

MINUTES OF THE HOUSE AGING AND LONG TERM CARE COMMITTEE

The meeting was called to order by Chairman Bob Bethell at 3:30 p.m. on January 14, 2010, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Owen Donohoe- excused
Representative Scott Schwab- excused
Representative Ron Worley- excused

Committee staff present:

Norm Furse, Office of the Revisor of Statutes
Doug Taylor, Office of the Revisor of Statutes
Terri Weber, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Iraida Orr, Kansas Legislative Research Department
Judith Holliday, Committee Assistant

Conferees appearing before the Committee:

Duane Goossen, Secretary, Department of Administration
Bill McDaniel, Commissioner of Program & Policy, Kansas Department on Aging
Don Jordan, Secretary, Kansas Department of Social and Rehabilitation Services
Scott Bruner, Chief Financial Officer, Kansas Health Policy Authority
Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association
Shelley Duncan, President & CEO, Youthville
Tanya Dorf Brunner, Executive Director, Oral Health Kansas
Mike Larkin, Executive Director, Kansas Pharmacists Association (written only)

Others attending:

See attached list.

Representative Bethell called the meeting to order by having each Committee member introduce themselves to the conferees and guests, and briefly explained rules for the committee.

Conferees will have approximately seven minutes to present their testimony. The meeting will be adjourned around 5:00 p.m., and remaining conferees will be deferred to the next meeting dealing with the topic.

The conferees discussed with the Committee the impacts of the Governor's November allotments on Medicare on their agencies or associations.

Chairman Bethell introduced Duane Goossen, Secretary, Department of Administration, who provided comments to the Committee. (Attachment 1) Secretary Goossen explained that in 2008, the Legislature passed the FY 2009 Budget of \$6.4 billion. Then recession hit, and \$390 million was taken out. The Governor used his allotment authority to make more cuts in July through November. Efforts were made to avoid Medicaid cuts, but this was not feasible, and there was a 10% cut to providers for a total of \$22 million. This cut will equal \$72-73 million in payment to providers, or \$172 million annualized.

Secretary Goossen told the Committee that the Governor would like to restore the cuts in the 2010 Budget but may not be able to. He referred the Committee's attention to the handout, which detailed the Governor's plans to balance the FY 2010 Budget through various cuts to agencies, and adjustments to his financial plans that require Legislative action. As stated in the handout, an Appropriations bill to enact transfers and implement appropriation changes will be drafted and introduced at the beginning of the 2010 Legislative Session.

CONTINUATION SHEET

Minutes of the House Aging and Long Term Care Committee at 3:30 p.m. on January 14, 2010, in Room 784 of the Docking State Office Building.

Bill McDaniel, Commissioner of Program & Policy, Kansas Department on Aging (KDOA), testified before the Committee on the Budget adjustments to the agency. (Attachment 2) Mr. McDaniel called attention to the handout and explained the various programs impacted by the cuts. The state nutrition programs were not cut because of the Federal ARRA funds that provided funding for two years. The Home and Community-Based Services-Frail Elderly (HCBS-FE) waiver was funded at the 2009 level which did not provide for case load growth. This resulted in suspension of some services.

Mr. McDaniel explained that the uncertainty of State revenues requires close scrutiny of programs on a month-to-month basis. HCBS-FE expenditures will be tracked to avoid a waiting list. Operating costs will need to be constrained, and vacant positions held open. Other adjustments include reductions on professional fees and delivery cutbacks on deliverables; travel reductions; and delayed capital information technology replacements.

HCBS-FE service reductions in the areas of assistive technology, sleep cycle support, oral health services and comprehensive services have a total projected savings of \$2.1 million. While the Kansas Long Term Care Medicaid average caseload remains flat, the nursing expenditures continue to rise. Long term care costs are three times higher than the HCBS-FE.

Don Jordan, Secretary, Kansas Department of Social and Rehabilitation Services (SRS), referred to his handout (Attachment 3) which detailed the estimated reductions by provider group in FY 2010.

Community Mental Health Centers experienced an operating loss prior to the Medicaid reduction, and some may not be able to remain open. Kansas Health Solutions, the managed care organization, expanded from 654 in 2007 to 1410 independent mental health practitioners enrolled in Medicaid. Because of the rate reductions to these providers, they may discontinue serving Medicaid recipients, thereby reducing choice of providers.

Psychiatric Residential Treatment Facilities (PRTF) and Nursing Facilities for Mental Health (NFS/MH) provide comprehensive treatment to children and adolescents who cannot live in the community without intensive levels of assistance. Federal Medicaid requirements must be met but with the current reimbursement level, they may not be able to, which may result in deficiencies that may put residents at risk; facilities may close; residents needing intensive supervision to live in the community may be referred to state mental health hospitals which are also experiencing budget cuts; and homelessness for adults with severe and persistent mental illness may increase.

For Home and Community Based Services waiver programs, group homes may experience larger living arrangements as providers move individuals from 2-4 bed homes into 5-7 bed homes in an effort to reduce staff. Quality of care will suffer, some group homes will close, and individuals who self-direct their care may not find attendants due to the decrease in hourly rate.

Medicaid funding has supported the operations of providers who deliver substance abuse services in Kansas. Reduced rates may cause waiting lists for needed services, more referrals to emergency rooms, reduction in transportation for clients, and staff reductions or furloughs.

The Governor's FY 2011 budget recommendation restores Medicaid rates to their prior levels.

Scott Bruner, Chief Financial Officer, Kansas Health Policy Authority (KHPA), provided a brief overview of the KHPA budget. (Attachment 4) Mr. Bruner called attention to slide three which showed that the programs and operations are funded separately, federal government matches are at 50-90%, and caseload costs are 20 times larger than operational costs. The FY 2010 budget reductions of 15.5% concentrated on operations, and Medicaid caseload is protected due to federal stimulus dollars.

CONTINUATION SHEET

Minutes of the House Aging and Long Term Care Committee at 3:30 p.m. on January 14, 2010, in Room 784 of the Docking State Office Building.

Mr. Bruner directed the Committee's attention to a summarization of the November 2009 allotment for KHPA operations. Freezing staff overtime and staff reduction through attrition; reduction of services and staff dedicated to the eligibility Clearinghouse contract; eliminate the call center for Medicaid providers and reduce call center capacity for Medicaid beneficiaries. This will reduce customer service, cause decline in payment accuracy, strain relationships with Medicaid providers, and increase payment appeals. The growing backlog of applications will result in delayed medical care and loss of revenue for providers and creates a potential violation of federal 45-day processing time requirements.

In response to questions about who uses the call center and why, Mr. Bruner explained that Medicaid providers and beneficiaries use it now, but may be directed to a website to find answers to their questions if the plan is approved.

Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association (K4A), testified on the impact of the allotments on his organization. (Attachment 5) The K4A represents the 11 Area Agencies on Aging (AAA) which serves all counties in Kansas. The AAAs coordinate the delivery of publicly funded community-based services that seniors and care givers need. It is estimated that 550 seniors on the HCBS-FE waiver will be affected, with the potential of impacting all 5,400 seniors on the waiver.

There has already been suspension of services, some seniors have been transferred to nursing homes and some providers have informed AAAs that they will no longer provide in-home services under HCBS-FE waiver. There are concerns that continued cuts will cause assisted living facilities to stop accepting Medicaid.

