

Testimony on:
Overview of the 2007 Legislative Session and Health Reform in
Kansas

presented to:
Joint Committee on Health Policy Oversight

by:

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**Joint Committee on Health Policy Oversight
May 31, 2007**

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Overview and Discussion of 2007 Legislative Session

Good morning Mr. Chairman, Mr. Vice Chairman, and members of the Committee. I am Connie Hubbell, the Chair of the Kansas Health Policy Authority Board and I appreciate the opportunity to update the Joint Committee on Health Policy Oversight regarding the completion of the Kansas Health Policy Authority's (KHPA) first legislative session, and how the agency is moving forward into its second year of operation. The KHPA received significant and substantial support from the 2007 legislature and the Governor and we are grateful for your continued support as we together seek to improve the health of Kansans.

I wanted to share with the Oversight Committee some brief highlights from the session as well as a brief list of KHPA's accomplishments this past year. Dr. Nielsen, Scott Brunner, and Dr. Allison will be providing additional detail on many of these initiatives. Highlights include:

- **Significant budget support.** The session began with a focus on completing the KHPA staffing and infrastructure required to manage an independent agency. The KHPA received substantial support through the budget process by receiving funding for the vast majority of agency requests;
- **Significant staffing support.** Staffing was nearly completed after the agency received the majority of the requested positions, including funding for data management. Funding support was also provided to continue two important pilot programs, the Community Health Record and Enhanced Care Management, which both aim to improve the delivery of services;
- **Creation of the Health for Kansans Steering Committee and passage of SB 11.** The KHPA worked closely with legislative leadership and the Governor to put together a consensus process for advancing a short term and longer term plan for health reform in Kansas. The Health for All Kansans Steering Committee (HFAK) and the KHPA Board worked collaboratively and utilized the Vision Principles set forth by the Board last interim to frame the focus on health reform for the future of Kansas. The resulting legislation received unanimous support by House and Senate, and was signed into law;
- **Appointed Advisory Councils.** Pursuant to the legislation creating the KHPA, we began the process for defining health reform for Kansas by appointing four different advisory councils composed of Kansas citizens and representing consumers, providers and purchasers;
- **Resolved CMS Audit and Deferral Issues.** The KHPA, together with leadership from our sister agencies, resolved the outstanding issues between Kansas Medicaid and the Centers for Medicare and Medicaid Services. The Legislature appropriated funding that will satisfy a settlement based on audits and deferrals the Centers for Medicare and Medicaid Services (CMS) conducted on Medicaid activities going back several years --a landmark step in Kansas' ongoing cooperative relationship with CMS. We have also instituted improved coordination and communication with our sister agencies who manage Medicaid programs;
- **Focused on citizenship verification requirements.** Given new federal citizenship identification and verification requirements, the agency grew increasingly concerned about a drop in Medicaid enrollment. As we focused all available resources on helping to mitigate the backlog, we also began to disseminate information to both state and federal policymakers. We received significant support from the legislature to address the backlog in Kansas which we expect to be resolved by January 2008. We continue to share with federal policymakers our concerns about unfunded mandates and other administrative changes that impact the Kansas Medicaid and SCHIP programs, and are working with our Congressional

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delegation on SCHIP reauthorization;

- **Improved stakeholder communication.** The agency has continued to further develop its website, which is updated daily, to better inform consumers, providers, and purchasers about our programs and policies. This website includes detailed information about the Health Policy Authority Board's progress, and includes Advisory Council information and Managed Care Transition information and will soon offer opportunities for interested stakeholders to sign-up for health reform updates and share concerns and suggestions with the KHPA. We have also made numerous presentations to – and had numerous discussions with – multiple Kansas stakeholders including physicians, hospitals, nurses, public health professionals, mental health advocates, etc. regarding health policy initiatives;
- **Developed DSH reform process.** Advanced reform in the Disproportionate Share for Hospitals (DSH) Program in order to ensure that the State formula that provides DSH funding is equitable to hospitals who serve Medicaid and uninsured patients. We expect this process to be complete in the next few months. The agency also resumed meetings with the Kansas Hospital Association and the Health Care Access Improvement Panel to ensure the Provider Assessment approved from CMS two years ago is considered a top priority in any reforms to the Kansas Medicaid Program;
- **Planned Health and Wellness Initiative.** The Request for Proposal (RFP) process has already begun to significantly increase health and wellness opportunities for the State Employee Health Benefits Plan (SEHBP) which will include for employees and dependents health risk assessments, health screenings, health coaching, and incentives for improving health behaviors;
- **Improved staff communication.** We continue with our efforts to better communicate with and engage our employees including a weekly staff newsletter and continuing quarterly “townhall meetings” with employees;
- **Developed Long Term Care Partnership proposal.** Advanced the State Plan Amendment for the Long Term Care Partnership to implement flexibility provided by the Federal Deficit Reduction Act of 2005 (DRA);
- **Completed the Medicaid MCO Transition.** The agency executed a successful transition from one managed care organization (MCO) to two new (MCOs) for the Medicaid program, and as a result of Chris Swartz' excellent oversight of the transition, she was promoted to Deputy Medicaid Director. We continue to monitor the two new plans to ensure they are meeting the needs of consumers and providers;
- **Partnership with Kansas Foundations.** The agency has built positive relationships with and received funding support from several Kansas foundations to improve health in our state, including support for health reform efforts.

