

Senate Public Health and Welfare

January 31, 2017

Proponent Testimony on SB 69 – KanCare Process

By ARJ Infusion Services, Inc.

ARJ Supports SB 69

ARJ Infusion Services, based in Lenexa, KS, stands in support of the proposed changes offered in SB 69 to improve KanCare processes and service. In our role as a subcontractor for the KanCare managed care organizations, we have provided a high level of care for beneficiaries across the state since the inception of the program. ARJ's investment in resources helps deliver the highest quality of care to the states most chronically ill patients. As a local provider, ARJ is deeply invested and entrenched in the healthcare and business community – building and sustaining jobs that help pay for the valuable programs offered by KanCare.

While deeply committed to KanCare and SB 69, ARJ is also concerned that the priorities of the MCOs may not align with the state and the local providers, who are delivering care to Kansas Medicaid beneficiaries.

We understand the significant pressures that the Legislature, KDHE and the three KanCare MCOs experience in efforts to provide benefits to Medicaid beneficiaries. In our role as a responsible Kansas corporation and a Medicaid provider for KanCare, we have sought an open discussion and partnership with KDHE and the MCOs to improve the existing care model and reduce cost of care where we can.

The business of providing healthcare is a highly collaborative and time sensitive endeavor requiring input from many interested parties with constructive perspectives. Fortunately, we have been able to develop a positive working relationship with KDHE, who has been very open to hearing and addressing our concerns related to KanCare. The MCOs, however have not been responsive to our efforts for collaboration.

For that purpose, ARJ will propose amending SB 69 with the goal of protecting Kansas providers and keeping patient care at the forefront of KanCare's considerations. The attached proposed amendment will address this issue.

In order to better explain our position, ARJ will provide the following information:

- Introduce ARJ Infusion Services
- Outline our History, risks and "problems" in current program
- Highlight potential "un-intended" harm to state of Kansas
- Propose amendment language to be included in SB 69
- Summarize our position

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Introduction

ARJ Infusion Services is a leader in home infusion pharmacy and high-tech nursing services, providing in-home infusion therapies for children and adults with chronic conditions. Our expertise includes bleeding and neurological disorders, immune deficiencies, genetic disorders, IV antibiotics, and other injectable medications. We are based in Lenexa, KS and we have offices in Wichita and Hanston, KS.

Since 2000, ARJ has been nationally recognized as a provider of complex infusion therapies in the home.

Most importantly, serving as a Medicaid provider, ARJ has brought the most underserved populations the highest quality care to help manage their chronic conditions. It is important the state recognizes, supports and sustains Kansas based companies by including the any-willing-provider statute in this MCO legislation.

History, Risks and Problems with Current Program

Under current law, KanCare MCOs are not obligated to allow all qualified Kansas providers in their networks. This poses a significant threat to the viability of Kansas based pharmacies. As recently as Mid-2016, Kansas MCOs sought to “carve out” specialty infusion medications to their own specialty pharmacies. These efforts would have significantly impacted Kansas companies like ARJ and our ability to maintain jobs for our 90+ employees. Further, the significant amount of Kansas tax dollars spent on pharmaceuticals would have been directed to companies based outside the state of Kansas.

When KanCare MCOs proposed these changes, ARJ engaged with KDHE and key state elected officials to require the MCOs maintain the any willing provider status. Our efforts to preserve pharmacy network access not only helped ARJ, but assisted other small businesses across Kansas. While our efforts were successful, KanCare MCOs will continue to push for narrowed networks and sole access to specialty drugs. That is why we believe the current KDHE position of requiring the MCOs to accept any qualified, willing provider be codified in Kansas law, rather than simply in the agencies policy.

Our fight to preserve access for Kansas based pharmacies secured the following:

- **Tax revenue** from many Kansas based businesses and their employees currently serving Medicaid beneficiaries.
- **Kept a significant portion of Kansas’ Medicaid drug spend in the state of Kansas** – not the states of the corporations who own the MCOs.
- **Kept healthcare local** – a simple and much overlooked fact of healthcare. Local providers can and will provide better care to KanCare beneficiaries.
- **Jobs** – ARJ and other Kansas based pharmacies **preserved staffing** and maintained employment for clinical and operational positions **across the state**.
- Kept highly skilled, highly specialized nurses and pharmacists in the home of patients – and **kept patients out of more costly sites of care**.

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Kansas MCOs will not back down easily. While initial objections were heard and corrected, ARJ believes the MCOs will continue to push for sole access to these complex therapies; jeopardizing Kansas based small businesses and costing the state valuable tax revenue.

ARJ believes the addition of the attached amendment to SB 69 will strengthen the states plan to improve healthcare to Kansas residents.

Summary

ARJ asks for your support in the proposed amendment to SB 69. To summarize our position:

- Since 2000, ARJ has been a Kansas based home infusion provider, treating Medicaid patients with a variety of complex, chronic conditions.
- In 2016 ARJ helped fight KanCare MCOs on efforts to “carve out” specialty pharmaceuticals to their corporately owned pharmacies (ALL BASED OUTSIDE OF KANSAS).
- The MCO plans will not stop pushing for sole access to specialty medications. Allowing MCOs to continue down this path will push more tax revenue and jobs outside of Kansas.
- Keep healthcare local – the proposed amendment will preserve KanCare beneficiary’s access to high quality healthcare.

ARJ encourages the committee to consider the addition of the amendment below to allow any-willing-provider to access, and remain in the state MCO networks.

ARJ welcomes the opportunity to support our position in person with the Senate Public Health and Welfare committee. Thank you for the opportunity to speak on the importance SB 69; we look forward to your questions and to working together to improve the delivery of healthcare services to KanCare beneficiaries.

Respectfully submitted,
Andy Copeland
Vice President/General Manager
ARJ Infusion Services

Amendment to SB 69

A managed care organization providing state Medicaid services pursuant to a contract with the Kansas program of medical assistance shall not discriminate against any licensed pharmacy or pharmacist located within the geographic coverage area of the managed care organization which is willing to meet the conditions for participation established by the Kansas program of medical assistance and to accept reasonable contract terms offered by the managed care organization.

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