



KHPA Health Reform: Supplemental Information

**Presentation to Joint Health Policy
Oversight Committee**

Thursday December 13, 2007

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Goal of Health Reform in Kansas

To improve the *health* of Kansans
– not just health insurance or
health care – but the *health* of our
children, our families, and our
communities

KHPA Reform Framework

- Promoting personal responsibility (P1)
 - Responsible health behaviors
 - Informed purchase of health care services
 - Contributing to the cost of health insurance, based on ability to pay
- Prevention and medical homes (P2)
 - Focus on obesity, tobacco control, chronic disease management and incentives for primary care medical homes
- Providing and protecting affordable health insurance (P3)
 - Focus on small businesses, children, and the low income uninsured

Priorities: System Reform and Better Health

Transforming Medical Care	Improving Public Health	Expanding Affordable Insurance
<ul style="list-style-type: none">■ Transparency project: health care cost and quality■ Health literacy■ Medical home definition■ Medicaid provider reimbursement■ Community Health Record (HIE)■ Form standardization	<ul style="list-style-type: none">■ Increase tobacco user fee■ Statewide smoking ban■ Partner with community organizations■ Education Commissioner■ Collect fitness data in schools■ Promote healthy foods in schools■ Increase physical fitness■ Wellness for small businesses■ Healthier food for state employees■ Dental care for pregnant women■ Tobacco cessation in Medicaid■ Expand cancer screening	<ul style="list-style-type: none">■ Aggressive outreach and enrollment of eligible children (target population: 20,000)■ Premium assistance for low income adults without children (target population: 39,000)■ Small business initiatives (target population: 15,000 young adults and 12,000 employees of small businesses)

