



To: Senator Vicki Schmidt, Chair, and Members,
Senate Public Health and Welfare Committee
From: Debra H. Zehr, President/CEO
Date: Thursday, January 19, 2012

KanCare: A Long Term Care Perspective

Thank you, Madam Chair and Members of the Committee. I am the President and CEO of LeadingAge Kansas, formerly known as KAHSA. Our 160 members include not-for-profit nursing homes, retirement communities, hospital long-term care units, assisted living and residential health care residences, homes plus, low income housing, licensed home health agencies and other community based service programs.

In SFY 2011 LeadingAge Kansas members provided nearly 1.5 million days of Medicaid-funded nursing home care. In addition, at least 15% of the assisted living care they provided was funded by the Medicaid program.

The Medicaid program is a growing burden that is unsustainable for our state and nation. Our members who provide care for Medicaid beneficiaries are very concerned about the precarious state of the program.

Nearly three fourths of Kansans aged 65 and older will need long term services and supports sometime; one-fifth of these will need help for five years or more. The cost of formal long term services and supports is high. Private long-term care insurance is inaccessible and/or unattractive for most Kansans. As a result, our nation and state's major long term care "insurance" plan is, by default, Medicaid.

LeadingAge Kansas supports a Medicaid system that is focused on quality outcomes, consumer choice and increased care coordination for individuals across health care settings.

KanCare represents a sweeping change in our state's system to provide health care for impoverished Kansans. We have closely followed the development of the KanCare proposal. Our Medicaid Reform Task Force and the LeadingAge Kansas Board have spent significant time in learning and dialogue about KanCare over the past several months. We appreciate the numerous opportunities we have had to ask questions and provide input to state officials along the way.

While the RFP published by the State is one of the most detailed, quality-focused in the nation, much remains to be seen regarding actual implementation and eventual outcomes.

These are some of the KanCare features that we support.

- 1) The State maintains control over basic rate setting for long term care services.

- 2) Health plans are evaluated based on quality outcomes, including several important long term care measures.
- 3) Health plans must contract with any willing provider for the first three years.
- 4) Health plans are accountable for timely payment, handling of customer inquiries and grievances, and maintaining member choice.
- 5) Health plans must detail plans for using physician extenders to achieve quality outcomes.

Here are some of our questions and concerns.

- 1) The frail elderly population has complex, unique characteristics and health needs. The health plans that are selected should have experience dealing with this population and with long term care.
- 2) Will providers be caught up in a raft of new paperwork and red tape related to billing systems for three separate entities? We believe that the KanCare health plans should have a uniform system for billing.
- 3) Despite the stated goals of the Administration, and safeguards built into the RFP, will health plans guide members to less costly providers, without regard to quality?
- 4) Will health plans incorporate funding for physician extenders to assist long term care providers to serve the sicker population that will be driven their way under KanCare?
- 5) What will be done, though KanCare or other mechanisms, to build community-based service capacity, specifically to provide assistance or incentives for rural nursing homes to diversify into assisted living and/or community-based services?
- 6) If savings are realized through KanCare, how will those funds be used? We believe that they should be reinvested to improve service access, service quality and service options for Medicaid beneficiaries.

We applaud this Committee's commitment to creating policy to meet the health care needs of Kansans who rely on Medicaid. We stand ready to assist you and the Administration in moving toward the vision of serving Kansans with a "transformed, fiscally sustainable Medicaid program that provides high quality holistic care and promotes personal responsibility."

Thank you Madam Chair. I would be happy to meet with you and or other members of the Committee any time during the Session to answer questions and discuss KanCare further.