal Poverty Level (FPL).

Kansas Healthy Choices FAQ: For more details about this program, a ten-page FAQ is available at: www.khpa.ks.gov .

2. Procurement of an Integrated Enrollment System

Description: KHPA needs to procure an enrollment system that is capable of accommodating all of the agency's enrollment functions, including private and public health insurance programs. KHPA has been working with SRS in a joint effort to ensure that the system meets the needs of both agencies.

Background: KHPA is statutorily charged with responsibility for Medicaid eligibility policy and eligibility and enrollment in the State Employee Health Plan (SEHP). Currently KHPA uses two systems that are maintained by separate agencies: the eligibility system maintained by Social and Rehabilitation Services (SRS) and the employee enrollment system maintained by the Department on Administration. The SRS system is 20 years old, designed to manage the state's welfare programs, and no longer meets the needs of either agency. System changes are expensive, cannot keep pace with Medicaid eligibility policy, and require KHPA staff to expend significant staff hours to manually "work-around" the SRS system. KHPA's strategy to increase participation in health plans, especially for uninsured children, includes leveraging community resources such as places of worship and clinical settings statewide. The current system does not support web-based applications, limiting where it can be accessed. KHPA is under a legislative mandate to lead health reform options in Kansas to improve the health outcomes of all Kansans. To achieve this goal in an efficient and cost-effective manner, KHPA and SRS are seeking to collaborate in reprocuring an eligibility and enrollment system, allowing KHPA to align its enrollment functions with private health industry models, build an administrative infrastructure that supports data driven management and policy making, and allow for easily connecting eligible individuals with SRS' services. By collaborating on the purchasing of an eligibility and enrollment system, both agencies will make the best use of funding to implement a foundation for the future visions of each agency.

Population Served: Individuals and families who are eligible for the following federal or state programs: Medicaid, SCHIP, MediKan, TB, Breast and Cervical Cancer, Healthy Kids, Medicare Supplemental Savings Programs, Child Welfare programs, SOBRA, ADAP and State Employees Health members, and the uninsured Kansans at large. Total estimated number of individuals: 388,000

Cost Estimate: The estimated cost for procurement of a new system is $45.0 million. KHPA has requested $20.0 million for its part of the system. SRS is requesting $25.0 million. These costs will be shared with the Federal government and spread over three years. For FY 2009, KHPA is requesting $8.0 million ($4.0 million SGF).

Considerations:

- KHPA's medical eligibility policy needs to align more with private insurance than with welfare programs.
- The system needs to integrate with existing health care data repositories to make data-based policy decisions.
- Information technology has drastically improved over the last 20 years. A modern, agile system will allow necessary modifications, to support medical program changes, to be initiated quickly and completed at a minimum of cost, and will facilitate a community-oriented web-based approach to outreach.
- When changes to our enrollment processes occur, such as adding or altering programs or changing eligibility requirements, it is difficult to modify the current system because of its age. The required modifications are often difficult to make, cannot be completed in time to meet legislative deadlines, and are unusually costly. These challenges often result in the substitution of system changes with error-prone and costly manual processes that are difficult to record, track, review, and modify.
- The cumbersome nature of the current eligibility system lowers worker productivity and increases both agencies' administrative costs, particularly when system access has to be shut off to conduct regular maintenance during peak processing periods.
- The current system produces little information of value to policymakers and managers seeking to optimize eligibility policy and improve performance of the enrollment system. Data inquiries are difficult to program and are essentially inaccessible to those responsible for primary outcomes.

- State Employees Health Program is experiencing similar challenges with its current membership lment system, leaving state employees poorly-served.
- A new system will allow KHPA to model our programs on the health industry instead of the public assistance model.
- Incorporating the State Employee Health Program enrollment process into this system will allow KHPA to integrate enrollment and membership management needs thereby creating efficiencies within the enrollment processes and information dissemination.
- Any new enrollment system will need to facilitate continued communication and daily cooperation between KHPA, SRS and Department of Administration staff.

3. [illegible]mating the prescription drug prior authorization system

Description: Provide funding for an automated pharmacy Prior Authorization (PA) system as an FY 2009 enhancement.

Description: Kansas Medicaid currently operates a manual Prior Authorization (PA) system for pharmaceuticals, which requires a review of certain prescription drugs by a trained health provider before the pharmaceutical is authorized. All PA requests in the Kansas Medicaid program are currently submitted by mail or fax and simple requests are reviewed by nurses. A pharmacist is used for reviews that fall outside of the established criteria. The criteria for approving the PA requests easily could be programmed into an electronic system, thereby offering the potential for greater efficiency to the Medicaid program. With nearly 6,000 PA requests annually and approximately 80.0 percent of PA requests being approved, clinical pharmacists and other quality assurance personnel could spend their time more productively in managing other aspects of the Medicaid drug program. Additionally, electronic clinical and fiscal editing would allow Medicaid to expand the number of claims that are reviewed through the system without an undue administrative burden on providers or the state.

