MARCIA J. NIELSEN, PhD, MPH
Executive Director

ANDREW ALLISON, PhD
Deputy Director

SCOTT BRUNNER
Chief Financial Officer

BARBARA LANGNER, PhD
Policy Director

Kansas Health Policy Authority
Special Committee on Financial Institutions and Insurance
December 4, 2007

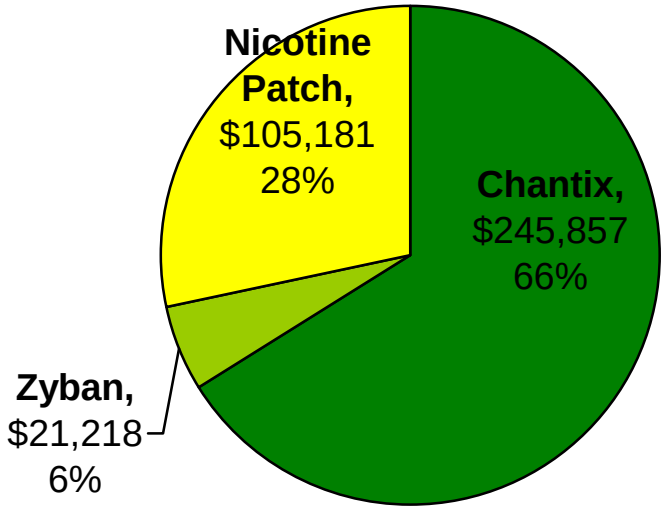
Follow-up Questions and Answers from the November 7, 2007 Meeting

Good afternoon Madam Chair. I am Marcia Nielsen, Executive Director of the Kansas Health Policy Authority (KHPA). I would like to thank the Special Committee on Financial Institutions and Insurance for your interest in continuing the dialogue around health reform. To that end, I have provided you with answers to your specific questions pertaining to tobacco cessation in our Medicaid program and the uninsured in Kansas.

Tobacco Cessation

1. What are the Kansas Medicaid expenditures for cessation treatments? What treatments for tobacco cessation are covered by Medicaid? At what rate is each treatment for tobacco cessation covered.

Figure 1. Kansas Medicaid Expenditures for Tobacco Cessation Products (FY 07)



Total Tobacco Cessation Expenditures for FY 07 = $372,256

Agency Website: www.khpa.ks.gov
Address: Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

Medicaid and HealthWave:
Phone: 785-296-3981
Fax: 785-296-4813

State Employee Health Benefits and Plan Purchasing:
Phone: 785-296-6280
Fax: 785-368-7180

State Self Insurance Fund:
Phone: 785-296-2364
Fax: 785-296-6995

During July 2006 through June 2007, Medicaid paid $372,256 to fill 4,518 tobacco cessation prescriptions (Figure 1). Currently, Medicaid pays only for pharmaceutical tobacco cessation treatments. Medicaid does not cover any type of counseling services for tobacco cessation. Covered products include the following:

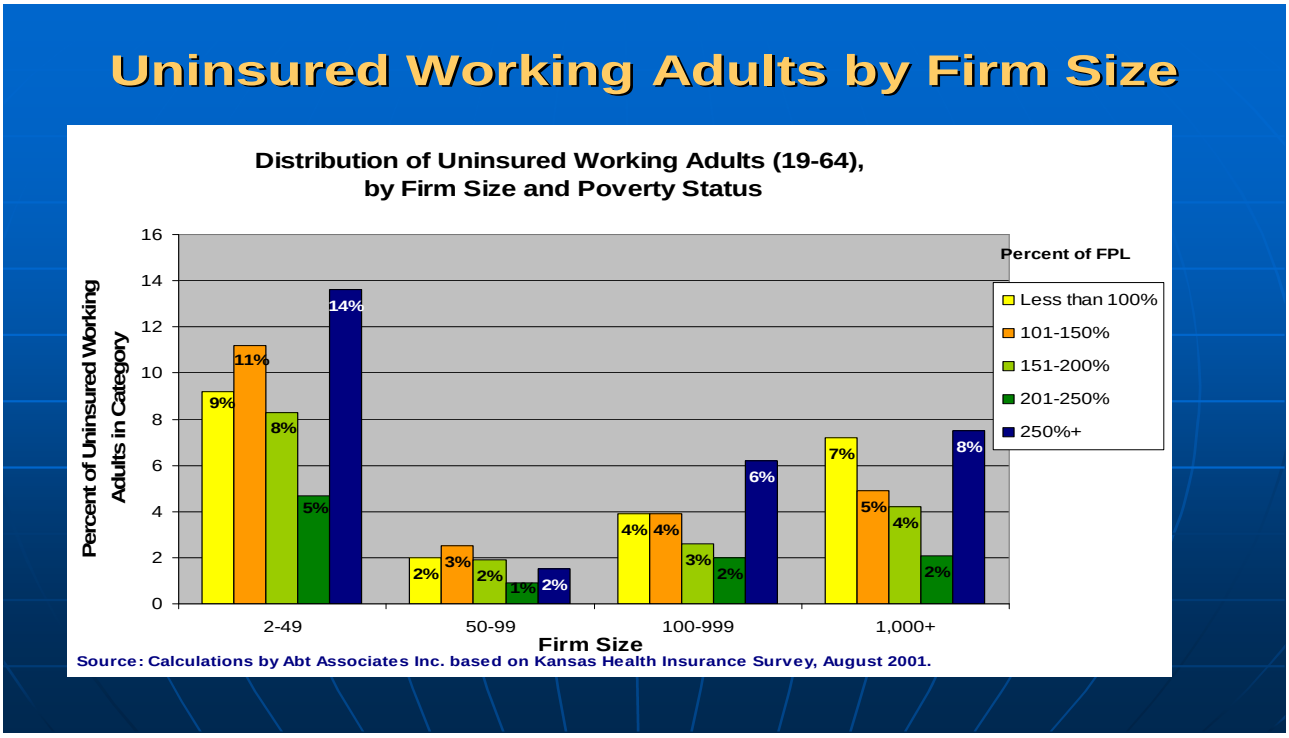
- **Chantix:** Limited to 168 days within a 365 day period. We do not allow prescriptions that exceed 2 tabs per day. In addition, we do not allow the starter pack and a 'regular' pack to be billed concurrently because it wastes money as patients may not tolerate the starter pack. The starter pack is a 28-day supply.
- **Nicotine Patches:** Limited to 84 patches per 365 days (12-week course of therapy)
- **Zyban*:*** Limited to 168 units (tabs) per 365 days (12-week course of therapy)

Other products such as gum and the inhaler are not covered by Medicaid.

From July 2006 through June 2007, Medicaid paid $245,856 to fill 2,572 prescriptions of Chantix. Of all tobacco cessation products covered by Medicaid during that year, Chantix contributed to 66% of these expenditures. To cover Nicotine Patches, Medicaid paid $105,181 to fill 1,570 prescriptions, which contributed to 28% of expenditures for tobacco cessation. For Zyban, Medicaid paid $21,218 for 376 prescriptions, which contributed to 6% of total expenditures for tobacco cessation products.

A recent study by the American Legacy Foundation, "Saving Lives, Saving Money II: Tobacco-Free States Spend Less on Medicaid," found that Kansas could save a significant amount of money by reducing the number of smokers among Medicaid beneficiaries. This type of policy, like other health reform options, could result in better health outcomes and reduce health care costs in the long-term.

Kansas Uninsured



2. In reference to the slide above, why are individuals at 250% FPL (the highest income category) uninsured? Is this an issue of distribution and is this irrespective of whether the employer offers insurance?

This slide is based on the 2001 Kansas Health Insurance Survey (KHIS) and represents the distribution of the uninsured in Kansas by the size of the firm at which they work and by how much income they make. This slide only represents the uninsured in Kansas. For example, among the total uninsured population, 14% have an income at or above 250% FPL and work for a business with 2-49 employees (as reflected by the first blue bar from the left). Without access to the raw data, we cannot say with certainty why people in the highest income group are uninsured. However, it is likely that these individuals are uninsured because they were not offered coverage, are ineligible for coverage, or cannot afford their portion of employer-sponsored coverage.

Not reflected in this graph, we do know that in the 2-49 employee businesses (first group), only 25% were offered health insurance. In the 50-99 employee businesses (second group), 68% were offered health insurance. In the 100-999 and 1,000 or more employee businesses (third and fourth groups), 83% and 78%, respectively, were offered coverage. These numbers indicate that fewer businesses in the small group market offer coverage to their employees.