Shelley Duncan, President & CEO, Youthville, gave comments on the impact of the allotments on her agency. (Attachment 6) Youthville is one of the largest nonprofit child welfare agencies in Kansas, specializing in foster care, adoption, psychiatric residential treatment and counseling. Youthville is a faith-based and mission driven organization.

Examples of the impact include the inability of many agencies to absorb the losses from reductions in reimbursement; help in schools and classrooms for youth requiring additional support; less time in family-focused activities which influence time reintegration into a permanent home setting; the need to be selective regarding the level of child entering the psychiatric residential treatment facility (PRTF), resulting in some children not being served. This will increase the chances that the highest needs children not being served by the system would need acute and state hospital placement at a much greater cost than through the PRTF system.

Ms. Duncan stated that reduction of funding will reduce providers accepting Medicaid patients, thus reducing choice of providers and quality of care. Many people will go without treatment or receive treatment in hospital emergency rooms which is the most expensive treatment in health care. In addition, hiring and retaining staff will be difficult due to high productivity standards and low pay.

Ms. Duncan stated that looking at a Medicaid cut as a short term solution will inevitably have long term ramifications. She believes that most agencies represented here welcome the chance to collectively participate in problem solving with the Legislature and finding a solution.

Tanya Dorf Brunner, Executive Director, Oral Health Kansas, testified before the Committee. (Attachment 7) Oral Health Kansas has nearly 1000 supporters, including dentists, dental hygienists, educators, safety net clinics, charitable foundations, and advocates for children, people with disabilities and older Kansans.

Dental services established by the Legislature in 2007 for people on the developmental disabilities (DD), physical disabilities (PD), traumatic brain injury (TBI) and frail elderly (FE) Medicaid HCBS waivers have been eliminated, and people on the FE waiver can only access dental services through a rare crisis exception.

CONTINUATION SHEET

Minutes of the House Aging and Long Term Care Committee at 3:30 p.m. on January 14, 2010, in Room 784 of the Docking State Office Building.

Without regular evaluations and proper treatment, dental infections can be life threatening, leading to emergency room visits, hospital stays and high morbidity and mortality rates.

Mike Larkin, Executive Director, Kansas Pharmacists Association, submitted written testimony. (Attachment 8)

The next meeting is scheduled for January 19, 2010.

The meeting was adjourned at 5:00 p.m.

**AGING AND LONG-TERM CARE COMMITTEE
GUEST LIST**

DATE: 1-14-2010

NAME	FIRM REPRESENTED
Anne Marie H. V. Hax	SKIL
Chad Austin	KHA
Robin Clements	Youthville
Shelly Duncan	Youthville
Dusty Beall	Youthville
Paul Forbes	United Health Group
Chyllin Kelly	Kansas Adult Care Executives
Craig Kell	KHA
Tanja Dorf Brunner	Oral Health Kansas
Wegh Keck	Mein Law firm
Rob Mealy	KEARNEY & ASSOC.
Katy Belot	SRS
Lois Weeks	SRS
Don Jordan	SRS
Dustin Meyer	KHPA
Renne Ann Brown	CMH
Ed Br	KHPA
TED HENRI	CAPITOL STRATEGIES
GARY FOWLER	Village Villa Neotoma KS
Frank T. Trimboli	Senior Adult Mgt Topeka, KS
DUSTY BEALL	Youthville
Mike Hammond	ASSOC. OF CMHES
Steve Solomon	TFI Family Services

Please Sign in Black Ink

**AGING AND LONG-TERM CARE COMMITTEE
GUEST LIST**

DATE: 1/14/10

NAME	FIRM REPRESENTED
Tom LAING	Intertab
Heidi Pickereil	Midland Care Connection, -PAUSE
Janet Williams	Community Works Inc
Belinda Vierthaler	Office of the State Long-Term Care Ombudsman
Mitzi McPatrick	KS Advocates for Better Care
Soc Ewed	KAHSA
Richard Shaut	Kac. All. For Dev. Disch.
LUDENA MGTD	LCD S
Jennifer Crow	Children's Alliance
Nick Wood	DISABILITY RIGHTS CENTER
Jen Rhys	KS Council on Dev. Disabilities
Mary Ellen Cordee	Craig Home Care
Bindy Luxem	KTHCA

State General Fund Outlook
Governor's Revised FY 2010 Budget Plan
(Dollars in Millions)

	FY 2008 <u>Actual</u>	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>
Beginning Balance	\$ 935.0	\$ 526.6	\$ 49.7
November 2009 Consensus Revenue Estimate	5,693.4	5,587.4	5,300.7
Governor's July Financial Plan			
Highway Fund	--	--	30.0
Securities Commissioner	--	--	5.0
Economic Dev't Initiatives Fund	--	--	5.4
Powerball Income Tax Windfall	--	--	3.1
Governor's November Financial Plan			
Highway Fund	--	--	50.0
Economic Dev't Initiatives Fund	--	--	2.4
Cap Bioscience Authority to \$35 M	--	--	5.0
Total Available	\$ 6,628.4	\$ 6,114.1	\$ 5,451.3
Expenditures			
Legislative Approved Expenditures	\$ 6,101.8	\$ 6,064.4	\$ 5,708.0
Governor's July Allotment	--	--	(90.1)
Legislature's Voluntary July Reductions	--	--	(0.5)
Health and Human Service Caseloads	--	--	24.3
Governor's November Allotment	--	--	(193.2)
Eliminate Legislature's Prior Year Shifts	--	--	(2.2)
Address Judiciary Funding Error	--	--	5.0
Total Expenditures	\$ 6,101.8	\$ 6,064.4	\$ 5,451.3
Ending Balance	\$ 526.6	\$ 49.7	\$ 0.0
<i>As Percent of Expenditures</i>	8.6%	0.8%	0.0%

Governor's Plan to Balance FY 2010 Budget

Agency Expenditure Changes

Governor	Lapse all shifts from FY 2009	(667,246)
Lt. Governor	Lapse shift from FY 2009	(11,518)
Attorney General	Lapse shifts from FY 2009; switch \$1.9 million of SGF expenditures to Court Cost Fund; additional operating reductions.	(2,181,797)
Department of Administration	Lapse shifts from FY 2009; additional operating reductions across agency	(799,684)
Governmental Ethics Commission	Operating reductions	(12,888)
Board of Indigents Defense Services	Add \$173,163 for Assigned Counsel caseload; then reduce \$686,456 to reduce Assigned Counsel hourly rate from \$80 to \$62.	(513,293)
Department of Revenue	Operating reductions	(506,484)
Court of Tax Appeals	Operating reductions	(42,807)
Department of Social & Rehabilitation Services	Add \$4,282,945 for caseloads. Reduce \$6,172,512 for 10% Medicaid provider rate cut. Reduce \$747,071 for increased shrinkage. Reduce \$1,300,000 for DD support grants. Reduce \$3,983,347 from mental health consolidated grants. Reduce \$275,000 from substance abuse grants. Reduce \$753,552 by limiting MediKan and GA to 12 months. Replace \$2,000,000 SGF with TANF. Replace \$1,322,800 SGF with fee fund.	(12,271,337)
SRS Hospitals	Replace SGF with unbudgeted ARRA disproportionate share funds. Operating reductions.	(6,094,810)
Kansas Health Policy Authority	Add \$18,324,000 for caseload. Reduce \$12,524,313 for 10% Medicaid provider rate cut. Lapse shifts and DMIE match of \$1,689,062. Reduce \$1,031,596 by applying a more realistic estimate for SCHIP. Reduce \$782,400 from the Healthwave contract. Reduce \$351,144 for additional salary shrinkage and other operating reductions. Reduce \$570,000 by limiting MediKan to 12 months. Offset \$1,421,130 SGF with other funds.	(45,645)
Department on Aging	Add \$572,949 for caseload. Reduce \$3,430,099 for 10% Medicaid provider rate cut. Lapse shift from FY 2009 of \$234,619.	(3,091,769)
Department of Health & Environment	Reduce salary and operating expenditures \$99,041. Reduce Infant-Toddler \$183,573. Reduce Coordinated School Health \$46,567. Reduce laboratory \$100,000.	(429,181)