Background: This option would allow Kansas Medicaid to secure a contract with a vendor to develop a statewide automated prior authorization system that could be accessed at the point of care by pharmacists. Efficiencies gained through this technology could then be used to increase control over medication use and costs and enhance the cost-effective use of medications.

Automated PA programs intercept inappropriate claims during the point of sale transaction, while allowing claims that meet evidence-based guidelines to be paid and filled. A sophisticated automated electronic clinical and fiscal editing program will be integrated into the existing MMIS system. The system queries patients' medical and pharmacy claims history in real time to determine the appropriateness of therapies based on established best practices criteria. Pharmacists will receive real time notification, generally within seconds, of PA denials or requirements for additional information allowing them to select more appropriate therapy at the point of care.

Population Served: This option would be implemented statewide and would affect the entire Medicaid and HealthWave population.

Cost Estimate:

Contract Costs	SGF	Other Funds	Total
Automated PA System	187,500	562,500	$750,000
EDS (MMIS changes)	18,750	56,250	$75,000
Subtotal	206,250	618,750	$825,000

Considerations: This is an estimate of the cost of contracting for an automated prior authorization system that pharmacists can access.

A proposal for this system was submitted in the form of a Transformation Grant and we will be notified of any subsequent grant award in September of 2007.

4. ... nsion of the Enhanced Care Management Program (ECM)

Description: Build on the Sedgwick County Enhanced Care Management Program pilot by expanding to one additional region of the state during FY 2009 and re-assess for possible statewide implementation.

Description: Enhanced Care Management (ECM) is a pilot project to identify and provide enhanced administrative services to HealthConnect Kansas (HCK) members in Sedgwick County who have probable or predictable high future health care costs usually as a result of multiple chronic health conditions. The project is based on an Enhanced Primary Care Case Management (E-PCCM) Model which is member centered, provider driven, and based on a successful model in North Carolina. The design of the ECM is unique in its approach to connecting providers and beneficiaries through community resources. The design is also closely aligned with chronic disease management models. Service delivery is community based and culturally appropriate with the goal of connecting beneficiaries to social and health care already available in the community.

Eligible Medicaid beneficiaries are invited to receive services; participation is strictly voluntary. Because this population is socially isolated, ECM staff establishes relationships with members in their homes, using creative outreach techniques. Care managers assist members to focus on chronic health conditions, social risk factors and unhealthy lifestyle behaviors that adversely affect their health status. Intervention by ECM staff involves a holistic approach, which focuses on assisting clients in accessing resources in the community, which will improve their health conditions.

The care management team consisting of a nurse and a social resource care manager as well as a physician (medical director) have responsibilities that include: assessing members' health and social needs; reviewing utilization trends; reconnecting members with their PCCM through scheduling and attending regular visits and if needed or requested the ECM staff accompany members to their medical appointments; ensuring members fill and take necessary prescriptions; developing comprehensive individualized care plans, which include member and provider-directed health care goals; with outlined steps for goal achievement; providing patient education in the home, teaching members how to manage their health conditions on a daily basis; assisting members to access community resources including safe and affordable housing, food, utility assistance, clothing, mental health and substance abuse services, credit counseling and others. The ECM program may also purchases health monitoring equipment including digital blood pressure monitors, weight scales and pedometers if prescribed by the PCCM.

The ECM pilot project began service delivery in March 2006. Kansas Health Policy Authority (KHPA) contracted with a non-profit community health organization to administer the program. Original estimates of program costs and enrollment were not realized early in the implementation due to low enrollment of beneficiaries. This resulted in a renegotiation of the contract, resulting in reduced overall program costs. Although the pilot project has been operational for a year, data from the program are being evaluated and the final evaluation report (looking at both qualitative and quantitative data) will be available in October 2007. After review of the evaluation, the KHPA will assess for possible statewide implementation incorporating lessons learned from the pilot.

Population Served: The focus population is Medicaid recipients with chronic health conditions and probable future high risk for expenditures of medical resources. This population is typically comprised of Social Security Income (SSI) recipients and excludes persons who are dually eligible for both Medicaid and Medicare, participating in a Home and Community Based Service (HCBS) waiver, reside in a Long Term Care (LTC) facility or are a participant in one of the two capitated managed care organizations.

Cost Estimate: The estimated cost to continue the current pilot project in Sedgwick County through FY 2009 is $50,000 SGF and $100,000 AF.

