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Testimony on:
Kansas Health Policy Authority Overview

presented to:
House Social Services Budget Committee

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House Social Services Budget Committee
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Kansas Health Policy Authority Overview

Good afternoon, Mr. Chairman and members of the Committee. I appreciate the opportunity to update the House Social Services Budget Committee regarding the Kansas Health Policy Authority's activities since last legislative session. I want to give you a brief overview of the work this agency has done and continues to do in the mission of improving health care for Kansans.

We believe we are an agency that coordinates health and health care for a thriving Kansas. In fact, that is our vision statement, and I believe it correlates well with the mission the Legislature gave us. The Authority has taken on a number of initiatives since we became a new independent agency in July of last year:

- ***Focused on budget and finance.*** Since I became Executive Director in July, the Kansas Health Policy Authority has placed a focus on the budget and finance areas of the agency.
    - KHPA developed and received Board approval for its first budget as a state agency.
    - KHPA is now engaged in monthly public reporting of budget performance and financial status, including key administrative and programmatic details.
    - KHPA is reorganized to reflect the increased focus on financial and budgetary responsibilities, including the hiring of the agency's first Chief Financial Officer, Scott Brunner, former Director of the Kansas Medicaid and HealthWave programs.

- ***Increased communication.*** Transparency is an important part of the process of advancing health policy in the state, and effective communication is a significant means to increase our transparency. The Kansas Health Policy Authority has worked to increase its communication efforts with all stakeholders.
    - KHPA developed a new website, which is updated daily, to better inform consumers, providers, and purchasers about our programs and policies.
    - The agency instituted new ways to communicate with its staff, including the creation of a staff e-newsletter, which is distributed weekly to staff members, and established quarterly all-staff town hall meetings.
    - KHPA conducted five town hall meetings for stakeholders. These community meetings were held in Hays, Kansas City, Wichita, Pittsburg, and Garden City, allowing area residents an opportunity to voice opinions regarding the future of the Kansas health system.
    - KHPA created an Interagency Deputy Secretaries Planning Group to better coordinate the health issues and policies facing the State and Kansans. The group meets monthly to discuss new initiatives, share ideas, and facilitate effective programmatic coordination.

- ***Developed and maintained relationships with stakeholders.*** Partnership is vital to successful programs and operations of the Kansas Health Policy Authority, and the agency has continued to develop its relationships with various stakeholders throughout Kansas.
    - KHPA collaborated with stakeholders to ensure the continued success of the Provider Assessment program.
    - The first two of an ongoing series of Disproportionate Share Hospital (DSH) policy planning meetings for hospitals were conducted to provide input that ensures funding is equitable and the program advances state health policy.

- KHPA worked with other state agencies to develop and oversee implementation of a CMS audit, deferral, and disallowance work plan to resolve outstanding issues, led by Dr. Barb Langner, Associate Professor at The University of Kansas School of Nursing.
- KHPA has continued to support broadly collaborative efforts focused on health information technology and health information exchange initiatives aimed at improving quality and efficiency in health and health care.

- ***Renewed emphasis on health and wellness.*** With data showing the importance of a healthy lifestyle, the Kansas Health Policy Authority has worked to emphasize the importance of health and wellness.
  - L.J. Frederickson was hired as the State Employee Health Benefits and Plan Purchasing Director and is working to increase the promotion of health and wellness in the State Employees Health Benefits Plan (SEHBP), including signing a new pharmacy benefits manager contract with Caremark which will save the State $3.6 million annually.
  - KHPA's quality and innovation team has analyzed State Employee Health Benefits Plan data, and planning has begun to enhance wellness efforts for state employees.
  - KHPA has explored additional health and wellness initiatives for Medicaid beneficiaries as outlined by the submitted FY 2008 budget, including reimbursement to physicians for weight management counseling, integrating Medicaid immunization records with KDHE, and a request for funding to study and implement health promotion programs for Medicaid beneficiaries.