Governor's Plan to Balance FY 2010 Budget

Department of Labor	Operating reductions	(14,129)
Commission on Veterans Affairs	Lapse shifts from FY 2009; replace SGF with federal funds gained by switching Soldiers Home to Medicare/Medicaid. Close Triplett Hall at Winfield. Shift veterans' spouses pharmaceutical costs to other payment sources.	(818,276)
Kansas Guardianship Program	Operating reductions	(34,632)
Department of Education	Reduce General State Aid to FY 2006 level	(36,709,794)
	Reduce Supplemental General State Aid appropriation from SGF and replace with ARRA funding.	(85,949,000)
	Operating reductions	(474,427)
	Reduce KPERS School for new payroll levels	(419,000)
	Reduce Juvenile Detention Facilities for BSAPP reduction	(398,574)
School for the Blind	Operating reductions	(168,481)
School for the Deaf	Operating reductions	(271,930)
Regents System	Reduce Higher Education to FY 2006 level	(1,990,976)
	Eliminate unneeded appropriation for bond payment	(5,038,114)
Arts Commission	Lapse shift from FY 2009 and reduce grants	(122,585)
Historical Society	Operating reductions	(172,726)
State Library	Reduce grants-in-aid to local libraries and make operating reductions.	(140,707)
Department of Corrections	Lapse shifts from FY 2009; reduce parole services budget; modify food service contract; reduce community corrections and IT maintenance.	(3,820,885)
Juvenile Justice Authority	Add \$1,100,000 for caseloads. Reduce \$626,505 for 10% Medicaid and Purchase of Service provider rate cut. Make operating reductions and reduce prevention funding.	(949,161)
Adjutant General	Shutter armories	(156,662)
Highway Patrol	Substitute compensatory time for holiday pay. Shift SGF expenses to fee funds.	(994,268)
Kansas Bureau of Investigation	Lapse shifts from FY 2009 and take AFIS payment savings. Operating reductions, including holding vacant positions open)	(994,584)
Sentencing Commission	Lapse shift from FY 2009 and offset SGF with fee funds.	(1,134,117)

Governor's Plan to Balance FY 2010 Budget

Department of Agriculture	Lapse shifts from FY 2009; make operating reductions.	(428,094)
Animal Health	Operating reductions	(26,580)
State Conservation Commission	Operating reductions	(23,072)
Water Office	Lapse reservoir storage purchase shift from FY 2009	(526,007)
Department of Wildlife and Parks	Lapse shifts from FY 2009; make operating reductions.	(434,876)

Additional Expenditure Changes

Legislative Agencies	Lapse all shifts from FY 2009 *	(2,218,117)
Judiciary	Correct a portion of underfunding *	5,000,000

Revenue Gains

KDOT	Further reduce maintenance and operations; transfer from Highway Fund to SGF *	50,000,000
Reduce SGF Transfer	Limit Bioscience Authority transfer to \$35 million	5,000,000
Economic Development Initiatives Fund	Reduce agency budgets: Commerce-\$500,000, KTEC-\$250,000, Kansas Inc.-\$10,000 and transfer balances *	2,400,000

* *Requires legislative action.*

Adjustments in Governor's Financial Plans Requiring Legislative Action

Revenue Transfers

Department of Transportation	July Proposal	\$ 30,000,000
Department of Transportation	November Proposal	50,000,000
Securities Commissioner	July Proposal	5,000,000
EDIF Agencies	EDIF (July Proposal)	5,400,000
EDIF Agencies	EDIF (November Proposal)	2,400,000

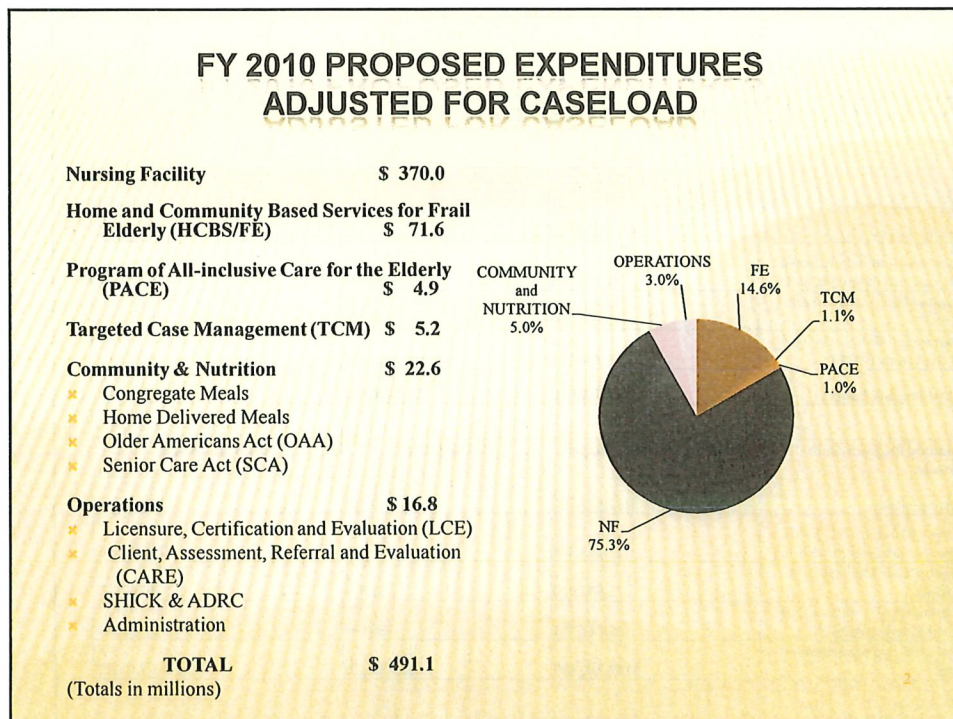
Expenditures

Legislative Agencies	July Voluntary Reductions	\$ (540,000)
Judiciary	Address Funding Error	5,000,000
Legislative Agencies	Lapse Prior Year Shifts	(2,218,117)

Appropriation bill to enact transfers and implement appropriation changes will be drafted and made ready for introduction at the start of the 2010 Legislative Session.

