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To: Senate Public Health and Welfare Committee

From: Chad Austin
Senior Vice President of Government Relations

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Re: Senate Bill No. 69

Over the course of the past four years, the Kansas Hospital Association KanCare Technical Advisory Group (TAG) has held meetings with the three KanCare managed care organizations (MCOs) and staff from the Kansas Department of Health and Environment (KDHE) to review, discuss and provide input on implementation issues with the KanCare program. Over that period of time, some progress has been made to resolve the concerns associated with the transition to a fully Medicaid managed care program. However, hospital providers remain concerned about the administrative burdens of KanCare, the time needed to properly adjudicate correct claims payments, lack of standardization among the three managed care organizations (MCOs) and the length of time needed to implement policy changes.

In 2015, the Kansas Department of Health and Environment reached out to the TAG to solicit input and recommendations to the Agency's contracts with the MCOs. In July of 2015, the TAG provided a number of recommendations to KDHE that would help to relieve the inconsistencies in the program and to reduce the burdens to provide care. In April of 2016, KDHE provided a response to the TAG's recommendations indicating that the Agency would incorporate recommendations gathered from stakeholders to make appropriate changes to their contracts with the MCOs, however, detailed information regarding any changes the State's contracts with the MCOs was never provided to the TAG. KHA supports Senate Bill No. 69, as it will promote the needed relief of administrative burdens as well as ensure certain payment protections for the providers of KanCare. We have asked Bob Finuf, Vice President, Children's Mercy Kansas City and Executive Director of Children's Mercy Integrated Care Solutions and a member of KHA's KanCare TAG, to provide some additional insight regarding the on-going issues and concerns that this bill will address.

Payment Integrity and Protections

KanCare providers continue to struggle with appropriate claims payment for services provided to the Medicaid patients. This bill directs KDHE to:

- Require reimbursement at no less than the Kansas Medical Assistance Program fee-for-service rate for the initial screening, treatment and stabilization of patients in the emergency department without regard to the hospital's contracting status.
- Provide quarterly education for participating healthcare providers regarding billing guidelines as well as policies and procedures. KDHE must be present at the meetings to provide oversight and to ensure consistent interpretation and implementation of the billing guidelines, policies and procedures.

Standardization

The transition to a fully Medicaid managed care program brought a number of administrative burdens to hospitals due to lack of standardization of basic elements of providing health care. Senate Bill No. 69 will bring about efficiencies and reduce the costs of providing care to the Medicaid patients in the following ways:

- Develop a uniform process and to standardize the requirements for credentialing of healthcare providers, thus eliminating the need to repeat the process multiple times for the same provider. KDHE has created a Credentialing Work Group to provide input from provider groups as well as to guide the Agency in the development of their electronic portal. With the help of the Work Group, a standardized Disclosure of Ownership was developed, however, other processes and forms are still not standardized.
- Standardization of denial reasons and remark codes which are consistent with HIPAA requirements. This will also ensure the MCOs can report meaningful data metrics regarding the number of claims denials, reasons for denials, etc.
- Standardization of requirements and timelines for prior authorization of healthcare services.
- Development of the standardization of the claims appeal process to protect the provider's rights to appropriate payment. The legislation also adds an external independent thirty-party review, at the provider's discretion, and that would be available prior to the State Fair Hearing process.

Data Transparency

KDHE must require and the MCOs must supply encounter data in a consistent manner within reasonable timelines to ensure proper accounting of Medicaid expenditures.

- KDHE must require consistent claims encounter data to be able to provide information for hospitals required for completing the Medicaid Disproportionate Share Hospital (DSH) survey. The legislation outlines specific data elements that must be included in the encounter data to reconcile KDHE's data with the hospital's data.
- Requests for encounter data must be furnished to participating healthcare providers within 30 calendar days.

The Kansas Hospital Association appreciates the opportunity provide testimony in support of Senate Bill 69. We strongly urge the committee to take action and favorably adopt Senate Bill 69. We would be happy to stand for any questions.