Approved: 3-5-03
Date

MINUTES OF THE PRESIDENT'S TASK FORCE ON MEDICAID REFORM.

The meeting was called to order by Chairperson Senator Stan Clark at 3:30 p.m. on February 17, 2003 in Room 234-N of the Capitol.

All members were present except: Senator Pete Brungardt, excused
Senator Paul Feleciano, excused

Committee staff present: Emalene Correll, Legislative Research
Ann McMorris, Secretary

Conferees appearing before the committee:
Mike Heim, Legislative Research
Janis DeBoer, Acting Secretary, Department on Aging
Barb Hinton, Legislative Post Audit
Janet Hierl, Heartland Homecare, Lawrence
Elaine Speck, Consumer
Jason Gallagher, Consumer
Jim Klausman, Kansas Health Care Association
Gina McDonald, Kansas Association of Centers for Independent Living (KACIL)
Debra Zehr , Kansas Association of Homes and Services for the Aging
Claude Thau, President, Thau, Inc.
David Landwehr, President, Long Term Care Solutions
Matt Hickam, Ombudsman, Long term care
Carolyn Middendorf, Kansas State Nurses Association
Kirk W. Lowry, Attorney, Topeka Independent Living Center
Bob Day, Department of Social and Rehabilitation Services

Others attending: See attached list

Presentations on Long Term Care

Mike Heim, Legislative Research, reported on the Task Force on Long-Term Care Services conclusions and recommendations (Attachment 1). In the Year Three Report, a study found that Kansas residents between the ages of 38 and 66 will, on average, face expenses that exceed income by at least $10,000 annually during their retirement years and the projected income deficit will be more than $20,000 annually for single women. By 2031, the aggregate annual deficit for retired Kansans could be in the $700 million range. The Task Force believes Form HCFA 2567 - a U.S. Department of Health and Human Services form that state inspectors use to record the results of their surveys or inspections of Kansas nursing homes is a major factor driving the increased liability insurance costs for nursing homes

- The Task Force recommends that legislation be introduced to amend KSA 39-709(g)(2)(B) dealing with recovery from estates of persons who had been receiving Medicaid benefits to shield from recovery the amount paid for long-term care by long-term care insurance purchased by the Medicaid recipient. The Task Force makes the above recommendation with the recognition that such legislation may not be permitted under federal law at this time.

- The Task Force recommends that a program be initiated where durable medical equipment which has been provided to Medicaid clients by the State of Kansas be recouped at the time the equipment is no longer needed or at the death of the client. The Task Force suggests further that any such equipment that needs to be refurbished be sent to the Ellsworth Correctional Facility for refurbishing by inmates who now refurbish bicycles.

- The Task Force made a priority of establishing a long-term care system which promotes the need for healthy lifestyles; and which enables informed consumers to understand the possible outcomes of their choices.

Janis DeBoer, acting secretary, Department of Aging, reported on FY 2002 Funding Sources where Medicaid provided 57%, State General Fund 35% and other sources the remainder; on FY 2002 Expenditures where Nursing Facility cost is 75%, access and in home is 20% and Nutrition 2% and Administration 3%; statistics on KDOA customers served, monthly Medicaid averages on customers served; monthly average Medicaid expenditures per customer; comparison of nursing facility and HCBS/FE customers and expenditures; the Level of Care (LOC) scores was very enlightening. Some seniors who are able to pay for nursing home care may choose to enter a facility regardless of their level of care score while other individuals with very high scores can function successfully in the community with the necessary supports, whether paid by public or private funds. The minimum score was 3 and the maximum was 125. The average score for a person starting to receive HCBS was 66 and the average score for a person entering a nursing facility was 74. (Attachment 2)

Barb Hinton, Post Audit, presented a summary of issues relating to long-term care paid for by the Kansas Medicaid Program. (Attachment 3) The audit found that Medicaid spending for long-term care increased $157 million going from $472 million in 1998 to $630 million in 2001. Of the $157 million increase $47 million was caused by higher reimbursement rates being paid to nursing facilities and $111 million was for long-term home and community based services. The audit recommended:

- Make it tougher for people to qualify for Medicaid funding. Kansas' financial eligibility standards are more lenient than other states. They allow Kansans to shelter a large portion of their assets and become eligible sooner than they would in other states. Also Kansas could make it tougher to qualify functionally by raising the score needed to qualify.

- Manage the care provided to the most expensive consumers. The elderly and disabled accounted for 94% of the increased long-term costs and 70% of the increased medical costs from 1998 to 2000.

