To: Chairwoman Carolyn McGinn, Members, Senate Ways and Means Committee

From: David Jordan, Executive Director of the Alliance for a Healthy Kansas

Date: January 30, 2018

Testimony in Support of Senate Bill 300

Thank you for the opportunity to submit testimony on behalf of the Alliance for a Healthy Kansas in support of Senate Bill 300, which would extend the KanCare program for another year and block the implementation of any part of KanCare 2.0.

The Alliance for a Healthy Kansas is a broad-based statewide coalition of organizations that have come together to improve the health of Kansans. Our first policy goal is to improve access to care by expanding KanCare, the Kansas Medicaid program. Alliance members include business leaders, doctors and hospitals, social service and safety net organizations, faith communities, chambers of commerce, advocates for health care consumers, and others.

While working to expand eligibility to KanCare, we consistently hear from providers, consumers and caregivers regarding deficiencies in the program. We regularly hear about problems with the HCBS waiting list, challenges in processing claims and enrollment, inadequate provider networks, administrative red tape, a lack of transparency in the development of treatment plans, and a general lack of responsiveness of the state and managed care organizations (MCOs) to the concerns of enrollees. There is a high and continuing level of dissatisfaction with the program, verified by Center for Medicare and Medicaid Services (CMS) denial of the initial request for a one-year program extension.

Given the serious and persistent problems with KanCare, it is disappointing that the Brownback/Colyer Administration has failed to directly address how it would fix the problems in the existing KanCare program in its waiver application. Despite hundreds of comments from Kansans against the implementation of work requirements and lifetime caps, the Administration has pushed forward with these costly and burdensome proposals. We oppose those plans to institute new barriers to services in the way of work requirements and lifetime caps, which will make the program more costly to administer and more difficult to access.

Existing Problems with KanCare

As noted above, there are serious problems with KanCare. It is imperative that the Kansas Department of Health and Environment (KDHE) and Kansas Department of Aging and Disability Services (KDADS) focus on improving the existing KanCare program before moving forward with any 1115 waiver proposal that creates additional barriers to services to underserved Kansans who rely on KanCare. Before moving forward, I would urge the legislature to require KDHE and KDADs to address the following shortcomings in the existing KanCare program:

- Enrollment backlog.

- Enrollees having no knowledge of who their care coordinators are or what is included in their treatment plans.
- An excess of claims that are found to be incomplete and are rejected.
- Excessive requirements and slow approval for prior authorizations.
- Administrative complexity and lack of standardized processes for provider credentialing and other procedures.

It is important to note that the best way to improve KanCare is by expanding KanCare. Expanding KanCare will close gaps in coverage and bring hundreds of millions of dollars back to Kansas that can help improve KanCare.

Legislative Opposition to KanCare 2.0 and confusion created by Brownback/Colyer "scrapping" KanCare 2.0

The Alliance supports state Senate leadership on this issue and we supports this bill. Word for word we agree with Senate President Susan Wagle (R-Wichita), Senate Majority Leader Jim Denning (R-Overland Park), Senate Ways & Means Chairwoman Carolyn McGinn (R-Sedgwick), and Senate Public Health and Welfare Chairwoman Vicki Schmidt (R-Topeka) following statement:

"After careful consideration regarding the discussion that took place during the Public Health and Welfare Committee today, we are hesitant to move forward with KanCare 2.0. We believe there is still work to do to stabilize KanCare 1.0 and that there is no certain path forward for KanCare 2.0, at this time."

We are concerned with many aspects including:

- Eligibility through the clearinghouse
- Providers ability to serve Kansans appropriately
- Investment levels in mental and behavioral health services

"We firmly believe that mental and behavioral health need to be addressed," Wagle said. "We must address the problems with KanCare 1.0 before the next steps are taken."