Over the next several months, with data at our fingertips, we will examine our options to provide and protect affordable health insurance, promote prevention, and embrace personal responsibility. In November, the Authority and Health for All Kansans Steering Committee will present to the Governor and Legislature data-driven health reform options that accomplish these goals.

We look forward to working with the Joint Committee on Health Policy Oversight over the next few months. Health reform in Kansas is a monumental undertaking. It will require thoughtful analysis, rigorous debate and political courage. Fortunately, the first steps have already begun with the bipartisan efforts of the Governor and the Legislature. I would now like to turn the presentation over to Dr. Marci Nielsen:

Good morning Mr. Chairman, Mr. Vice Chairman, and Members of the Committee. Today's presentation to the Committee includes a number of reference materials in order to provide additional detail on several of the

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issues and initiatives that we will discuss today. I will refer you to these various documents during my testimony, which I will provide through a powerpoint presentation found under Tab 1.

Reference Material: Tab 1

- 1) Overview PowerPoint
- 2) Legislative Report Card

Health Reform Initiatives Contained in H. Substitute for SB 11

The Health Policy Authority and Health for All Kansans Steering Committee sent to the Legislature a consensus package that makes a down payment on our dedication to reforming the system with incremental steps aimed at increasing health insurance coverage. It also outlines a roadmap to developing health reform options *this year* with stakeholders across Kansas, for consideration by the 2008 legislature. This roadmap, or what we refer to as the enabling legislation, directs the KHPA to develop broader health reform options with the assistance of Kansas stakeholders and independent economic impact analysis.

- One of the main elements of the package is premium assistance. Phased-in over the next four years, premium assistance will help low-income uninsured Kansas families purchase private health insurance. It will ensure that parents and their children are part of the same health insurance plan, and help families have access to coordinated and consistent health care services through a “medical home.” Research suggests that better health outcomes are associated with primary and preventive care provided through a regular source of care. Of the 290,000 Kansans currently uninsured, the plan being considered by the Legislature will reduce that number by at least 10%. Years three and four of the four year phased-in plan will include a “legislative trigger” that will require the Legislature to evaluate the program and determine whether funding to complete each year is available.
- We were pleased that this piece of legislation was unanimously passed by both the House (120-0) and Senate (38-0) and was signed by the Governor. Funding for the first year of the four-year phased-in premium assistance plan, \$500,000 SGF, was included in the omnibus bill.
- SB 11 also creates an Inspector General to prevent fraud, waste, and abuse in the Kansas Medicaid program.
- The bill includes support for increased newborn screening, safety net clinic capital loan guarantee, and loans and grants for start-up association plans, among others.

Reference Material: Tab 3, Tab 4

- 1) SB 11 KHPA Summary
- 2) SB 11 Conference Committee Report
- 3) Premium Assistance FAQ
- 4) SCHIP HealthWave Fact Sheet
- 5) Premium Assistance PowerPoint
- 6) Center on Budget & Policy Priorities Article

Health Reform Initiatives Considered by the Health for All Kansans Steering Committee and Health Policy Authority Advisory Councils

Health for All Kansans Steering Committee

The Health Policy Authority Board, embracing the Governor’s challenge of access for all and heeding upon the encouragement of members of the Legislature, formed the Health for All Kansans Steering Committee.

- The Steering Committee, composed of legislators, Board members, KHPA staff, members of the public and the Governor’s Office, reviewed health reform proposals and developed its Short Term and Long Term Consensus Package, which was advanced by the Legislature.