- ***Strengthened Medicaid and HealthWave programs.*** As the single state agency for Medicaid, the Kansas Health Policy Authority has strengthened its Medicaid and HealthWave programs to provide affordable and quality care to enrolled Kansans.
  - On July 1, 2006, KHPA became the single state Medicaid agency, bringing efficiency to the program and maximizing the state's purchasing power. KHPA is applying this leadership role in the multi-agency Medicaid program to increase transparency, improve cooperation, and streamline operations.
  - KHPA signed two contracts for Medicaid managed care services with two contractors, saving the state between $10 to $15 million annually and introducing choice and competition into this important and growing market.
  - KHPA submitted six Medicaid transformation grant proposals which will work to increase quality and efficiency of care. We were recently notified that grant funding was received for the proposal that will focus on improving preventive health care for disabled Kansans who are enrolled in Medicaid.
  - KHPA conducted a systematic review of its Medicaid Information Technology Architecture (MITA) to identify opportunities for structural improvement in data management and operational structures. Future MITA reviews will focus on organization structure to more effectively coordinate health care purchasing.

Updates on Existing Programs.

<u>MediKan Program Description</u>

MediKan is a health care coverage program, funded with state-only money, for adults who do not qualify for Medicaid, but who are applying for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) – both federal disability programs. People who are subsequently approved by the Social Security Administration (SSA) for one of these two disability benefits are then eligible for Medicaid. Both Medicaid and MediKan are administered by the Kansas Health Policy Authority (KHPA).

People who qualify for MediKan also receive General Assistance (GA) cash benefits from the Department of Social and Rehabilitation Services (SRS) in the amount of about $163 per month. Eligibility for the two programs is linked so that anyone who qualifies for MediKan also qualifies for GA.

Presumptive Medical Disability Determination

Effective September 1, 2006, KHPA adopted a Medicaid option allowing the state to make an internal disability determination for Medicaid rather than waiting for the Social Security decision process. A primary advantage of the Presumptive Medical Determination (PMD) process is that it allows people with the most severe disabilities to gain earlier access to Medicaid coverage. It also allows some individuals who would otherwise receive state-funded MediKan for a period of time to receive Medicaid immediately, thus providing the beneficiary with a broader range of services and the state the opportunity to obtain additional federal funding earlier in the process. At the same time KHPA implemented the PMD process for MediKan, SRS implemented the process to determine eligibility for the GA program.

- The PMD Process. PMD, as currently implemented in Kansas, consists of two separate determinations: a Presumptive Medicaid Determination and a MediKan Determination. The PMD process brings both of these determinations into a single process, first evaluating under Medicaid standards and then, if the beneficiary is not eligible, evaluating under MediKan standards. To receive a presumptive Medicaid determination, the person's impairment must be determined severe enough (as defined by Social Security) to prevent "substantial gainful activity" or employment. While the same basic standards are used to make MediKan determinations, the evaluation of the person's impairment is made within the context of his or her ability to work. In order to receive a MediKan determination the person must have a severe impairment, but because of his or her ability to perform past relevant work or adjust to other work, the person does not qualify for presumptive Medicaid. The Presumptive Medical Disability Team (PMDT) is a unit within KHPA charged with coordinating the completion of the disability determination for PMD.

- Possible PMD Coverage Outcomes. Possible coverage outcomes for new applicants and existing MediKan beneficiaries going through the PMD process include:
  - GA cash and Medicaid
  - Medicaid only
  - GA cash and MediKan

- Denials and Continuation of Services. If a new applicant does not meet either the Medicaid or MediKan determination criteria, he or she is not eligible for GA cash or medical benefits. If the applicant cooperates with the PMDT and has a pending Social Security application, however, the application date is protected pending a final Social Security determination. This means that if a positive Social Security determination is later made, Medicaid coverage is retroactive to the protected application date.

  - Per proviso, if an existing MediKan beneficiary does not meet either the Medicaid or MediKan determination criteria, but cooperates with the PMDT and has a pending Social Security application, the individual may continue to receive GA cash and MediKan benefits.

  - Since the implementation of the PMD process on September 1, 2006 there has been a decline in the number of GA / MediKan beneficiaries. KHPA is concerned about this reduction and has responded by doubling the size of our Presumptive Medical Disability Team. Additionally, an intensive examination of the Applicant Data Base, used to maintain applicant information and outcomes, is currently underway. Efforts to construct an Applicant Data Base are nearly

complete. KHPA is collating the information in our system and will be providing a summary for the Legislature and other stakeholders very soon. This information should be very useful as we continue to refine and, potentially, reassess the PMDT process and its impact on the MediKan population.