House Committee on Aging and Long-Term Care
 Jan. 14, 2010
 Bill McDaniel, Commissioner of Program & Policy

FY 2010 AND FY 2011 BUDGET ADJUSTMENTS



SFY 2010 BUDGET ADJUSTMENTS

- ✦ Current state support for nutrition programs was not cut because ARRA funds provided \$865,164 for nutrition programs over 2 years.
- ✦ The HCBS-FE waiver was funded at the 2009 level, which did not provide for case load growth. Some services have been suspended.
- ✦ Nursing home rates were held flat.
- ✦ Senior Care Act funding was reduced \$1.3 million (\$829,048 for services; \$484,110 for admin.)
- ✦ AAA core funding was suspended. (\$750,000)
- ✦ Allotments reduced Medicaid reimbursements by 10% and required administrative cuts of \$333,000 from SGF, along with a corresponding loss of federal matching funds.

SFY2010 10% MEDICAID PAYMENT REDUCTION

Medicaid Program-Total Funds	Pre-Allot. Caseload Budget	10% Reduction	Post Allot. Budget
Nursing Facility	\$370,000,000	\$9,250,000	\$360,750,000
Home and Community Based Services-Frail Elderly (HCBS-FE)	71,561,929	1,789,048	69,772,881
Targeted Case Management-HCBS-FE	5,200,000	130,000	5,070,000
Program for All-Inclusive Care for the Elderly (PACE)	4,864,081	121,602	4,742,479
Total Medicaid Budget	\$451,626,010	\$11,290,650	\$440,335,360
Medicaid Program-State General	Pre-Allot. Caseload Budget	10% Reduction	Post Allot. Budget
Nursing Facility	\$112,424,500	\$2,810,150	\$109,614,350
Home and Community Based Services-Frail Elderly (HCBS-FE)	21,758,332	543,513	21,214,819
Targeted Case Management-HCBS-FE	1,580,020	39,494	1,540,526
Program for All-Inclusive Care for the Elderly (PACE)	1,477,951	36,943	1,441,008
Total Medicaid State General Fund	\$137,240,803	\$3,430,100	\$133,810,703

FY 2011 BUDGET PLANNING

- ✦ The uncertainty of State revenues requires close scrutiny of programs on a month-by-month basis.
- ✦ HCBS-FE expenditures will be tracked carefully to avoid a waiting list.
- ✦ Operating costs will continue to be constrained, including holding vacant positions open. The first priority in operations is to maintain health and safety through adult care home surveys.

FY 2011 BUDGET ADJUSTMENTS

The Governor's Budget Recommendation includes several additional reductions. The following reduced resources items were included in FY 2011:

Senior Care Act (SCA)

-- Reduce SGF for SCA direct services by \$315,484. This represents a 15% reduction in the total SGF budget for direct services. It does not include a reduction in the federal Social Service Block Grant (SSBG) funds. The reduction will result in approximately 245 seniors no longer receiving SCA services during the year.

Agency Operations

- Reduce its SGF operations \$130,400 (\$335,832 all funds).
- Professional fees reduced \$18,412 through negotiation with contractors to reduce fees and cutbacks on deliverables.
- 6.75% across the board reduction in travel.
- Delay lifecycle capital information technology equipment replacement for another year.

SFY2011 10% MEDICAID PAYMENT REDUCTION

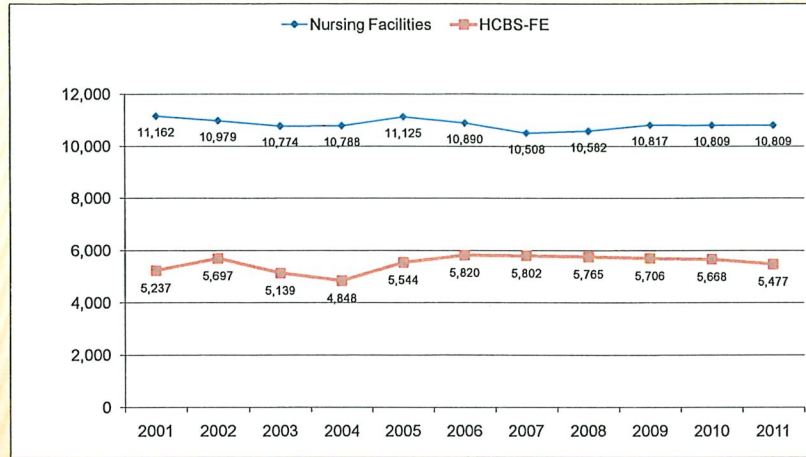
Medicaid Program- Total Funds (Millions)	Pre-Allot. Budget	10% Reduction	Post Allot. Budget	Caseload Adj.	Adj. Budget
Nursing Facility	\$368,091,544	\$37,370,000	\$330,721,544	\$5,608,456	\$336,330,000
Home and Community Based Services-Frail Eldery (HCBS-FE)	70,657,621	7,065,762	63,591,859	-1,293	63,590,566
Targeted Case Management-HCBS-FE	5,201,293	520,000	4,681,293		4,681,293
Program for All-Inclusive Care for the Elderly (PACE)	5,743,526	574,353	5,169,173		5,169,173
Total Medicaid Budget	\$449,693,984	\$45,530,115	\$404,163,869	\$5,607,163	\$409,771,032

Medicaid Program-SGF (Millions)	Pre-Allot. Budget	10% Reduction	Post Allot. Budget	Caseload/FMAP Adjustment	Adj. Budget
Nursing Facility	\$128,714,251	\$13,314,931	\$115,399,320	\$4,435,073	\$119,834,393
Home and Community Based Services-Frail Eldery (HCBS-FE)	24,707,557	2,517,531	22,190,026	467,754	22,657,780
Targeted Case Management-HCBS-FE	1,818,788	185,276	1,633,512	33,972	1,667,484
Program for All-Inclusive Care for the Elderly (PACE)	2,008,396	204,642	1,803,754	38,022	1,841,776
Total Medicaid SGF	\$157,248,992	\$16,222,380	\$141,026,612	\$4,974,821	\$146,001,433

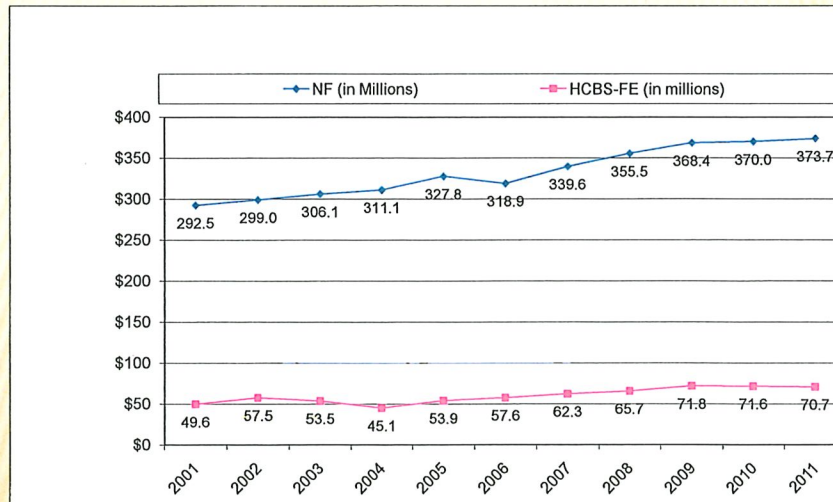
HCBS-FE STATE FY 2010 SERVICE REDUCTIONS