Why All Three Priorities Matter

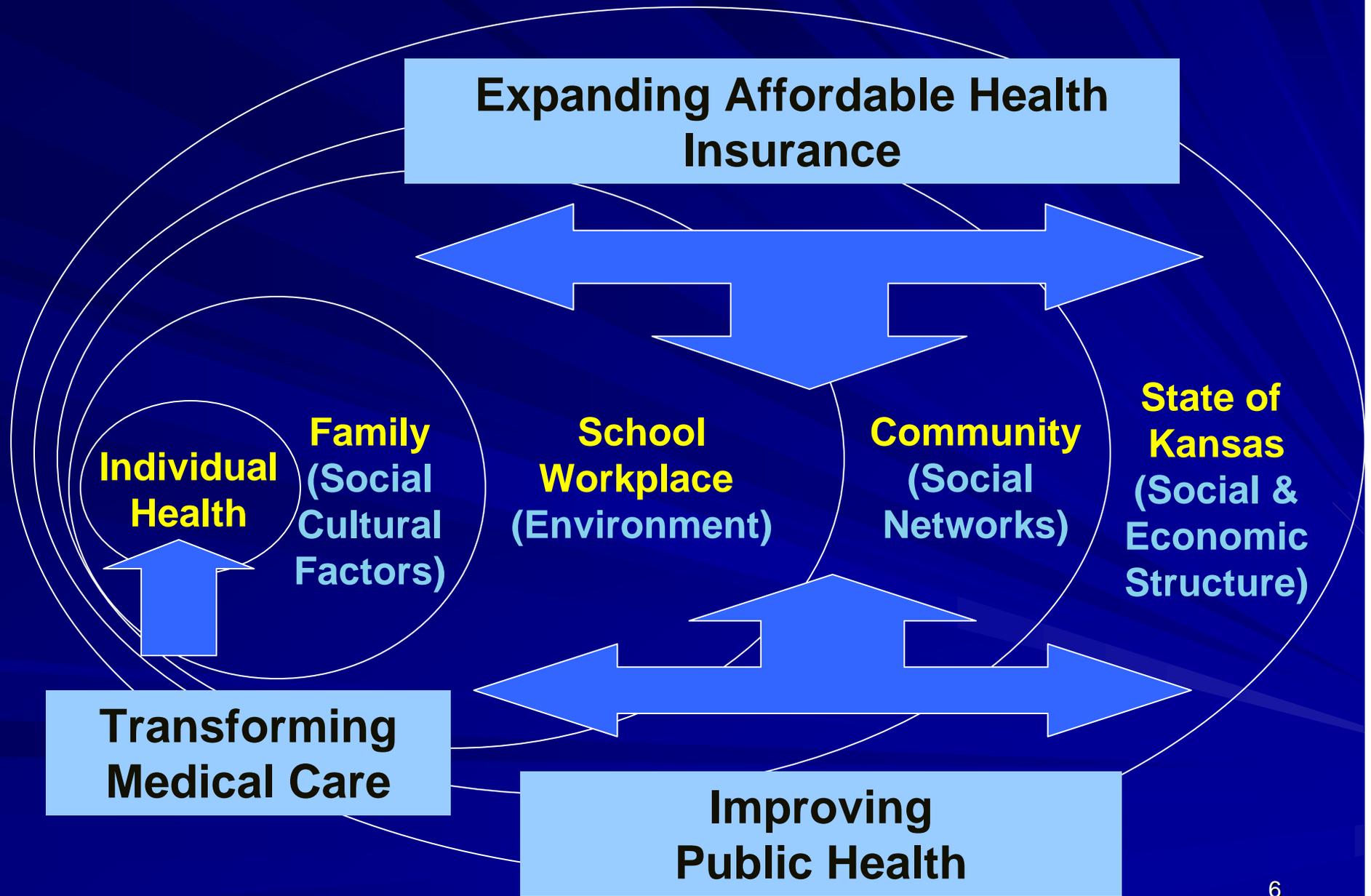
■ Rise in Health Care Costs

- 75% of spending associated with chronically ill (CDC, Chronic Disease Overview, 2005)
- Nearly 2/3 of rise in spending associated with increases in chronic diseases (Thorpe, The Rise in Health Care Spending and What to Do About It, *Health Affairs* 2005; 24(6):1436-1445)
- Nearly 30% of cost increase associated with rising obesity rates, which nearly doubled over past 20 years (Thorpe, The Impact of Obesity on Rising Medical Spending, *Health Affairs* 2004; 23:w480-w486)

■ Preventive Care

- Chronically ill only receive 56% of clinically recommended preventive care (McGlynn et al., The Quality of Health Care Delivered to Adults in the U.S., *NEJM* 2003; 348(26): 2635-2645)

Socioeconomic Framework for Health Status



Transforming Medical Care

■ Health Information Technology (HIT):

- The application of information processing involving both *computer hardware and software* that deals with the storage, retrieval, sharing, and use of health care information, data, and knowledge for communication and decision making.

■ Health Information Exchange (HIE):

- The mobilization of health care information *electronically across organizations* within a region or community.

■ Data driven health policy:

- *Measure and publish* health indicators, health care quality and price information; *promote quality and efficiency* in health care (evidence-based medicine); *coordinate* care through a medical home

List of KS HIT/HIE Activity

- Central Plains Regional Health Care Foundation – Clinics Patient Index; Sedgwick county
- Community Health Center (Health Choice) Project.
- Jayhawk Point of Care (POC); Pratt
- Kansas City Health Exchange (KCHE) Community Health Record.
- Northwest Kansas Health Alliance – Critical Access Hospitals
- Kansas Public Health eXchange (PHIX) – Public health department providers
- KAN-ED -- hospitals and other member institutions within the state
- University of Kansas Medical Center, Center for Telemedicine & Telehealth
- University of Kansas Center for Healthcare Informatics (CHI)
- Kansas Hospital Association Electronic Health Record Work Group
- Kansas Department of Health and Environment (KDHE) Information Links grant

List of KS HIT/HIE Activity (2)

- KC Carelink -- Kansas City healthcare safety-net providers
- The Outcomes/Information Sharing/Information Systems Committee of the Mid-America Regional Council Regional Health Care Initiative
- The Kansas City Quality Improvement Consortium -- United Auto Workers/Ford Community Health Care Initiative
- Sedgwick County Community Health Record
- HISPC: Kansas Health Information Security and Privacy Collaboration
- CareEntrust – Kansas City employer based community health record pilot project (State Employees)
- *Governor's Health Information Exchange Commission – Extension of Governor's Health Care Cost Containment Commission*

HIT Statistics in Kansas

- **Physicians.** Approximately 21% of physician offices use electronic clinical information.
- **Hospitals.** In the hospital environment, 51% reported access to electronic lab results, 34% reported electronic imaging systems in place, and 24% reported electronic medication administration.