Unfortunately, to address Senate leadership criticism the Brownback/Colyer Administration issued a statement to "announce plans to stop KanCare 2.0". The statement was confusing and no additional details have been provided since its release. As of late last week, the Administration had not communicated their plans to stop KanCare 2.0 to the federal government.

This bill is needed because if, as the statement indicates, the administration plans to keep portion of the existing waiver, it is not clear that the state is equipped to implement any of the proposed components of KanCare 2.0.

Work Requirements

The Brownback/Colyer Administration continues to want to implement work requirements on parents enrolled in Medicaid with children over six and an income below 38% of the Federal Poverty Level. They claim the program will apply to just 12,000 Kansans. In reality, it adds multiple administrative functions to the administration process and it will affect every enrollee. It will make the troubled enrollment process more complicated as well as the entire program more challenging and costly to administer. The administration has not provided any details on they will implement the program. **More importantly, they have not discussed how much implementing work requirements will cost.**

Work requirements will cost a significant amount of money to administer because they create new systems, add new functions to Medicaid, and will require new jobs at the state level. The addition of a work requirement to Medicaid would add new red tape and bureaucracy to the program and only serve as a barrier to health care for enrollees. Tracking work hours, reviewing proof of work, and keeping track of who is and is not subject to the work requirement is a significant undertaking that will require new administrative costs, new employees, and possibly new technology expenses to update IT systems. Lessons from other programs show that the result of this new administrative complexity and red tape is that *eligible* people will lose their health insurance because the application, enrollment, and on-going processes to maintain coverage are too cumbersome.

The administration's request to institute a work requirement for very low-income parents with dependent children age six and older is problematic and in conflict with the goals of Medicaid and existing case law. Work requirements—and disenrollment for failure to comply—are inconsistent with the goals of Medicaid because they would act as a barrier to access to health insurance, particularly for those with chronic conditions and disabilities, but also for those in areas of high unemployment, or who work the variable and unpredictable hours characteristic of many low-wage jobs.

The legality of this proposal is in question – the federal Department of Health and Human Services has just been sued over similar requirements recently approved in Kentucky. It is unclear how the Administration proposes to pay for these additional administrative burdens and the lengthy and costly legal process likely to follow. In fact, how the administration plans to pay for any changes to KanCare remains a mystery.

The Alliance for a Healthy Kansas strongly opposes work requirements for Medicaid beneficiaries and urges Kansas to abandon this faulty, costly proposal. While the state says the goal of the proposal is to encourage work, this effort is misguided. The American Enterprise Institute found that health is a top barrier to gainful employment. The reality is that Medicaid will help people get healthy. Studies have shown that expanding Medicaid helps people be healthy enough to work. Therefore, if Kansas were serious about putting people to work and providing a pathway out of poverty, the state would expand KanCare.

Time Limits

In addition to a work requirement, Kansas proposes a 36-month lifetime limit on eligibility for the same population that would be subject to the work requirement, even if they are in compliance with the work requirement. This policy will limit access to care and is dangerous and misguided. Like the work requirement, this proposal will create added administrative costs.

Medicaid serves as an important work support, allowing unhealthy Kansans to receive the health services they need to transition to full-time employment. Unfortunately, not all employers offer health insurance, especially to low-wage and part-time employees. This population needs health insurance to stay healthy and working. Instituting time limits will make it harder for Kansans to stay employed and will worsen poverty in the state.

Like the work requirement, we urge the withdrawal of any time limit on Medicaid benefits from the proposed waiver. Kansas cannot afford this costly proposal.

Next Steps

The Alliance believes it is critical that we work together to improve KanCare, which is why we support Senate Bill 300. Most importantly, we need to agree that the goal is to strengthen access to care and

improve the program rather than impose harmful new policies on the most vulnerable Kansans. The Alliance stands ready to work with the Legislature, the Governor, KDHE and KDAD to improve KanCare.

Beyond addressing the issues outlined above, one of the best ways to improve the program KanCare program is by expanding it. Thank you for your time and consideration.