HCBS-FE Service	Customers	Projected Savings State General Fund	Projected Savings Total Funds
Assistive Technology	66	\$86,543	\$288,477
Sleep Cycle Support	275	216,563	721,876
Oral Health Services	113	113,310	377,700
Comprehensive Supports	110	208,946	696,488
Total Projected Savings		\$625,362	\$2,084,541

KANSAS LTC MEDICAID AVERAGE CASELOAD



KANSAS LTC MEDICAID EXPENDITURES





DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

Don Jordan, Secretary

House Aging and Long Term Care Committee
January 14, 2010

Medicaid Reimbursement Rate Reductions

Secretary Don Jordan

For Additional Information Contact:
Katy Belot, Director of Public Policy
Docking State Office Building, 6th Floor North
(785) 296-3271

HOUSE AGING & LONG TERM CARE
DATE: 1-14-2010
ATTACHMENT: 3

Medicaid Reimbursement Rate Reductions

House Aging and Long Term Care Committee January 14, 2010

Thank you for the opportunity to testify today regarding the impact of the 10% Medicaid rate reduction that was instituted as a part of the November allotment reductions. For SRS, the 10% reduction in FY 2010 results in a reduction of \$6.2 million SGF (\$19.3 million All Funds) across all Medicaid programs. Attachment A details the estimated reductions by provider group in FY 2010. These cuts will reduce access to services for clients and impact the financial viability of Medicaid providers. The extent of this impact will differ by provider type and is also dependent on how long these reductions are in place. The following paragraphs further describe some of the anticipated impacts by provider and service type.

Community Mental Health Centers

The Governor's November 2009 allotment reduced Medicaid reimbursement rates by 10%. The Prepaid Ambulatory Health Plan (PAHP) is Kansas' community based mental health managed care program. The rate cut will reduce expenditures in the PAHP by a total of \$4,904,656 and reduce the share paid to CMHCs by an estimated \$4,664,818. This will seriously affect the financial viability of many CMHCs. As many as one third of CMHCs experienced an operating loss in their last reported fiscal year. The Medicaid rate reduction will worsen this situation and could threaten the ability of some CMHCs to remain open. Some CMHCs have already begun laying off staff. Other effects will be better known in the weeks ahead once CMHCs have a chance to assess the full impact of these budget cuts.

Independent Mental Health Providers.

One of the goals of community based mental health managed care was to expand the choice of mental health providers in the state. On July 1, 2007, prior to the inception of the managed care program, there were 654 independent mental health practitioners who were not working for CMHCs. Kansas Health Solutions, the managed care organization, now has 1,410 independent mental health practitioners enrolled in Medicaid. The rate reduction will reduce payments to these providers by about \$239,838. Since these providers are not statutorily required to provide public mental health services, they may simply choose to discontinue serving Medicaid recipients, thereby reducing choice of providers.

Psychiatric Residential Treatment Facilities (PRTF) and Nursing Facilities for Mental Health (NFs/MH).

PRTFs provide comprehensive mental health treatment to children and adolescents who, due to mental illness, substance abuse or severe emotional disturbance, require treatment in a residential treatment facility. In FY 2009 PRTFs served over 902 children and adolescents. NFs/MH provide supports and treatment for persons with a severe and persistent mental illness (SPMI) who are unable to live successfully in the community without intensive levels of assistance. NFs/MH served 757 residents in FY 2009.

Both NFs/MH and PRTFs must meet federal Medicaid requirements. Meeting these requirements at current reimbursement rates is difficult for some facilities. Funding cuts may result in serious deficiencies in meeting requirements, some that could put residents at risk of harm. Some facilities may choose to close or be forced out of business. Residents in these facilities will need a home with intensive supervision for them to live successfully in the community or they will be referred to state mental health hospitals, who are also experiencing budget cuts. The number of families in crisis will increase if children with a serious SED are returned home. There could also be an increase in homelessness for adults with an SPMI.

Community Supports and Services

The 10% rate reduction to the Medicaid Home and Community Based Services waiver programs will have several effects on providers. We will see larger group living arrangements as providers move individuals from 2-4 bed homes into 5-7 bed homes to decrease the number of necessary staff. Consumers may see an impact on the quality of care due to a higher staff to consumer ratio in day and residential settings. Providers that have not been fiscally sound will go out of business, and smaller providers may be forced out of business regardless of their financial position. Individuals who self-direct their services will not be able to find attendants due to the decrease in the hourly rate.

Addiction and Prevention Services

The network of providers who deliver substance abuse services in Kansas has relied on Medicaid funding to support their operations. As a result of the rate reductions, capacity for needed services will continue to shrink and waiting lists will become a reality. Reduced medical services at treatment centers may result in more referrals to emergency rooms. Fewer dollars for client medications will ultimately affect client outcomes. Dollars for transportation of clients will be reduced. Some treatment employees will see their positions reduced from full-time to part time to eliminate employee benefit costs, and some treatment positions will remain open. Some providers are also considering layoffs and furloughs as an effort to reduce costs.


The Governor's FY 2011 budget recommendation restores Medicaid rates to their prior levels.

Thank you for the opportunity to testify. I would be happy to answer any questions.

FY 2010 SRS 10% Medicaid Rate Reductions

SRS	SGF	AF
Nursing Facilities/Mental Health	(347,500)	(406,290)
PD TCM	(42,187)	(138,865)
Head Injury Rehabilitation Hospitals	(71,292)	(234,667)
Positive Behavior Support	(1,440)	(4,742)
CDDO Targeted Case Management	(127,581)	(419,950)
Substance Abuse Treatment-PIHP	(170,000)	(559,579)
Behavior Management Services/PRTF	(319,588)	(1,051,968)
Prepaid Ambulatory Health Plan-PAHP	(1,585,642)	(4,904,656)
HCBS/DD Waiver	(2,271,881)	(7,476,981)
HCBS/Physically Disabled Waiver	(889,918)	(2,928,808)
Head Injured Waiver	(61,271)	(201,648)
Technology Assistance Waiver	(164,475)	(541,305)
HCBS Autism Waiver	(9,511)	(31,302)
Intermediate Care Facilities--MR	(110,226)	(362,766)
Total	(6,172,512)	(19,263,525)

These amounts represent one quarter of lower rates.