- Cap the number of people who can receive Medicaid paid waivers (waiting lists)

- Institute spending cap. In 2001, the audit found 924 people received HCBS in the community that exceeded the cap and the State would have saved $9.2 million if those people had been served in a nursing home or other institutional setting.

- Help people take the step necessary to pay for their own long-term care through long-term care insurance. Kansas should consider offering a tax credit or deduction that is separate from currently available itemized deductions.

Janet Hierl, Pharmacist, reported on Heartland Homecare Services, located in Lawrence and Wichita, which services all consumers with the Medicine-on-Time (MOT) personal prescription System. She elaborated on an outline which touched on the various components of their service. She concluded by noting that evaluation of the Medicaid system is a complicated task. (Attachment 4)

Elaine Speck, consumer, Russell, KS., told of her experience in dealing with Medicaid since she became disabled and that she desires to have choices and make decisions about the quality of her life. She compared the cost to the State of Kansas of community based services versus nursing home care. She urged the HCBS program be funded as needed and the opportunity to access the HCBS program upon discharge from a nursing facility . (Attachment 5)

Jason Gallagher, consumer, Overland Park, told stories of disabled people and their lives and set forth what Medicaid services look like to those using or trying to use these services. He noted with people living longer, with technology making it easier for people with disabilities, and with home-care being the preferred long term setting, we are no longer in a mode of acute care but one of long term care. It is now about helping the disabled to live the most dignified, comfortable and productive life they can. He urged the task force to show the President we are serious about Medicaid reform in Kansas. (Attachment 6)

Jim Klausman, Kansas Health Care Association, indicated support of home community based services. He noted costs are out of control and there is a severe shortage of nurses.

Gina McDonald, Kansas Association of Centers for Independent Living (KACIL) (Attachment 7) where people have the option of returning to employment and can keep their medical card for health insurance and pay a premium for their coverage. KACIL recommendations include:

- continue and expand the Medicaid Buy In Program
- review funding sources for people with developmental disabilities
- transitional living services under the PD waiver
- dollar follows the individual from institutions to the community
- review with insurance commissioner methods to make personal assistance services available, affordable and accessible through long term care and other insurance policies
- review potential for increasing the eligibility for obtaining health insurance through the medical card, identify methods which would allow people to pay premiums based on income

She concluded her testimony by stating: "We as a disability movement will never be free and equal as long as we depend on other people's money." Included with her written testimony was a glossary of terms/acronyms.

Debra Zehr, Kansas Association of Homes and Services for the Aging (KAHSA), recommended that the Division of Budget develop and update disability projections on at least 3-5 year basis. KAHSA supports a continuum of high quality, cost effective choices for persons with long-term care needs. Another option

is adoption of the PACE model (Program of All-Inclusive Care for the Elderly). She mentioned strengthening of Medicaid care coordination (case management); increasing private and federal resources; and focus on provider supply and reimbursement. (Attachment 8)

Claude Thau, President, Thau, Inc. and very involved in designing the Federal Employee LTC program, noted advances could be given to cover LTC costs with the intention of recovering when an estate is settled. This should be provided outside the Medicaid Program. He suggested one tactic would be to stop putting people on Medicaid if they have assets which could fund their LTC. Such loans could be government-backed, but financed privately. (Attachment 9)

David Landwehr, President, Long Term Care Solutions, spoke on saving the long-term care system and noted their objective, reforms, and benefits. He reviewed the Medicaid LTC program and offered possible Legislative Medicaid solutions: (Attachment 10)

- Tax Credits
- Government/Private Sector Partnership Programs
- Eliminating unsustainable HCBS waivers
- Medicaid Reform using the citizen's home as collateral to provide quality services outside the Medicaid program
- Aggressive estate recovery programs

Matt Hickam, State Long-Term Care Ombudsman, noted that Medicaid pays for only one-seventh of all national health expenditures, but it pays for almost half of all nursing home costs. By comparison, private insurance covers about one-third of all national health expenditures but only 5% of long term care expenditures. (Attachment 11) He recommended any reform in the Kansas Medicaid program should

- Ensure that Medicaid is available for the neediest to pay for their long-term care needs
- Ensure that a spouse of a nursing home resident is left with enough assets and income to survive
- Ensure that nursing homes meet high care standards
- Ensure home and community services paid for by Medicaid are accompanied by enforceable standards of care.