KHPA HIT/HIE Recommendations

- **Current HIT/HIE efforts ambitious but uncoordinated**
 - Support for advisory council/coordinating entity with public/private sector participation to provide recommendations to KHPA Board and policymakers
- **Providers need more HIT/HIE information**
 - Support for a statewide resource center to provide education and technical support for Kansas providers
- **State should leverage its purchasing power to promote HIT/HIE**
 - Expand Community Health Record pilot for Medicaid/Healthwave and the State Employee Health Plan



Update on Data Initiatives and Medicaid Reform

Andy Allison, PhD
Medicaid Director and Deputy Director
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Objectives

- Update on KHPA data management and policy initiatives
- Brief overview of Medicaid and KHPA's statutory charge
- Update on ongoing and proposed Medicaid reforms

KHPA Statutory Charge

- Develop and maintain a coordinated health policy agenda
- Effective purchasing of health care
- Employing health promotion oriented public health strategies
- Advancing data-driven decision-making

Source: *SB 272*

KHPA's Data Responsibilities

- ... develop or adopt health indicators
- ... may appoint a task force or task forces ... for the purpose of studying technical issues relating to the collection of health care data
- ... develop policy regarding the collection of health care data
- ... administer the health care database
- ... receive health care data ... as prescribed by the *authority*
- ... coordinate ... analysis of health data for the state of Kansas with respect to [its] health programs

Source: SB 272

KHPA Data Initiatives

- Building a data-oriented culture
- Applying modern tools: the data analytic interface
- Advancing data-driven policymaking through the Data Consortium

Building a Data-Oriented Culture

- Routine, comprehensive program reviews
- Focus on quality and health plan oversight
- Public reporting
- Continuous surveillance of new ideas

Applying Modern Tools: Data Analytic Interface

- Integrates data from Medicaid, the State Employees Health Benefits Plan, and private health plans
- Will allow staff at all levels to access and analyze programmatic and comparative data
 - Episodes of care
 - Disease management
 - Predictive modeling
 - Identification of practice trends
 - Detailed analysis of costs and outcomes
- Funded by legislature in May 2007
- Approved for 90% Federal funds for the Medicaid portion
- Currently evaluating vendor bids
- Target implementation start date of April 2008.

Advancing Data-Driven Policy: Data Consortium

- Serves as a multi-stakeholder public advisory group to the KHPA Board
- Chartered by the Board in April 2006
- Convening December 2007
- First task: identify and maintain a set of health indicators for the state
- Advising KHPA
 - Collection of additional data
 - Data use and data sharing
 - Specific analyses

Mini-Primer on Medicaid

The Medicaid Program

- This year, Medicaid and SCHIP will provide health insurance coverage to about 400,000 Kansans
- Spending on Medical care of about \$1.2 billion this fiscal year
- Process over a million health claims per month directly, and nearly 300,000 through private health plans
- Medicaid reimburses
 - Thousands of different services
 - Twenty thousand providers
 - Hundreds of institutions

A Working Definition of Medicaid

- Medicaid is an optional source of matching funds for states wishing to purchase healthcare for selected populations
 - Run by states, governed jointly
 - Federal share varies from 50%-90%
 - Strings are attached: lots of them
 - Opting out is hard to do...
 - It is a payment source, but is thought of as an insurance product

What are the Federal rules?

- **Minimum eligibility requirements**
 - SSI and TAF recipients
 - Children living in poverty
- **Minimum requirements for benefits**
 - Comprehensive package
 - All medically necessary care for children
 - Little or no cost to most beneficiaries
- **Rules of equity**
 - “Statewideness”
 - “Freedom of choice”

Update on KHPA Medicaid Reforms

Medicaid Reform Objectives

1. Develop and maintain a coordinated health policy agenda
2. Effective purchasing of healthcare
3. Employing health promotion oriented public health strategies