Kansas Health Policy Authority

Impact of Budget Reductions in Medicaid

Testimony before the House Committee on Aging and Long Term Care
January 14, 2009

Dr. Andrew Allison, KHPA Acting Executive Director


1



Overview

- KHPA Budget Summary
- FY 2010 Governor's Allotments
- Expected impact of 10% reduction in provider payments


2



Brief Overview of KHPA's Budget

- KHPA's FY 2009 budget was about \$2.6 billion
 - o \$1.36 billion was non-SGF funding for KHPA medical programs
 - o \$800 million was federal funds passed through to other Medicaid service agencies (SRS, KDOA, JJA, KDHE)
 - o \$450 million was SGF funding for services and operations
- KHPA programs and operations are funded separately
 - o FY 2009 operational funding was \$23 million SGF
 - o Caseload costs are about 20 times larger than operational costs
 - o Caseload savings cannot be credited to cost-saving operations
 - o The federal government matches Medicaid operations at 50-90%
 - o Operational costs for the state employee plan are funded off-budget through standard charges to agencies for each participating employee
- KHPA FY 2010 budget reductions concentrated on operations
 - o Medicaid caseload protected due to Federal stimulus dollars
 - o KHPA operational funding reduced 15.5% versus FY 2009

3




FY 2010 Governor's State General Fund Allotments July 2009

- FY 2009 Caseload Savings (\$5,300,000)
- Expansions to Pregnant Women (\$524,000)
- Increased FMAP Rate (\$6,300,000)
- No impact on current services

4

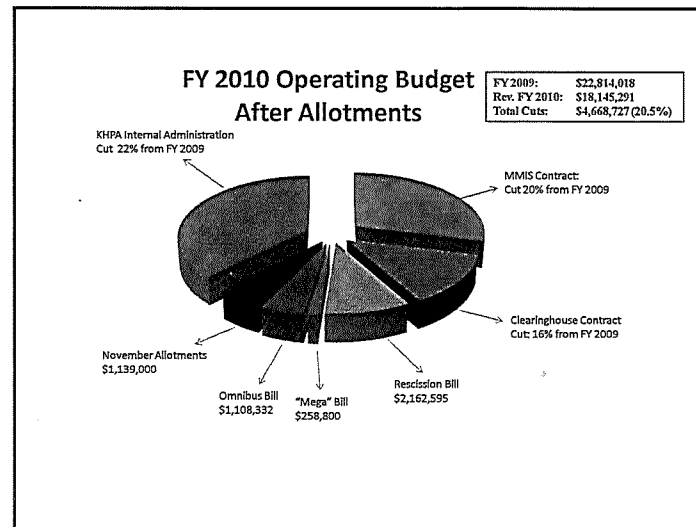
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FY 2010 Governor's State General Fund Allotments
November 2009

- **Caseload reductions**
 - Across-the-board 10% reduction in Medicaid provider rates
 - Limitation on Medikan benefits to 12 months
- **Administrative reduction of \$1.13 million SGF**
 - Total impact is \$2.5 million all-funds
 - Cumulative 20.5% reduction since approved FY 2009
 - Allotment represents 5% reduction on FY 2009 base
- **SCHIP reduction of \$1 million SGF**
 - Growing backlog may reduce pressure on funding
 - Waiting to see the impact of the January 1st expansion in coverage to children between 200% of the FY 2009 poverty level and 250% of the 2008 poverty level


5




Summary of November 2009 Allotment for KHPA Operations


- Freeze KHPA staff overtime and reduce KHPA staff through attrition (109,000) SGF
- Eliminate extra contract funding dedicated to the Clearinghouse eligibility backlog (140,000)SGF
- Cut State staff overtime dedicated to the Clearinghouse eligibility backlog (60,000) SGF
- Reduce scope of services in the Clearinghouse contract (197,000) SGF
- Amend verification policies and reduce call center capacity at the eligibility Clearinghouse (233,000) SGF
- Lapse funds from FY 2009 (150,000) SGF
- Eliminate the call center for Medicaid providers and significantly reduce call center capacity for Medicaid beneficiaries (250,000) SGF

7


Focus: Eliminate Added Capacity at the Eligibility Clearinghouse

- Extra contract funding and state staff overtime dedicated to the eligibility Clearinghouse backlog
- Loss of funding will lead directly to growth in the backlog of applications, estimated backlog in June 2011 of 33,000
- Growing backlog will result in delayed or foregone medical care for beneficiaries and a loss of revenue for providers
- Creates the potential violation of federal 45 day processing time requirements
 - Threatens compliance linked to ARRA funding
 - Potential loss of up to \$11 million in CHIPRA bonus payments
 - Potential threat to \$40 million HRSA grant for improved eligibility operations


8



Focus: Examples of Simplifications to Medicaid/SCHIP Applications

- Self declaration of child support
- Eliminate trust test for “Caretaker Medical” (low-income parents)
- Self declaration of pregnancy
- Eliminate mid-year reporting for Transitional Medical recipients
- Continuous 12-month eligibility for caretaker medical (parents)
- Change income calculation for new applicants with new jobs
- Focus state workers on oversight and processing, not duplication
- Rely on Department of Labor wage information
- Pre-populate review form with lessened verification requirements
- New HW application designed to get questions answered accurately and to obtain necessary information


9



Focus: Eliminate Provider Call Center and Reduce Customer Service

- Fiscal agent (HP) receives 250,000 calls per year from providers and beneficiaries, those callers will now be directed to a web portal for information
- Call volume may divert to KHPA staff, but we have no capacity to manage the increase
- Payment accuracy likely to decline, resulting in higher caseload costs
- No in-person training for new providers or changes in billing without the Provider liaisons
- Strain in relationships with Medicaid Providers
- Increase in payment appeals – but no increase in capacity to handle appeals


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Implementing the 10% Rate Reduction

- The “Budget Shortfall” payment reduction applies to the Medicaid paid amount (net reimbursement amount)
- Reductions are effective with dates of service on and after January 1, 2010
- The reduction applies to all providers as indicated in the public notice, published in the Kansas Register, December 17, 2009
 - HealthWave MCOs will pass the reductions through beginning in March or April, following mandatory advance CMS approval of the reduced capitation payments
 - The reduction will apply to paid claims, Medicaid disproportionate share payments, graduate medical education payments, critical access hospital settlements, Rural Health Clinic (RHC) cost settlements, Federally Qualified Health Center (FQHC) cost settlements, payments for Home and Community Based Services (HCBS) waivers, targeted case management, psychiatric residential treatment facility (PRTF), nursing facility for mental health (NF/MH), community mental health center (CMHC), substance abuse, head injury rehabilitation, and other payments.
 - The reduction does not apply to state institutions (University of Kansas hospital, state psychiatric institutions), nor to payments set by Federal regulation (i.e., through Medicare)


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Financial Impact of the 10% Reduction

- At least \$18 million in savings to the state expected in FY 2010
 - About \$8 million SGF for payment reductions to fee for service medical care providers
 - More than \$10 million in expected savings through Medicaid services overseen by SRS and KDOA
 - Additional savings through managed care plans to be implemented following CMS approval
- The current federal matching rate is approximately 69%
- Providers experience the all funds reduction
 - Impact on providers is more than three times the savings to the state (1/.31 = 3.2)
 - Providers will experience a \$58 million reduction in payments in FY 2010
- Foregone Federal matching payments will total approximately \$40 million in FY 2010
- The impact in FY 2011 will be at least twice as great if the reductions continue
 - Full year impact on providers (all funds) would be around \$150 million
 - Up to \$25-30 million additional impact through HealthWave MCOs, pending CMS approval
 - ARRA stimulus payments expire in December 2010, after which the state match reverts to about 60%
 - State savings in FY 2011 would be around \$50-55 million
 - Foregone Federal matching payments would be around \$95-100 million

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Provider Response to Medicaid Budget Reductions