Considerations:

- Funding the current project for an additional year, with the inclusion of an additional rural pilot site, would provide additional data for a more comprehensive evaluation in order to inform a potential statewide ECM roll-out.

An additional cost that will need to be included in the rural expansion will be transportation for members.

- The current voluntary nature of the ECM program for Medicaid beneficiaries has led to slow enrollment in the pilot (as of June 2007, there were 181 members enrolled). Consideration to develop a mandatory program would significantly increase the number of participants; however, it would also require the submission of a Medicaid waiver and a review of project goals and objectives. (It also dilutes the evaluation data measuring program effectiveness.)

Final Board Action:
A motion was made for the KHPA Board to support recommendation to continue the Sedgwick County pilot project through FY 2009.

5. (nunity Health Record Expansion to Rural Environment

Description: Refine the model used in the Sedgwick County Community Health Record (CHR) pilot project and expand it to a rural health environment.

Background: Nearly two years ago, the State of Kansas implemented a pilot project engaging select managed care organizations and an information technology company to deploy community health record (CHR) technology to Medicaid managed care providers in Sedgwick County. The health record is built on administrative claims data and provides clinicians electronic access to claimed medical visits, procedures, diagnoses, medications, demographics, allergies and sensitivities, immunizations, vital signs, and lead screening and health maintenance data (includes Early and Periodic Screening, Diagnosis and Treatment [EPSDT] status).

The record also contains an e-Prescribing solution that enhances the clinician's workflow, reduces the risk of medication error caused by inadequate or unavailable patient information, and increases safety and health outcomes associated with prescription generation. This component provides a drug interaction and contraindication tool as well. The prescriber may access formulary information and has the capacity to submit prescriptions to pharmacies electronically. The pilot CHR also recently linked information from beneficiaries participating in the Enhanced Care Management pilot program.

The goal of the CHR pilot was to assess the value that health information exchange (HIE) could offer to Medicaid providers and beneficiaries. The health policy literature on Health Information Exchange suggests that "patients and providers most likely have the most to gain. Organizations such as regulatory agencies, research institutions, and others not considered here could benefit from aggregate information about care. However, those who depend in subtle ways on redundancy and excess could find such change costly"[1].

Pilot statistics since the project's inception (February 2006):

- The CHR was limited to 20 provider sites throughout Sedgwick County and now includes 500 trained users.
- Measures collected by the vendor included
  - Patient Searches - 18,000 (includes front-desk users)
  - Chart Opens - 14,000
  - Completed Kan-Be-Healthy (EPSDT) Screening Forms - 1,100
  - E-Prescribing - 630 Scripts (88 trained users, 30 active users)
- 50% of the sites utilized the e-prescribing component
- 5,205 unduplicated beneficiaries' records were accessed by the 215 CHR providers in Sedgwick County in 2006

An independent evaluation of the CHR varied considerably by site (resource document in board binder). The evaluation recommends an expansion of the CHR to additional sites, incentives to clinicians to use the CHR, and specific targeting to sites like family practice and primary care clinics that perceived the most benefit from CHR and the e-prescribing tool. The independent physician end-user survey data was very positive.

Distinct from this pilot but built on the same CHR platform, the State Employee Health Benefit Plan currently is initiating participation in an employer-based community health record in the Kansas City area, which is home to about 11,000 state employees. The vendor and system features will mimic those available in the CHR, with the addition of consumer access to their own medical information.

Population Served: Medicaid beneficiaries and providers in Sedgwick County and an additional rural county, yet to be determined.

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1 Jan Walker, Eric Pan, Douglas Johnston, Julia Adler-Milstein, David W. Bates, and Blackford Middleton (2005). The Value Of Health Care Information Exchange And Interoperability. Health Affairs. January.

Costs: The Governor's Budget Recommendations for FY 2009 included $50,000 SGF and $100,000 AF for this enhancement request.

Considerations: The Sedgwick County CHR project was launched in February 2006 and an initial evaluation was done in July 2007. That evaluation suggested some improvements to the program as well as recommending that the CHR program be expanded to additional sites. The initial feedback on the program was encouraging and has high potential to be a valuable tool for providers delivering services to all Medicaid/Healthwave and State Employee Health Plan enrollees. Before a decision to adopt the CHR program statewide, midcourse modifications (i.e. inclusion of additional data sources) to improve the pilot project CHR should be made and the pilot CHR should be tested in a rural environment. In addition a process for statewide expansion should be developed with attention to the recommendations of the Controlled Substance Task Force related to e-prescribing and the feasibility of including Medicaid/Healthwave and State Employee Health Plan enrollees examined.