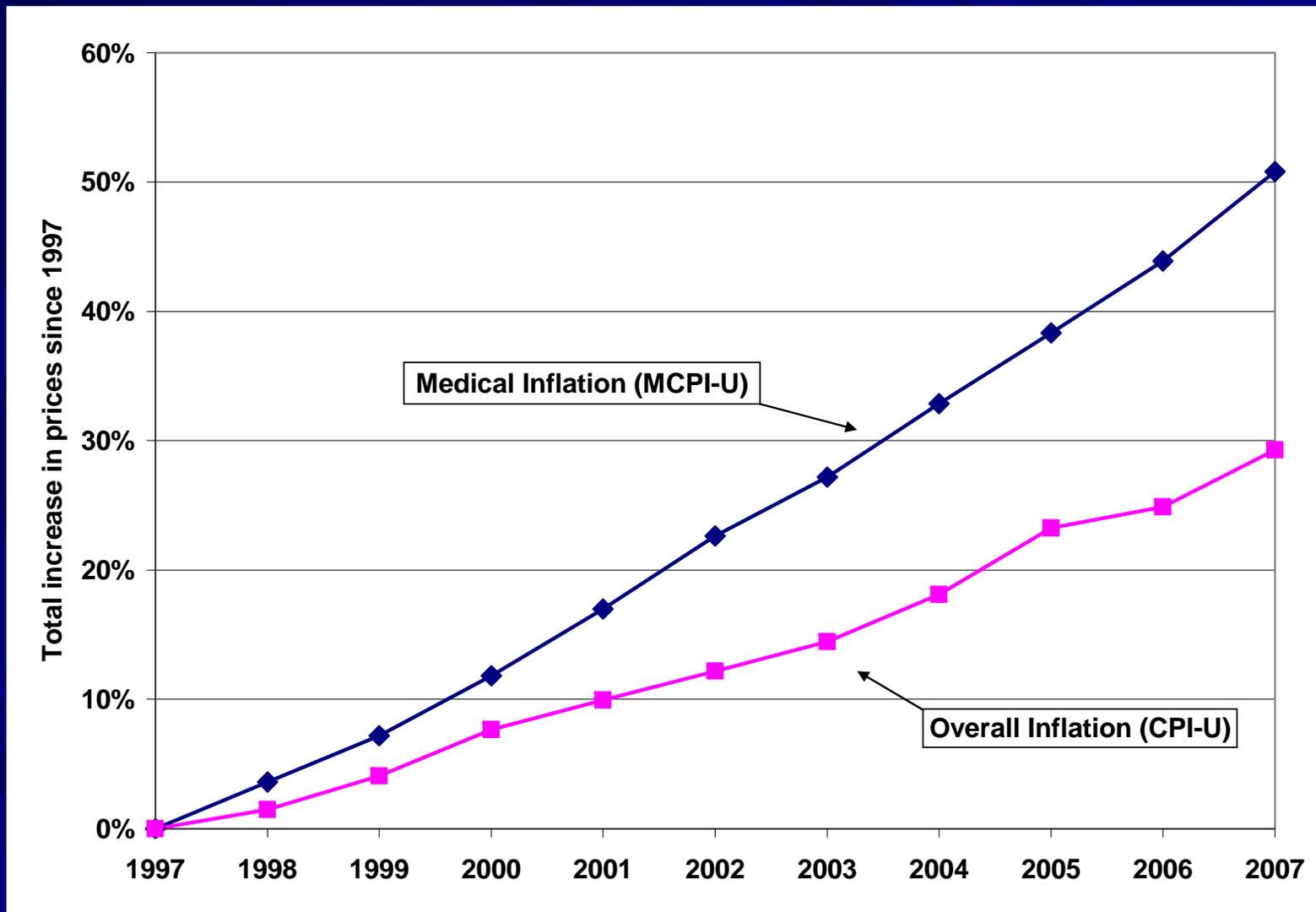
Transforming Medicaid through a Coordinated Health Policy Agenda

Developing a Coordinated Medicaid Policy Agenda

- Monthly interagency coordination at Board, Secretary and Deputy Secretary level
- Created an Interagency Office at KHPA to help implement and monitor Medicaid initiatives
- Established Office of Inspector General
- Recent examples of inter-agency initiatives
 - Cross-cutting payment reforms to resolve Federal audits and deferrals
 - Community-Based Alternatives to Psychiatric Residential Treatment Facilities (PRTF)
 - Long Term Care (LTC) Partnership
 - Money Follows the Person (MFP) Grant
 - Autism waiver
 - Tightened Long Term Care Eligibility
 - Implemented DRA Fraud and Abuse measures

