

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:35 a.m. on January 28, 2003, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Dr. Donald N. Muse, Muse and Associates, Washington, D. C.

Others attending: See attached list

Chairman Morris welcomed Dr. Donald Muse, Muse and Associates, Washington, D. C., who gave a presentation to the committee regarding options or solutions regarding Medicaid that might be considered for the current fiscal crisis in Kansas ([Attachment 1](#)).

Dr. Muse mentioned that Medicaid is approximately 20 percent of an average state's budget, revenues are falling 3 to 5 percent and the Medicaid program is projected to grow 13 percent in the coming year (up from 5 percent through most of the 1990's).

In his presentation, Dr. Muse indicated that the solution is not clear and explained that he is trying to find solutions for the Medicaid program problems. Regarding Kansas, he mentioned that his group has received tapes submitted from the Kansas Department of Social and Rehabilitation Services to the federal government, Centers for Medicare and Medicaid Services (CMS), and within about two weeks results are produced. He noted that where available, Kansas Fiscal Year 2000 data was shown in his presentation. Dr. Muse explained that the solutions he presents are solutions that are good for people and save money at the same time which he felt were the kinds of solutions that one would want to look at first.

Dr. Muse detailed information that Kansas and the United States have about the same number of elderly people on Medicaid that they did in 1990 and the increased income of the elderly at retirement time has kept some of them off of the Medicaid rolls. He indicated that those that do come on the Medicaid rolls are sicker than they have ever been and most need nursing home care. Dr. Muse noted since about 1995 the disabled group has really shown the largest growth on the Medicaid rolls, and since 1995, most states are being driven by increases in expenditures for the disabled.

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Dr. Muse discussed disease management and explained that diseases such as asthma, diabetes and congestive heart failure are amenable to disease management and the heart of disease management is keeping people out of hospitals and emergency rooms. He explained that there are 57 kinds of disease management and one type of disease management that they have evidence on is where a health care professional talks to a recipient. Dr. Muse explained that as he understands it, the State of Kansas has a clarification pending with CMS to put approximately 11,000 people on disease management and he strongly encouraged doing it because money can be saved.

According to Dr. Muse, many of the slides presented beginning on page 10 of his testimony are options that he developed after he visited Kansas. Dr. Muse emphasized using the data and using the records to save money and help people and he feels that there are opportunities out there.

Dr. Muse ran data regarding expenditures for persons in some states with nine or more prescriptions in 180 days and expenditures for persons with 20 or more prescriptions in 180 days (option developed after the Kansas data was run). He noted that regarding those with 20 or more prescriptions, they found that approximately 10 percent need the many prescriptions for HIV, AIDS, organ transplants, etc., and at the other end, they found that approximately 10 percent are candidates for drug abuse. Dr. Muse explained that the 80 percent in the middle there were a large portion of doctor shoppers, for example, an elderly citizen on Medicaid that went to five separate cardiologists and carefully cashed prescriptions at five separate drug stores so as not to get “caught”. Also, Dr. Muse noted that 34 providers accounted for 4,000 people getting 20 or more prescriptions. Dr. Muse presented suggestions for the doctor shopper to send letters to the providers asking them politely to examine their prescription drug dispensing. He noted that if they persist in doing it, under the Medicaid statute, you have the ability to “lock them in” where you can only go to one cardiologist and only cash your prescriptions at one pharmacy. Where there are physicians and providers who write a lot of prescriptions, generally the medical director of the program or contract employee visits the physician or the provider. Dr. Muse described a program in the state of Florida where an intensified benefit management program was initiated and it was able to produce cost savings for each intervention, including a 44 percent reduction in the per user per month for therapeutic duplication-targeted recipients.

Dr. Muse mentioned that in Kansas the disabled purchase 54 percent of all the drugs that the Kansas program buys. In Kansas between 60 and 70 percent of the people on Medicaid program go on Medicaid for mental health reasons. Dr. Muse noted that in 1995 about 300 out of every 1,000 people in the Kansas program took drugs for mental illness and today, about 700 out of every 1,000 people in Kansas are taking drugs. The increase in the Kansas program in the past five or six years is the number of the disabled and the increasing expenditures in a couple of areas. Dr. Muse cautioned that people in this category are not going to the hospital so he noted to be careful in what is done here or they will wind up back in the hospital.

Dr. Muse also discussed indicators of Nursing Homes with potential problems:

- high percentage of residents taking 20 or more prescriptions at the same time
- high percentage of residents taking one or more of 19 modified Beer’s list medications (always, rarely)

Dr. Muse discussed key findings regarding potential ineffective dosage, potential discontinued usage, potential overlapping medication. He also discussed examples of compound code violations (unbundling). He noted that there are additional options for data available through requests by states. Chairman Morris expressed his

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appreciation to Dr. Muse for the presentation.

The Chairman called the committee's attention to discussion of:

Senate Substitute for SB 30--Appropriations for FY 2003 -supplemental appropriations for various state agencies

Alan Conroy, Director, Kansas Legislative Research Department, explained new additions to **Senate Substitute for SB 30 (Attachment 2)**.

Senator Bunten moved, with a second by Senator Salmans, to delete Section 24 regarding the Department of Education from the bill. Motion failed on a voice vote.

Senator Barone moved, with a second by Senator Jackson, to hold action on **Senate Substitute for SB 30** until the January State General Fund Receipts are available. Motion failed on a voice vote.

Committee discussion followed. Chairman Morris recognized Sabrina Wells, Kansas Insurance Department, who spoke in opposition to the additional sweep regarding the Workers Compensation Fund (Attachment 3).

Senator Adkins moved, with a second by Senator Schodorf, to move **Senate Substitute for SB 30** favorable for passage as amended. Motion carried on a roll call vote.

The meeting adjourned at 12:10 p.m. The next meeting is scheduled for January 29, 2003.