

## **Frequently Asked Questions**

### *Topic: Health Reform in Kansas*

#### **1) What is health reform?**

The current health care system in Kansas and the nation faces many challenges. Health care costs have escalated, citizens are facing increasing difficulties in accessing health care, and the health status of many Kansans is deteriorating. Comprehensive changes in the health system are being contemplated to correct some of these problems. Health reform envisions ways to modify the current system to improve the health of Kansans and create a better more efficient health care delivery system. Initial health care reform efforts in Kansas will focus on providing and protecting affordable health insurance, paying for prevention and a primary care medical home, and promoting personal responsibility.

#### **2) What has Kansas already done in terms of health reform?**

Although Kansas ranks in the second tier of all states for our overall health system, there are system improvements that have been considered by policymakers for several years. During Governor Kathleen Sebelius' first term in office, health care became a primary focus on the state's policy agenda. The legislature enacted an improved small employer health insurance tax credit and subsidized dependent health insurance coverage for low income state employees. The Governor's policy goal to improve access to health insurance for low income employees in small businesses was funded for one year but failed to attain funding in subsequent years. The most far reaching proposal during the Governor's first term was an initiative designed to consolidate state health care purchasing, through the establishment of the Health Policy Authority by the 2005 Kansas Legislature. This legislation fundamentally changed the agency's governance structure and reporting trajectory, greatly expanding the scope of responsibilities assigned to this organization – with a specific charge to coordinate health and health care for Kansas. The legislation was spearheaded by Representative Melvin Neufeld, who has since become Speaker of the House, and by Senator Jim Barnett, a physician who chairs both the Senate Public Health and Welfare Committee and the Joint Committee on Health Policy Oversight.

During the 2007 Kansas Legislature, House Substitute for SB 11, an over-arching health reform bill, was passed by the Legislature and signed into law by the Governor. It sets the foundation for comprehensive health reform options that will be developed and provided to the Legislature and Governor on November 1, 2007.

#### **3) What health reform legislation did the Kansas Legislature pass in the 2007 session?**

The Kansas Legislature passed House Substitute for SB 11, legislation that included a number of health reform initiatives. This bill passed unanimously by both the House and Senate, and was signed into law by the Governor.

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One of the primary elements of SB 11 is a premium assistance program that expands access to private health insurance by subsidizing federal and state dollars for over 24,000 Kansas adults. This program will promote family health insurance coverage allowing the children and adults in the family unit to have a “medical home” in order to provide more coordinated and continuous care. Funding for the first year of the four-year phased-in premium assistance plan, \$500,000 from the State General Fund, was included in the omnibus bill.

Other elements of the bill direct KHPA to develop broad health reform options through the assistance of Kansas stakeholders and an independent economic impact analysis. The bill instructs KHPA to study a variety of health reform options, including a health insurance connector.

This legislation sets the foundation for health reform in Kansas, and provides KHPA with a roadmap for the development of a comprehensive health reform plan due in November of 2007. This data-driven, comprehensive health reform plan will focus on solving several problems with health care in Kansas and on providing adequate coverage for the uninsured and underinsured.

#### **4) Why is health care reform being undertaken now?**

Currently, there is a sense of urgency and commitment to health reform nationwide. The issue of health reform has been expressed in the upcoming Presidential campaigns and numerous states are tackling the issues in a comprehensive manner and addressing longstanding problems with health care. This year, the Kansas Legislature and Governor showed a commitment to health reform and KHPA embraced their challenge. The sense of urgency is not just at the state and national level, but also at the local level. The city of Wichita through their Vision Wichita process, the Vision 20/20 Initiative in Cowley County, and the Greater Kansas City Chamber of Commerce have all placed health care as one of their top issues. The climate surrounding health reform has changed as more groups and individuals in Kansas have begun to highlight this issue.

#### **5) What did the 2007 Kansas Legislature do for health reform?**

During the 2007 legislative session, health reform was at the top of the policy agenda in both houses of the Kansas legislature. Five legislative committees focused on the topic and the KHPA convened Health for All Kansans Steering Committee provided a structure to negotiate a compromise between the various approaches under consideration by those groups. Both the chair of the Senate Health Reform Task Force, Senator Jim Barnett, and the Chair of the House Health Reform Task Force, Rep. Jeff Colyer (also a physician) sat on the Health for All Kansans Steering Committee. In addition, Senator Laura Kelly and Rep. Valendia Winn were also selected to participate on the Steering Committee. This coordination resulted in the development of legislation (SB 11) which unanimously passed both Houses. The bill included multiple health related provisions, including an expansion in health insurance coverage and a directive for the development of a comprehensive health reform proposal to be delivered to the Governor and Legislature for enactment in 2008.

A major component of SB 11 was the mandate for KHPA to deliver health reform options to the Governor and Legislature for enactment by the 2008 Legislature. These health care reform options are to be designed to increase access to health insurance and promote health. The legislative charge instructed KHPA to develop and model health reform options for the 2008 Legislative session that promote the following guiding principles:

1. Promote patient-centered health care and public health services for every Kansan, ensuring the right care, at the right place, and the right price.
2. Health promotion and disease prevention should be integrated directly into these services.
3. The financing of health care and health promotion in Kansas should be equitable, seamless, and sustainable for consumers, providers, purchasers and government.

4. Reforms to the health system in Kansas should be fiscally responsible, market based, and promote individual responsibility.
5. Reforms to the health system in Kansas must protect the health care safety net.

**6) What political challenges will KHPA face in the health reform process?**

Kansas' historically conservative stance and reluctance to expand governmental programs is an important consideration in the design of health reform options. Health reform will thus need to balance market driven approaches to health reform with a commitment to ensure appropriate access to services provided through the social safety net. This dynamic is one that several states must consider as they attempt to achieve access to affordable health insurance for all their citizens. The state's preference for market-based reform solutions has limited the state's ability to secure federal funding through Medicaid. Kansas has a very low income eligibility level for adults in its Medicaid program, meaning only the poorest qualify for the program. Kansas also receives little additional federal funding for hospitals providing uncompensated care to uninsured populations, which leaves limited funding for expanding access to affordable health insurance.

The creation of the Kansas Health Policy Authority, a non-partisan entity designed to coordinate data-driven health policy, provides a new opportunity for reform efforts focused on improving the health of Kansans, as well as an improved health system. The KHPA Board is focused on providing and protecting affordable health insurance reforms as just one component of more comprehensive reform. In addition, the Board seeks to improve health and control health care costs by paying for prevention and the coordination of care through a primary care medical home, as well as promoting personal responsibility for health behaviors and informed purchase of health care services. With the creation of the agency driven by the Republican-controlled legislature, initial steps toward health reform passed unanimously in the 2007 session.

Given that health reform has been a significant priority for the Governor since she was first elected in 2002, this issue is expected to be the top issue to be considered by the legislature and Governor in 2008. In November of 2007, the Kansas Health Policy Authority will make comprehensive health reform recommendations to elected officials who will debate the advantages and disadvantages of each measure in the 2008 Legislative Session.