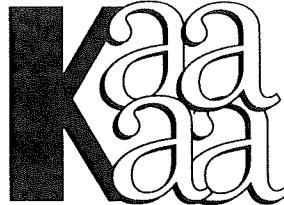
- Rate reduction has prompted a strong reaction from a wide spectrum of providers
 - Impact is likely to vary by type of provider
 - Impact of rate cuts different if providers view it as permanent
 - Many have expressed concerns about the impact reductions will have on access to providers for Medicaid and SCHIP recipients
- Providers have expressed some of their deepest concerns over the latest reductions in customer service
 - A majority of KHPA administrative costs are outsourced through competitively bid contracts (fiscal agent; eligibility clearinghouse)
 - Alternatives are limited and reduce capacity for effective management of caseload costs

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

14



House Aging and Long-Term Care Committee

January 14, 2010

The Kansas Area Agencies on Aging Association (K4A) represents the 11 Area Agencies on Aging (AAA) in Kansas, who collectively serve all 105 counties of Kansas. In Kansas, Area Agencies on Aging are the “single points of entry,” that coordinate the delivery of publicly funded community-based services that seniors and their caregivers need. The Area Agency on Aging (AAA) system is funded by federal, state and local resources, and administered locally. Service delivery decisions are made at the community level—often in the homes of the seniors who need those services. The Area Agencies on Aging carry out their federal mandate as “the Leader” on aging issues at the local level. The Kansas Area Agencies on Aging Association works to improve services and supports for all older Kansans and their caregivers.

Thank you for this opportunity to appear before you today.

Demographics

The average person served under the Medicaid Home and Community-Based Services waiver for the Frail Elderly (HCBS-FE) is:

- 80 year old female
- Living alone
- Meets the functional requirements for Nursing Home Care

Medicaid Reductions in HCBS-FE Waiver

- **10% Reduction in Medicaid Rates**
- **Suspension of Assistive Technology** (ended in mid December)
- **Suspension of Sleep Cycle Support** (ends January 15th)
- **Suspension of Comprehensive Supports** (ends January 15th)
- **Suspension of Oral Health Services** (ended December 31st)

Impact of Reductions

- For the Area Agencies on Aging, the 10% reimbursement reduction means the reimbursement rate for Case Management (Service/Benefit Coordination) is below the rate paid when AAAs took over the program in 1997.
- We have heard that some payroll agents, agencies and nursing homes have reduced the pay of direct care workers by 10%.

- Estimated by KDOA to impact 550 seniors on the HCBS-FE waiver.
 - K4A believes there is the potential to impact all 5,400 seniors on the waiver.
- The suspension of services has taken place in the last month for some services and some services end tomorrow. Difficult to judge the real impact yet.
 - We know individuals who were in the process of having dental procedures and weren't able to have them finished.
 - With the suspension of supports tomorrow, several seniors have already been transferred to nursing homes. I believe we will see more of this.
 - Several providers have let AAAs know that they will no longer provide in-home services under HCBS-FE waiver. We have major concerns that if the cuts continue we will see assisted living facilities and others stop accepting Medicaid.

I believe we are just starting to see the tip of the iceberg as far as the impact on the system at this point. In the next several months we will really start seeing the negative impact upon the infrastructure of the system serving Kansas seniors under Medicaid.

Thank you for the opportunity to appear before you today!

Craig Kaberline, Executive Director
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Chairman Bethell and Members of the Committee:

I am Shelley Duncan, President & CEO of Youthville and I would like to first thank you for the opportunity to be here today. I will try and keep my testimony brief.

Youthville is one of the largest nonprofit, child welfare agencies in Kansas, specializing in foster care, adoption, psychiatric residential treatment and counseling. Youthville is a faith-based and mission driven organization. Our agency meets the needs of children and families by providing services throughout the state of Kansas. We currently hold the child welfare Foster Care/Permanency contract for Region 5, which includes all of Sedgwick County.

We appreciate the great challenge placed before our state and the hard work you all have ahead of you. I am here today to advocate for some of the most vulnerable children in our state, most that have become wards of the state not by their own actions, but by the actions of others. The real life impact of a 10% reduction in Medicaid reimbursement on these youth will be dramatic. For the remaining months of fiscal year 2010, (from Jan 1 to June 30) Youthville's PRTF revenue will decrease by \$727,254.75. The impact on our outpatient mental health services for the same timeframe is \$114,488.61, totaling just under \$850,000. Without implementing the Governor's proposal to fully restore the Medicaid cuts in Fiscal Year 2011, the total loss to our agency would be \$1.7 million.

Decreases in funding may reduce the availability of psychiatric residential treatment facility (PRTF) beds across the state, as most PRTF's serve exclusively Medicaid clients; this means a 10% reduction in overall revenue. Many agencies will not be able to absorb the losses from reductions in reimbursement. Decreases in funding for these programs will impact the quality of care for these youth. The youth served in these facilities are there because of behaviors that are so severe they are not capable of living in a less restrictive setting, such as a foster home. As a licensed facility we must maintain our licensing standards for staff to client ratio. However, with fewer dollars, this will impact the additional services that we offer as part of our residential programs. Several examples of this include such things as;

- Help in the schools and classrooms because this level of child requires additional support, and,
- Less time for family-focused involvement activities-which in turn will influence timely reintegration for a child into a permanent home setting, and,
- The need to be selective regarding the level of child entering PRTF, which will affect some children not being served

As a result, the entire PRTF system will be less likely to be able to take the highest needs children, which can increase their chances of needing acute and state hospital placement, which is at a much greater cost than serving them through the PRTF system.

The reduction in funding for outpatient mental health treatment will reduce the number of providers who accept Medicaid patients, thus reducing the choice of providers and subsequently, the quality of care. Kansas has made great strides in expanding access and choice for Medicaid eligible consumers, and these reductions will reverse the progress that has been made. The effects of the Medicaid cuts to outpatient mental health include:

- More people will go without treatment
- More people will receive treatment in hospital emergency rooms, which is the most expensive treatment delivery system in health care
- More people will require law enforcement intervention or incarceration as a result of untreated mental illness
- This is also likely to result in additional admissions to state mental health facilities which will also increase state expenses
- It will limit the Kansas Health Solutions provider network, as some providers will not be able to absorb the increase and will inevitably drop out
- Other providers will need to limit Medicaid customers, which will result in less access to critical services
- out-patient as well as in-patient mental health providers will struggle with hiring and retaining staff due to high productivity standards and low pay, which ultimately impacts continuity of care and impedes progress

The implications of these cuts to Medicaid will be far reaching. Not only are we losing desperately needed federal funding within the system, but we are losing services and access to the remaining services. By looking at a Medicaid cut as a short term solution, will inevitably have long term ramifications. If these cuts are not restored, it will likely result in costing the state more, while putting a heavy burden on peripheral community-based services.

To believe that communities and donors will step up to cover these losses is a risky assumption. As I said earlier, the services that we provide at Youthville are to a vulnerable population that the State has an obligation to serve. To continue in this same vein will surely come back in the way of further diminishing the quality of life for many Kansans for whom each of us have a responsibility.

Again, we understand the dire situation of our state's budget and we want to continue to partner with you to be a part of the solution. While I can only speak for myself, I believe that most of the agencies present today would welcome the chance to do just that, and collectively participate in problem solving opportunities and solutions. I would be happy to stand for any questions you might have.

