

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE.

The meeting was called to order by Chairperson Senator Ruth Teichman at 9:30 a.m. on January 21, 2003 in Room 234-N of the Capitol.

All members were present except: Senators Steineger, Adkins, and Corbin
All Excused

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

Conferees appearing before the committee: Barbara Hinton, Legislative Post Auditor, on
Controlling Costs of Medical Services
Controlling Fraud and Abuse

Laurel Murdie, Principle Auditor, SRS
Controlling Cost of Medical Services

Others attending: See attached list

Report from Barbara Hinton, Legislative Post Auditor

Barbara Hinton reported on what Kansas does to identify fraud and abuse within the Medicaid Program. (The Performance Audit Report may be found in the division of post audit)

Is there fraud and abuse in the Kansas Medicaid Program? National statistics indicate that approximately 10% of all Medicare and Medicaid payments are fraudulent.

The question was asked "what percent are honest mistakes?"

In response, she stated that the report did not encompass the amount of fraud that were honest mistakes, nor did it encompass the determination of the amount of fraud that may be present in Kansas.

Committee discussion followed concerning:

- Action that is being taken on the report?
- Is there a system in place to track fraud?
- SRS direction to detect the fraud problem?

She indicated that the efforts of the Kansas Attorney General's Office's Medicaid Fraud and Abuse Division to identify and resolve fraud and abuse appear to be reasonable. However, additional actions modeled after other states that have successfully expanded their MFCU roles should be considered in an attempt to review and/or re-interpret currently constraining laws and mandates. In order to put "teeth" in the Medicaid Fraud and Abuse Division, either new legislation or a more liberal interpretation of existing statutes, at the Federal and State level, appears to be in order.

CONTINUATION SHEET

MINUTES OF THE FINANCIAL INSTITUTION & INSURANCE at 9:30 a.m. on January 21, 2003 in Room 234-N of the Capitol.

Laurel Murdie, Principle Auditor, SRS

Laurel Murdie reported on what Kansas is doing about controlling the cost of Medical Services. There were two questions that this study tries to address:

- Why Has the Cost of Medical Services in the State's Medicaid- Program Increased?
- What Steps Can be Taken to Control Increasing Medicaid Costs

She referred to the Performance Audit Report,(which may be found in the division of post audit)for all the factors involved that contributed to these questions.

In conclusion,she noted that a combination of factors related to the number of people enrolled, the number of services they receive, and the amount paid per service. Adjusting any one of these factors can have a significant impact on the Program's costs. SRS officials also can and should take a number of administrative actions to ensure that the Program doesn't pay more than it should, or than the Legislature or SRS intended—for medical assistance services.

Due to time restraints, this report will be continued on Thursday, January 23.

Bill Yanek, Director of Governmental Relations, Introduction of Legislation That Repeals K.S.A. # 40-2404(14) (e) and (f).

Senator Salmans moved to introduce the bill, seconded by Senator Steinegar. Motion carried

Senator Teichman called for approval of the minutes for January 21-22-23.
Motion was made for approval by Senator Salmons, seconded by Senator Buhler. Motion carried.

Meeting adjourned.