When looking at FPL alone, as income rises the percent of uninsured decreases (Figure 2). A similar pattern occurs when looking at firm size (Figure 3); as the size of business gets larger, the number of uninsured decreases. These figures are from the same 2001 KHIS dataset that was used in the slide above.

Figure 2. Percent of Kansans Age 19-64 Who Are Uninsured by Income as a Percent of Federal Poverty Level (FPL)

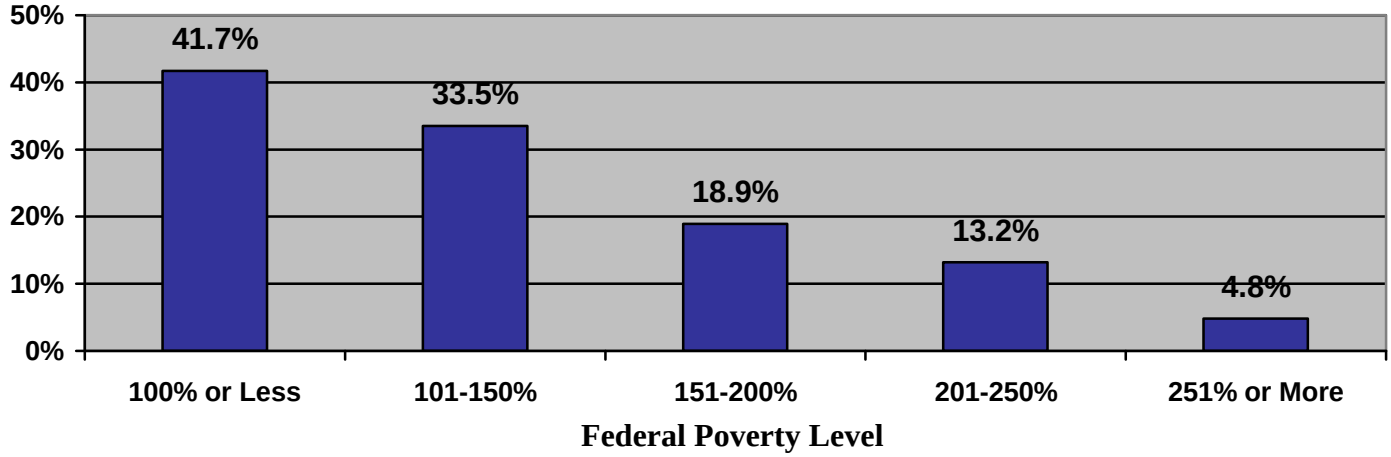
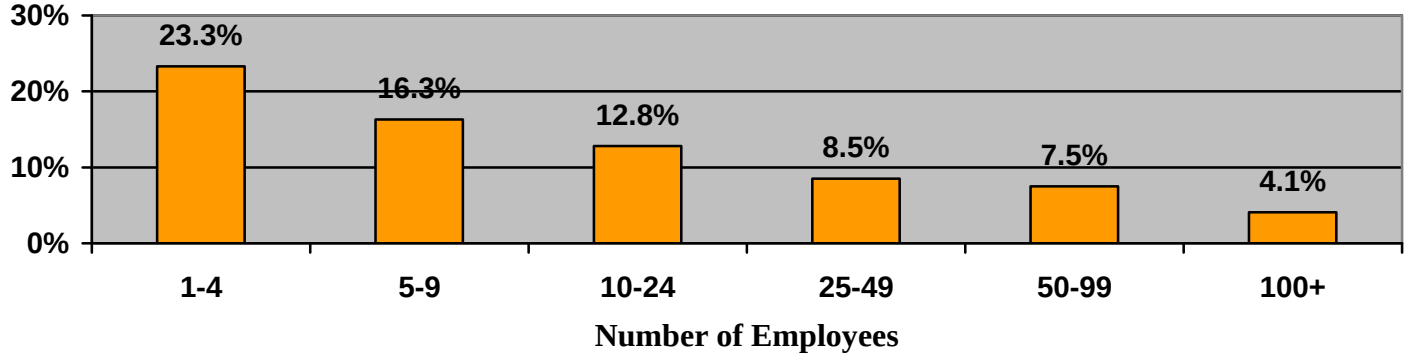