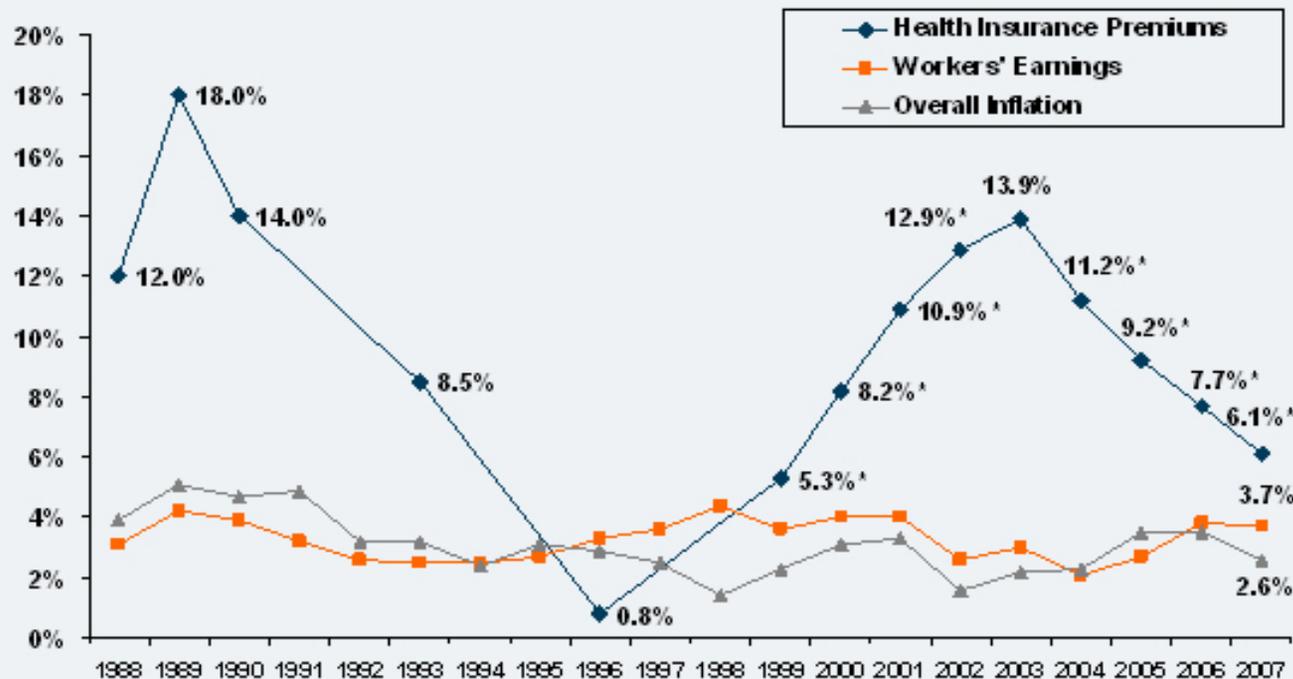
Transforming Medicaid Through Effective Purchasing

Medical Price Increases



Private Health Insurance Premiums

Exhibit 1.1
Average Percentage Increase in Health Insurance Premiums
Compared to Other Indicators, 1988-2007



^{*}Estimate is statistically different from estimate for the previous year shown ($p < .05$). No statistical tests are conducted for years prior to 1999.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four. The average premium increase is weighted by covered workers.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2007; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988, 1989, 1990; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1988-2007; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1988-2007 (April to April).