As part of building support for Health Information Technology/Health Information Exchange through a Community Health Record, significant stakeholder input is needed. Accordingly, the KHPA Board supports the creation an "HIT/HIE Advisory Council" to provide ongoing feedback about the development and implementation of a statewide HIE efforts, taking into account on the work of the Governor's Health Care Cost Containment Commission, the Health Information Exchange Commission, and the Kansas HISPC (Health Information Security and Privacy Collaboration) project. The HIT/HIE Advisory Council could also provide guidance on the means to provide education and technical support for health care providers interested in integrating health information technology into their practices. Consumer and provider input to this process will be critical.

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Attachment 4

Kansas Health Policy Authority
FY 2009 Governor's Budget Recommendation

		FY 2008 KHPA Request		FY 2008 Governor's Budget		FY 2009 KHPA Request		FY 2009 Governor's Budget	
Priority	**Description**	**State General Fund**	**All Funds**	**State General Fund**	**All Funds**	**State General Fund**	**All Funds**	**State General Fund**	**All Funds**
1	Premium Assistance Implementation - Assistance Costs					4,000,000	10,000,000	4,000,000	10,000,000
	Premium Assistance Implementation - Administrative Costs					1,037,500	2,075,000	518,750	1,037,500
2	Integrated Enrollment System	2,000,000	4,000,000	(2,000,000)	(4,000,000)	6,000,000	12,000,000	4,000,000	8,000,000
3	Medicaid Prescription Drug Prior Authorization System					206,250	825,000	206,250	825,000
4	Expand Enhanced Care Management					50,000	100,000	50,000	100,000
5	Community Health Record expansion to a rural environment*					50,000	100,000	--	--
	Health Information Exchange Commission recommendations, including Community Health Record expansion to rural environment							450,000	450,000
	2.5% State Employee COLA and Under Market Pay adjustment							128,617	322,779
	Replace Children's Initiative Funding in Medicaid and SCHIP							5,000,000	--
	Replace State General Fund with Fee Funds in Medicaid			(15,000,000)	--			--	--
	Consensus Caseload Adjustment			(6,600,000)	(21,000,000)			20,400,000	22,000,000
	MediKan Preferred Drug List							(7,921,000)	(7,921,000)
	Total	**$ 2,000,000**	**$ 4,000,000**	**$ (23,600,000)**	**$ (25,000,000)**	**$ 11,343,750**	**$ 25,100,000**	**$ 26,832,617**	**$ 34,814,279**

* - Funding for this item was included in the Governor's Recommendation for Health Information Exchange Commission recommendations.

AVENUES

A new system to manage eligibility and benefits

KEY FACTS

Description:

Kansas Health Policy Authority (KHPA) and Kansas Department of Social and Rehabilitation Services (SRS) have recognized a need to implement a new integrated benefits and eligibility information system in order to improve customer service, program effectiveness, and employee productivity.

Current system limitations:

- 20 year old system, using outdated technology that does not support existing programs.
- Mandated Federal and State program changes are frequent and often complex. The current system takes too long to change to meet these demands.
- The users are forced to use numerous manual work-arounds including making eligibility determinations on paper worksheets. This is inefficient and error prone and does not allow us to track vital eligibility information.
- The system cannot support the health reform agenda.
- The system cannot support the enrollment and membership management of the State Employee Health plan.

New system vision:

- Ability to support existing programs.
- Elimination of work-arounds through full automation of processes.
- Ability to add new programs and new federal requirements quickly.
- Ability to experiment with potential changes, improving policy decisions.
- Ability to monitor enrollment processes as well as outcomes, significantly enhancing management, oversight and performance accountability.
- Web based to enhance accessibility and ease of use.
- Ability to access system from a number of venues, broadening our efforts to enroll eligible, uninsured individuals.

Senate Ways and Means
1-28-08
Attachment 5

AVENUES

A new system to manage eligibility and benefits

KEY FACTS

Cost Estimate:

- Estimated cost for new joint system is $45 million all funds over three years.
- Costs would be split among KHPA, SRS and the federal government and spread over three years beginning in FY 2009.
- The Governor's recommended budget for FY2009 includes $4 million SGF ($8 million all funds) for KHPA and $4.2 million SGF ($7 million all funds) for SRS.
- The on-going operating costs of the new system are unknown. The goal is to go through a competitive acquisition process. In the event there are no savings, with this acquisition the state will gain a superior and agile system with added features and functions to support the stakeholders' needs.

Population Served:

- Individuals and families who are eligible for federal or state medical programs and the uninsured Kansans at large estimated at 388,000.
- Individuals and families who are eligible for means tested federal or state assistance programs estimated at 280,000.