Enhanced Care Management Update

The Enhanced Care Management (ECM) pilot in Sedgwick County identifies and provides enhanced primary care case management (E-PCCM) services to specific Medicaid members with high-risk scores. High-risk scores are formulated by the use of the Johns Hopkins Predictive Model designed to predict increased healthcare costs for members over the next 12 months. In addition to risk scores, persons with specific chronic diseases are included in the care model based on national evidence that supports the effectiveness of increased positive health outcomes in these groups using evidence-based guidelines of care. The diseases included for this pilot are Asthma, Diabetes and Congestive Heart Failure (CHF). Identified Medicaid members receive enhanced care management services from Central Plains Regional Healthcare Foundation. This organization is based in the community with an executive board that is well represented by the physicians, hospitals and clinics that serve the healthcare needs of Sedgwick County.

The goals of this project are to improve health outcomes, reduce the use of the emergency room as a primary care service and reconnect the member with a primary care provider. Enrollment began February 2006 with service delivery starting March 1, 2006.

The project is authorized by CMS through the Kansas State Plan. As of January 26, 2007 we have 140 enrolled members being served. External evaluation of the project is underway to establish baseline data and refine metrics that will be effective in evaluating the actual impact of the care to participants. We are using a reference population from Wyandotte County as a comparison.

The cost of this project was originally contracted at $2 million dollars per year. KHPA has renegotiated to reduce the term for the pilot from 5 years to 2 years with the contract ending June 30, 2008. Expenditures have also been reduced from $177,778 per month to $80,000 per month. For services beginning July 1, 2007 through June 30, 2008 the invoiced monthly disbursement will be $83,200 per month. Central Plains will apply any future unexpended funds back to the ECM program.

Currently there are 140 enrolled members being served which reflect a 24% increase over the last 30 days. Although it is to soon for data to be available the care managers that work with the members are reporting increased compliance with chronic disease management that has led to weight loss, lower blood pressure readings and increased compliance in medication management. In addition, Central Plains Regional Health Care Foundation reports increased referrals from the residency clinics and hospitals.

Central Plains will be enhancing their services to include:

- Expanding the provider referral network:
  - Additional targeted providers would include Via Christi Regional Medical Center's, St. Francis and St. Joseph Family Medicine residency clinics, the Good Samaritan Clinic and individual practices serving a significant number of HealthConnect patients.
- Collaborate with KHPA to expand the screening parameters used in the predictive software to include a higher number of patient referrals.
- Identify members who may benefit from a local disease management service via telephone support and are not needing intensive care management.

- Conducting focus groups with current members to gather their ideas for increasing enrollment. Additionally, they may establish a voluntary pre-enrollment group meeting process to explain ECM.

Enrollment in the program will continue until a maximum enrollment is met. Maximum enrollment is 240 intensive care managed members and up to 150 telephone support disease management members.

KHPA Vision Principles

In terms of a vision and broad goals for the Authority -- which is the purview of the Health Policy Authority Board -- the legislation is clear. The Kansas Health Policy Authority shall develop and maintain a coordinated health policy agenda that combines the effective purchasing and administration of health care with health promotion oriented public health strategies. The powers, duties, and functions of the Authority are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services and public health programs.

At last year's KHPA Board Retreat held in February 2006, there were a number of strategies and long-term goals developed to assist the Board in meeting its broad mission and charge. Using these strategies as a guideline, the Board, identified overall priorities and goals for the Authority. In Fall 2006, the Board refined and approved the Vision Principles to include the six areas as described below.

- Access to Health Care
- Quality and Efficiency in Health Care
- Affordable and Sustainable Health Care
- Promoting Health and Wellness
- Stewardship
- Education and Engagement of the Public

Access to Health Care. The intent of the first vision principle, Access to Health Care, is that Kansans should have access to patient-centered health care and public health services which ensure the right care, at the right time, and at the right place. The Authority will analyze and seek to eliminate the many barriers Kansans face in attaining preventive health services. This includes making available non-emergent care options for uninsured populations seeking primary care services.

Q**uality and Efficiency.** The second principle, Quality and Efficiency, addresses how the health delivery system in Kansas should focus on quality, safety, and efficiency, and be based on best practices and evidence-based medicine. It also means that health promotion and disease prevention should be integrated into the delivery of health services. Addressing quality and safety are very important in ensuring that Kansans receive the appropriate care to prevent further health complications. Ensuring that Kansans receive appropriate care, while containing costs, is a challenge for all health care providers. A great deal of work is currently being done in the field of health information technology and exchange. Several initiatives currently underway include the Governor's Health Care Cost Containment Commission (staffed by the Authority), Advanced Technology ID cards, and the Community Health Record of which e-prescribing is a critical part. Evidence-based medicine is the conscientious, explicit and judicious use of the current best evidence in making decisions about the care of individual patients. Employing these concepts yields efficiency in health finance, and that leads to the next principle.