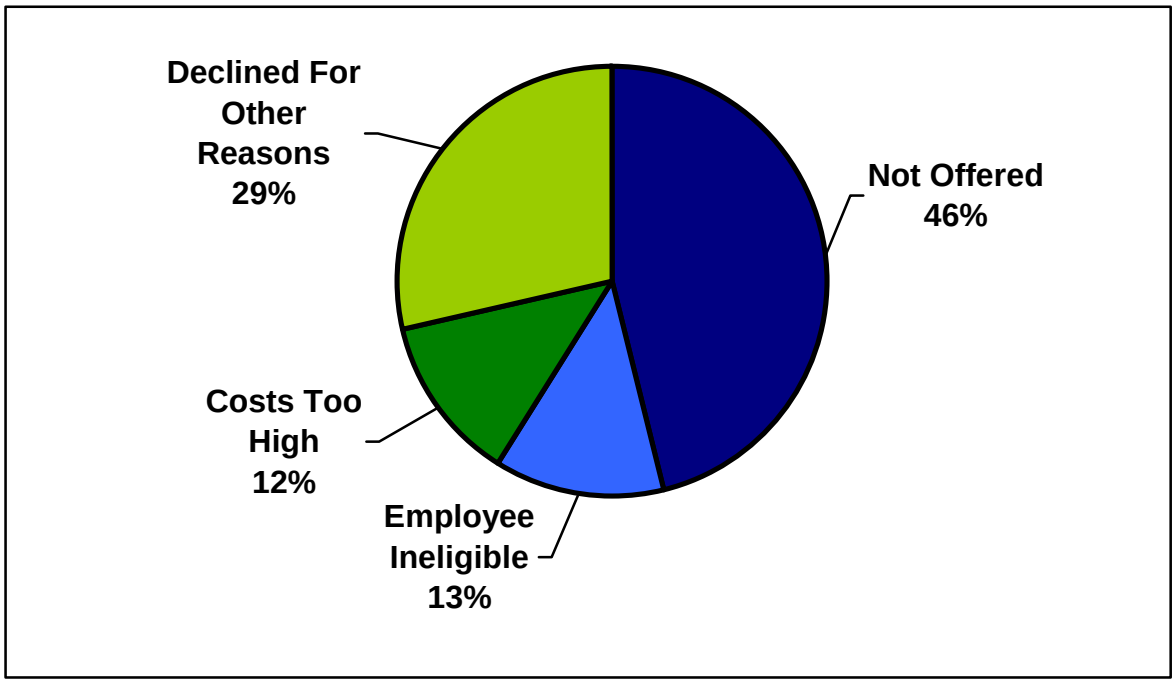
Figure 3. Percent of Uninsured Full-Time Employed Kansans Age 18-64 by Size of Firm



Source: Kansas Health Insurance Study, August 2001. Accessed at www.ksinsurance.org.

Taken together, these two figures indicate that access to health insurance is worse for individuals of lesser income and for those employed by small businesses. However, these two figures do not tell us whether or not their employer offered them health insurance. In Figure 4, it indicates that nearly 75% of the time, access and affordability are factors for why people are uninsured. Nearly half (46.2%) of the uninsured were not offered health insurance by their employer and another quarter were either ineligible for employer coverage (e.g., worked part-time, waiting periods, etc.) or could not afford the employee premiums.

Figure 4. Availability of Employment-Based Health Insurance for Uninsured Employed Kansans Age 18-64 (Sample Size =1,124 Individuals)



Source: Kansas Health Insurance Study, August 2001. Accessed at www.ksinsurance.org.

3. Does the number of uninsured working adults include state employees (reference to question 4)?

Yes, this study does takes into account state employees; they are included in figures 2-4 and the slide above.

4. What will the impact of the 2007 KHPA health reform proposals have on the number of uninsured children in Kansas in comparison to the total uninsured population?

Increasing coverage for children is part of the comprehensive reform plan, proposed by the KHPA, which includes our budget proposals to extend coverage to parents and build a new enrollment system. Through aggressive targeting to enroll eligible children for the Medicaid and HealthWave (SCHIP) programs, Kansas will provide insurance for an estimated 20,000 children, which comprises 8% of the total uninsured population in Kansas.