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- Some elements of the Consensus Package appeared in KHPA budget initiatives, including outreach and enrollment for Medicaid and HealthWave, increasing Health Information Technology/Health Information Exchange (HIE/HIT), and promoting price and quality transparency for Kansas consumers. Most of these elements, like many other KHPA budget initiatives, were funded and will be moving forward during the coming year.
- The next Steering Committee meeting is tentatively scheduled for August 1, 2007.

Reference Material: Tab 2

- 1) Roles Document
- 2) Consensus Package Document
- 3) Consensus Package PowerPoint

Advisory Councils

The three Advisory Councils (Providers, Consumers, Purchasers) met for the second time in May. The first meeting of the At-large Council was also held in May.

- Between the four groups, approximately 90 individuals, representing a diverse membership, participated in a KHPA Advisory Council meeting.
- The meetings in May focused on short-term health reform (premium assistance), on-going KHPA health reform initiatives, reform in collaboration with other state agencies, and setting the stage for discussion on long-range health reform in Kansas.
- For the At-Large Reform Council, in collaboration with KDHE, the KHPA hosted a video teleconference on health reform. Seven site locations, across the state, were available to Council members (Chanute, Dodge City, Hays, Lawrence, Salina, Topeka, and Wichita). Of the 93 members, 43 chose to participate. Questions were asked throughout the session and, overall, the feedback was positive with regard to health reform in Kansas and the use of technology.

Over the next few months the Councils will continue to meet. Their next steps in the process will include:

- The Advisory Council grid will be used to prioritize the issues that the council will consider for health reform, focusing first on health insurance reform options, as identified by SB 11.
- Other health reform options, such as those developed in collaboration with other agencies, will be considered subsequent to the health insurance reforms.
- Advisory Councils will begin to “fill in the grid,” identifying the advantages and disadvantages of various health reform options.
- The KHPA Board and Health for All Kansans Steering Committee will then use the grid to inform their development of health reform options.
- The development of health reform options will be iterative, in that the Board and Health for All Kansans steering committee will direct/provide feedback to the Advisory Councils as they consider reform options.
- Independent consultants and KHPA staff will analyze various reform options in order to identify the economic costs (to consumers, to business, to state government, to federal government) as well as to identify the number of individuals who will get access to health care under each reform option.
- The Joint Committee on Health Policy Oversight (JCHPO) for KHPA will be apprised/consulted on health reform options.
- The KHPA Board will present the final health reform options to the Legislature (JCHPO and legislative leadership) and Governor on November 1, 2007.

Reference Material: Tab 5

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- 1) Advisory Council Charter
- 2) List of Council Membership
- 3) Summary of Advisory Council Meetings
- 4) Calendar of Future Meetings
- 5) Tentative Timeline for Reform Options
- 6) Grid and Framework for Economic Analysis
- 7) Health System Reform in Kansas PowerPoint
- 8) KHPA Health Reform Overview PowerPoint
- 9) Demographic Profile of the Uninsured PowerPoint

Legislative Session Budget Changes

The Kansas Health Policy Authority received significant support from the Legislature and Governor during the 2007 session.

- The newly created independent agency received significant support for staffing and infrastructure.
- The agency received considerable funding to reduce the backlog of Medicaid and HealthWave applications at the Clearinghouse.
- Additionally, the Legislature and Governor are making a down payment on bi-partisan health reform (House Substitute for SB 11) with unanimous support in both the House and Senate, beginning with premium assistance legislation that will increase access to private health insurance for low income uninsured Kansans.
- Other initiatives that received approval by the Legislature include outreach and enrollment for Medicaid and HealthWave, increasing Health Information Technology/Health Information Exchange (HIE/HIT), and promoting price and quality transparency for Kansas consumers.

Reference Material: Tab 6

- 1) Budget Request/Approved Table

Conclusion

In conclusion, KHPA and Kansas enjoyed a very successful 2007 Legislative Session. The agency was awarded funding for staffing and data management to help achieve its statutory mission. Additional funding was appropriated to deal with the backlog of beneficiary applications caused by the new unfunded federal citizenship requirement. The far reaching health reform bill, House Substitute for Senate Bill 11, was passed creating a premium assistance program, creating the Office of Inspector General, and increasing the number of mandatory newborn screenings in Kansas. Additionally, Kansas was able to successfully settle with CMS without the need for further investigation or excessive payback of funds to the federal government.

Health reform has begun in the state of Kansas and all parties are taking an active role. The level of cooperation between all of those involved is very encouraging, and we have high hopes for the years to come. We look forward to our work with this Committee over the summer and our November 1, 2007 report to the Legislature on data driven health reform options.