Affordable and Sustainable Health Care. The third principle, Affordable and Sustainable Health Care, speaks to the financing of health care in Kansas and how it should be equitable, seamless, and sustainable for consumers, purchasers, and government. Regardless of geography or insurance status, access to affordable

health care must meet the varying needs of Kansans across the State. Kansans should be able to depend upon a stable health system for their families without undermining the economic growth of our State.

Health and Wellness. The next principle, Promoting Health and Wellness, emphasizes that Kansans should pursue healthy lifestyles with a focus on wellness – to include physical activity, nutrition, and refraining from tobacco use – as well as through the informed use of health services over their life course. Whenever possible, the Authority intends to implement programs that seek to encourage Kansans to improve their own health. These programs will include evaluation, education, and even incentives. Combined with incentives, providing affordable health care for Kansans may result in more individuals taking advantage of preventive services. Additionally, we will encourage partnerships among health care providers and patients, and incentives for providers and beneficiaries to promote prevention and healthy behaviors will need to be explored.

Responsible Stewardship. The next principle, Stewardship, means that the Authority will operate with the highest level of integrity, responsibility, and transparency for the resources entrusted to us by the citizens and the State of Kansas. First and foremost, the members of the Authority Board will make every effort to ensure that the policy options we put forth balance the best interests of all involved parties, including taxpayers and those that need and provide health services. At the same time, the State has created this as an independent agency to encourage decision making and idea fostering with regard to health care to not be affected by other political forces that commonly affect State agencies. The Authority plans to take advantage of this objective decision making environment that holds such a noble goal in the forefront.

Education and Engagement of the Public. Last but not least, Education and Engagement of the Public calls for Kansans to be educated about both health and health care delivery to encourage public engagement in developing an improved health system for all Kansans. One of the greatest challenges of the health system is communicating its issues outside of the health community. The system is complicated and as a result, it is easy for the public to become disengaged. And yet, every Kansas family is directly affected by their and others' health care costs. This is the reason that the Authority seeks to engage the public in the discussion about improving our health system and also our personal responsibility for our own health.

These vision principles will be used to help guide the Authority in the direction of formulating a comprehensive health agenda to achieve the goals laid out by the legislature.

KHPA Health Indicators

As required by statute, in 2006, the Kansas Health Policy Authority Board developed an initial set of health indicators that correlate with each vision principle. These indicators will include baseline and trend data on health care, health outcomes, healthy behaviors, KHPA operational integrity, and health costs.

In January 2007, these health indicators were given final approval by the KHPA Board. The next step will be to identify the best way to quantify and measure these indicators to observe changes over time and track the impact of state health policy initiatives. The process for identifying the specific measures to be used will soon be finalized and options will be discussed by the Board in the near future.

KHPA Board Annual Planning Retreat

On January 22-23, 2007, the KHPA Board held its annual planning retreat at the Eldridge Hotel in Lawrence. We heard from Joint Committee on Health Policy Oversight Chairman Barnett, Governor Kathleen Sebelius, and House and Senate leaders regarding their health care goals for the Legislative session. There was a presentation from Dr. James Mongan, Boston MA, on the key elements to the Massachusetts Health Reform Plan. Board members then discussed next steps for the newly-created "Health For All Kansans" KHPA

Steering Committee, as well as the KHPA Advisory Council membership. We closed out the second day by conducting an abbreviated monthly Board meeting.

As we participate in this legislative process and look to the future, we look forward to working closely with you to advance these ambitious goals to improve the health of all Kansans. I thank you for your time and welcome any of your questions.

MARCIA J.NIELSEN, PhD, MPH
Executive Director

ANDREW ALLISON, PhD
Deputy Director

Top Priority Budget Initiatives for the KHPA

OPERATIONS:

- **Add staff to the Medicaid Eligibility Clearinghouse** to process applications within the mandated timelines and conduct quality reviews of HealthWave determinations. KHPA is requesting four (4) additional FTE and 17 contract staff via a supplemental request for FY 2007 for $496,000 SGF, and an enhancement for FY 2008 for $573,000 SGF. New federal guidelines regarding citizenship and identification requirements have placed an unfunded burden on our Clearinghouse resulting in 18,000 to 20,000 Medicaid beneficiaries and potential beneficiaries either losing coverage at the time of their annual review or being denied coverage at their initial time of application. The number of delayed or abandoned applications has steadily risen since the July implementation. Hiring new staff is the only solution, as KHPA has exhausted other options such as shifting funds specified for other projects within the contract.