Shelley Duncan



Board of Directors

Mary Baskett, MPA
KS Head Start Assn.

Karen Finstad
Delta Dental of KS Foundation

Heidi Foster
Rawlins County Dental Clinic

Ron Gaches, JD
KS Dental Hygienists' Assn.

Cathy Harding, MA
KS Association for the
Medically Underserved

Mark Herzog, DDS

Jose Lopez, DDS

Denise Maseman, RDH, MS
WSU School of
Dental Hygiene

Rich Oberbeck
Henry Schein Dental

Kevin Robertson, MPA, CAE
KS Dental Assn.

Linda Saleh
Wichita Sedgwick County
Oral Health Coalition

Loretta J. Seidl, RDH, MHS
Kansas Health Care Assn.

Douglas Stuckey
Community Health Center of SEK

Marlou Wegener
Blue Cross and
Blue Shield of KS

Katherine Weno, DDS, JD
KDHE, Office of Oral Health

Dexter Woods, DDS
Wichita State University

**House Aging and Long-Term Care Committee
Impact of Governor's November Allotments on Medicaid Programs
January 14, 2010**

Chairman Bethell and members of the Committee, thank you for the opportunity to talk with you today about the impact of the November 2009 allotments on Medicaid services. My name is Tanya Dorf Brunner, and I am the Executive Director of Oral Health Kansas. We are a statewide coalition dedicated to improving oral health in Kansas through advocacy, public awareness, and education. We have nearly 1000 supporters, including dentists, dental hygienists, educators, safety net clinics, charitable foundations, and advocates for children, people with disabilities and older Kansans.

In 2007 the Legislature established dental services for people who are on the developmental disabilities (DD), physical disabilities (PD), traumatic brain injury (TBI) and frail elderly (FE) Medicaid Home and Community-Based Services (HCBS) waivers. Since then thousands of Kansans have had access to basic dental services, including cleanings, root canals, and basic fillings. Research shows that people who receive routine dental services are able to better manage oral health problems that could lead to more serious and costly health problems, including pneumonia, strokes, and heart conditions.

As a result of the November 2009 allotment, dental services for people on the PD, DD, and TBI waivers have been eliminated, and dental services for people on the FE waiver will be accessed only through a rare crisis exception.

To prepare for today, I consulted with Dr. John Fales, a dentist in Olathe who provides services to a significant number of adults with special health care needs. He reported that these are the patients most drastically affected by the recent cuts in Medicaid coverage in Kansas. The following is just one example of how a patient called "Joe" could be impacted by the HCBS dental cut.

Joe's total 2009 treatment cost \$1805. Because the treatment was performed in 2009, the total Medicaid payment was \$454.50 with a write-off of \$969.50. Joe's total cost was \$381.00.

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With no Medicaid reimbursement for adults with disabilities, in 2010 Joe's treatment cost would be the entire \$1805.

People who are on the HCBS waivers are least able to absorb the costs of dental care because they had to meet the Medicaid income eligibility guidelines. Dr. Fales' conversations with group homes have indicated that these patients could not afford dental care AT ALL if he did not write off nearly half of the cost. He has concerns that the group homes will have to reduce the frequency of preventive care visits (as historically he found to be true before Medicaid coverage) as well as the visits to the operating room for restorations and scaling and root planing.

"Joni" is another person who will be affected by the cut in dental services. For many years she was a school teacher. Now she has multiple sclerosis and diabetes. Her dental problems are severe, but with treatment from her dentist, Dr. John Fasbinder, in 2009 she was starting to make progress. She was feeling so encouraged and starting to smile again. She used to take such pride in her teeth. With the program cuts, she can only have these decayed teeth removed. In 2009 she could have fillings in her decayed teeth, but now her dental disease will only progress unless her teeth are actually removed.

Without regular evaluations and proper treatment, dental infections grow and spread. Such infections can be life threatening by the time they are recognized, leading to emergency room visits and lengthy hospital stays, as well as high morbidity and mortality.

Dr. Fales said, "I know I don't have to tell you that research indicates that lack of access to dental services is detrimental to the physical health of these individuals. We already fight for routine daily oral hygiene for these folks and it appears almost impossible to get this done. I wonder what will happen when dental care gets pushed even further to the back burner, when there will be no funds available for its completion."

Last summer the Michigan Medicaid program stopped providing dental services for adults as a cost-cutting measure. According to the Northwest Michigan Health Department, a woman died in October from a dental infection that was left untreated because she lost her oral health coverage when the Adult Dental Medicaid benefit was eliminated. She had disabilities which required her to be hospitalized to remove her infected teeth. Her surgery was not scheduled before Michigan cut its Adult Dental Medicaid coverage. Dentists planned to donate their services for the surgery, but Medicaid refused to pay \$5,000 for hospital costs. As a result, she died.

The Medicaid cuts in Kansas are only 14 days old, so there are no similar stories to tell today. But as time passes and people are not able to access the basic dental services they need, I may be back to tell you similar stories about our friends and neighbors here in Kansas. I know I'm not the only one in this room who prays I do not have to share any such news with you.

I am happy to stand for any questions.



Written Testimony
Presented before the Aging and Long Term Care Committee

Submitted by Mike Larkin, Executive Director
Kansas Pharmacists Association
January 14, 2010

Chairman Bethell and Members of the Committee:

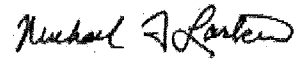
Thank you for allowing the Kansas Pharmacists Association to provide written testimony today providing you some brief information on how the cuts to Medicaid may affect pharmacy and Medicaid patients in Kansas. There are essentially two areas we believe will be affected most with the proposed cuts to Medicaid: pharmacy accessibility and patient access.

We see cuts to Medicaid as having a drastic effect on retail pharmacists' financial viability, thereby affecting patient access. In 2009, the pharmacy community has seen two major adjustments to its drug product reimbursement. The maximum allowable cost (MAC) of certain drug products has been adjusted and the average wholesale price (AWP) computations have been scaled back. Both of these actions have in many cases required a pharmacist to dispense drugs at a cost lower than the drug was acquired for. Because pharmacies do not set ingredient costs, pharmacists have been victims of these adjustments and are powerless to do anything about them.

Perhaps more importantly the potential exists for many in the Medicaid population to lose access to their community pharmacist. Countless of these individuals have a one-on-one relationship with their pharmacist. In many instances the pharmacist sees the Medicaid patient more frequently than they see their physician. This one-on-one relationship may be put in jeopardy if the pharmacist loses money on prescriptions dispensed. I can tell you that just last week, a community pharmacist in Columbus, Kansas decided to close his doors. While Medicaid cuts were not the only reason, he indicated to me that they were a factor in his decision to close.

I certainly realize the extremely difficult decisions that you must make during this legislative session given the fiscal challenge that Kansas faces today.

Thank you very much for permitting me to provide written testimony today. I regret that I was unable to attend personally, but if I can clarify aspects of this written testimony or answer any other questions for you, please feel free to let me know.

A handwritten signature in black ink that reads "Michael Larkin". The signature is written in a cursive style with a large, stylized initial "M".

Michael Larkin
Executive Director
Kansas Pharmacists Association