Carolyn Middendorf, Kansas State Nurses Association, presented written testimony on long term care. (Attachment 12)

Kirk W. Lowry, attorney, Topeka Independent Living Center, noted the center helps people with disabilities move into and stay in their own home and receive appropriate and adequate support and services to live independent and safe lives. He suggested the state would save on administrative costs and be more efficient if there were one big waiver for all classifications of disability. (Attachment 13)

Bob Day, SRS provided written material on Long Term Care issues (Attachment 14)

Considerable discussion on waivers, criteria for providers, skills, college student utilization for lower dormitory rates, and programs in other states.

The next meeting of the President's Task Force on Medicaid Reform will be on Monday, February 24 at

MINUTES OF THE PRESIDENT'S TASK FORCE ON MEDICAID REFORM at on February 17, 2003 in Room 234-N of the Capitol.

3:30 p.m. in Room 519-S with presentations and round table discussion by providers.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 14

Conferee recommendations

Mike Heim - reported the Task Force on Long Term Care Services

- Recommends that legislation be introduced to amend KSA 39-709(g)(2)(B) dealing with recovery from estates of persons who had been receiving Medicaid benefits to shield from recovery the amount paid for long-term care by long-term care insurance purchased by the Medicaid recipient. The Task Force makes the above recommendation with the recognition that such legislation may not be permitted under federal law at this time.

- Recommends that a program be initiated where durable medical equipment which has been provided to Medicaid clients by the State of Kansas be recouped at the time the equipment is no longer needed or at the death of the client. The Task Force suggests further that any such equipment that needs to be refurbished be sent to the Ellsworth Correctional Facility for refurbishing by inmates who now refurbish bicycles.

- Made a priority of establishing a long-term care system which promotes the need for healthy lifestyles; and which enables informed consumers to understand the possible outcomes of their choices.

Barb Hinton of Legislative Post Audit

- Make it tougher for people to qualify for Medicaid funding. Kansas' financial eligibility standards are more lenient than other states. They allow Kansans to shelter a large portion of their assets and become eligible sooner than they would in other states. Also Kansas could make it tougher to qualify functionally by raising the score needed to qualify.

- Manage the care provided to the most expensive consumers. The elderly and disabled accounted for 94% of the increased long-term costs and 70% of the increased medical costs from 1998 to 2000.

- Cap the number of people who can receive Medicaid paid waivers (waiting lists)

- Institute spending cap. In 2001, the audit found 924 people received HCBS in the community that exceeded the cap and the State would have saved $9.2 million if those people had been served in a nursing home or other institutional setting.

- Help people take the step necessary to pay for their own long-term care through long-term care insurance. Kansas should consider offering a tax credit or deduction that is separate from currently available itemized deductions

Elaine Speck, consumer
Urged the HCBS program be funded as needed and the opportunity to access the HCBS program upon discharge from a nursing facility.

Gina McDonald, KACIL
(1) continue and expand the Medicaid Buy In Program;
(2) review funding sources for people with developmental disabilities;
(3) transitional living services under the PD waiver;
(4) dollar follows the individual from institutions to the community;
(5) review with insurance commissioner methods to make personal assistance services available, affordable and accessible through long term care and other insurance policies; and
(6) review potential for increasing the eligibility for obtaining health insurance through the medical card, identify methods which would allow people to pay premiums based on income.

Debra Zehr, KAHSA
Recommended that the Division of Budget develop and update disability projections on at least 3-5 year basis

Claude Thau
- Noted advances could be given to cover LTC costs with the intention of recovering when an estate is settled
- Suggested one tactic would be to stop putting people on Medicaid if they have assets which could fund their LTC

David Landwehr noted possible Legislative Medicaid solutions:
(1) Tax Credits
(2) Government/Private Sector Partnership Programs
(3) eliminating unsustainable HCBS waivers
(4) Medicaid Reform using the citizen's home as collateral to provide quality services outside the Medicaid program
(5) aggressive estate recovery programs

Matt Hickam
Any reform in the Kansas Medicaid program should
(1) ensure that Medicaid is available for the neediest to pay for their long-term care needs;
(2) ensure that a spouse of a nursing home resident is left with enough assets and income to survive;
(3) ensure that nursing homes meet high care standards;
(4) ensure home and community services paid for by Medicaid are accompanied by enforceable standards

of care.

Kirk W. Lowry
Suggested Kansas would save on administrative costs and be more efficient if there were one big waiver for all classifications of disability