- **Complete staffing and infrastructure for the Authority** to operate as an independent agency, and as the single state agency responsible for the Medicaid program. In order to fulfill the agency's mission, KHPA is requesting 22 staff via a supplemental for FY 2007 for $531,000 SGF and 20 additional staff via an enhancement for FY 2008 bringing the annual SGF to $813,000. Positions in the supplemental request are mainly in the areas of finance, accounting, and oversight. These resources are the minimum necessary to ensure the financial integrity of the programs that the Authority administers.

- **Develop a data management and policy analysis program** that promotes data driven health policy decisions, improving health care efficiency, lowering health care costs, and improving overall health status. In an enhancement for FY 2008 for $385,000 SGF the Authority is proposing to contract for the development of a data analytic interface that will bring various data sets together and provide staff with tools to access the data quickly and in more meaningful ways. Using data to analyze the efficiency and quality of health care services will enhance the ability of the state to better control health care costs in the public and potentially private sector, as well as increase the quality of health care.

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Supplemental Initiatives for FY 2007

PROGRAMS:

- **Extend the Community Health Record (CHR) pilot program** and the information learned from the program will be examined to evaluate the impact of the information technology on Medicaid providers and beneficiaries ($125,000 SGF / $250,000 All Funds).

Enhancement Initiatives for FY 2008

PROGRAMS:

- **Expand access to health care for children through the creation of a "Healthy Kansas First Five" Program**, which would expand low-cost insurance options through HealthWave to children age five and under from low and moderate income families who lack health insurance ($4.0 million SGF / $10.0 million All Funds).
- **Continuation of statewide Health Information Exchange** projects and support of HIE initiatives in other agencies as well, through information sharing and collaboration ($373,000 SGF / $623,000 All Funds).
- **Provide greater health information transparency for consumers** by establishing a two-phase initiative that will collect and make available health and health care data resources to consumers and costs and health care quality information developed by the Data Consortium be publicized for use by purchasers and consumers ($150,000 SGF).
- **Allow coverage for dental services to adults** who are currently enrolled in the Kansas Medicaid program ($3.5 million SGF / $8.8 million All Funds).
- **Provide childhood obesity counseling through Kansas Medicaid**, which would include incentives for primary care providers to monitor body mass index, diet and physical activity ($590,000 SGF / $1,475,000 All Funds).
- **Increase awareness and education efforts about health and wellness and Medicaid eligibility** ($337,000 SGF / $823,000 All Funds).
- **Develop a Long Term Care (LTC) Partnership program** between KHPA, as the Medicaid agency, and the Kansas Insurance Department to encourage people to purchase LTC insurance policies ($104,000 SGF / $208,000 All Funds).
- **Extend the Enhanced Care Management (ECM) pilot project** in Sedgwick County, which works with community resources to improve the quality of care and appropriate health care utilization by adult Medicaid beneficiaries with chronic illness ($500,000 SGF / $1.0 million All Funds).
- **Creation of a Health Data Consortium** which will advise the Kansas Health Policy Authority Board on the development of indicators.
- **Link the state immunization registry with the Medicaid Management Information System (MMIS)** to target immunizations for all eligible beneficiaries.
- **Improving Workplace Health and Wellness within the State Employee Health Plan**
- **Re-tool the Small Business Health Partnership Program in collaboration with the Kansas Business Health Policy Committee (KBHPC)** to improve the accessibility and affordability of health insurance for small businesses.

STUDIES: (Total $255,000 SGF / $342,500 All Funds)

- Study **ePrescribing** for Inclusion in the Medicaid program
- Study **consolidating prescription drug assistance programs** across Kansas
- Study **Workforce Shortage** in Rural and Underserved Urban Kansas
- Study **Medicaid Beneficiary Wellness**
- Study **Deficit Reduction Act (DRA) Flexibilities** for Kansas

Detailed information on these initiatives can be located under the heading "FY 2007 and FY 2008 KHPA Legislative and Policy Options" at: http://www.khpa.ks.gov/AuthorityBoard/PreviousMeetingInformation.html