Affordability of Health Insurance

- Employer-sponsored coverage is worth about 8% of total compensation
- Low-income families often spend upwards of 12-15% of their income to purchase insurance
- For a family of three at poverty level (\$17,170) 8-15% of income buys about two months worth of health care

Reforms Advancing Effective Purchasing

- Work Opportunities Reward Kansans (WORK)
- Premium Assistance
- Completing initial Payment Error Rate Measurement (PERM) process
- Improve on-line access to information for providers
- Successful preparation for Federally-mandated conversion to National Provider Identification (NPI) numbers
- Completing reforms of disproportionate share hospital (DSH) payment methodology
- Development of beneficiary portal on KHPA website

Overview of Premium Assistance

- Ensure **access to affordable healthcare for families living in poverty** by extending coverage to parents of Medicaid-eligible children
- Expand coverage solely through **private health plans**
- Provide **health plan choices** for low-income families with benefits on par with privately-insured families
- Parents and children in same private health plans
- Increase participation by eligible children and protect benefits currently offered to children
- **Draw in Federal funds** and take advantage of Deficit Reduction Act (DRA) flexibilities
- Prepare the way for further reforms

Basic Design

- State and Federal dollars used to purchase private coverage
 - Employer-sponsored option
 - State-procured plan options
- Variation in private health plans
- Supplemental benefits for existing populations

Populations Covered by Premium Assistance

	Private Benchmark Coverage	Supplemental Benefits
Non-disabled children under 100% of poverty	Enroll with parents in an employer-sponsored or state-procured option	Provided to ensure Medicaid-equivalent benefits
Pregnant mothers below 100% of poverty	Remain enrolled with children in an employer-sponsored or state-procured option	Provided to ensure Medicaid-equivalent benefits
Parents below 37% of poverty	Enroll with children in an employer-sponsored or state-procured option	Provided to ensure Medicaid-equivalent benefits
Parents 37%-100% of poverty	<i>Enroll with children in an employer-sponsored or state-procured option</i>	<i>Not Available</i>

Design Process

- Legislative guidance and history
- Design workgroup
- Request for information (RFI) with carriers
- Individual meetings with stakeholders
- Request for proposals (RFP)
- Market response

Key Design Objectives

- Rely on employer coverage where possible
- Minimize complexity for providers
- Minimize disruption for families
- Ensure range of health plan options
- Achieve cost-effectiveness
- Maintain qualities of private coverage
- Address risk of newly-covered population
- Test consumer-driven concepts

Timeline

- **May 2007** - SB 11 authorizes premium assistance
- **Summer and Fall 2007** - Design process
- **December 2007** – Submit for Federal approval and begin procurement of private plans for procured options
- **Spring 2008** - Complete procurement of private plans to be offered to those without employer-based option
- **January 2009** - Implement phase I expansion for families up to 50% of poverty
- **July 2009** - Implement expansion up to 75% of poverty
- **July 2010** - Implement expansion up to 100% of poverty
- **July 2011** - *Proposed extension to childless adults living in poverty*
 - \$10,210 per year for singles
 - \$13,690 per year for couples

Transforming Medicaid through Health Promotion-Oriented Public Health Strategies

“It’s difficult for a provider to code for Medicaid for obesity counseling. Insurance won’t pay for it. They pay for the diabetes but not the counseling and so people won’t come to the doctor until they have the chronic disease because they have to pay the doctor bill themselves.”

--Emporia Provider at Flint Hills
Community Health Center

Public Health and Prevention-Oriented Strategies in Medicaid

- Medicaid Transformation Grant improving primary care for the disabled
- Enhanced Care Management Pilot for high-cost beneficiaries
- Community Health Record Pilot
- Increase participation of eligible families
- Promote “medical home” model of care in Medicaid

Increase Participation of Eligible Families

- Proposed new eligibility system to facilitate web-based, community-oriented enrollment
- Partner with community health clinics to support out-stationed eligibility workers
- Expand presumptive eligibility

Medical Home Policy Options

Promote “Medical Home” Model of Care

- Define medical home
- Increase Medicaid provider reimbursement for prevention/primary care
- Implement statewide Community Health Record
- Promote insurance card standardization

Increase reimbursement for prevention and primary care

- On average, physicians in KS are reimbursed at 83% of maximum allowable Medicare rates
- Proposal would include a review of --and increase in -- reimbursement for preventive and primary care services that promote a medical home model of care

Future Directions for KHPA Reforms

- **Rx.** reviewing cost-saving options for pharmacy management
- **Care Management.** evaluating pilot and examining healthcare options for aged, disabled, and chronically ill populations
- **Workforce.** reviewing reimbursement levels and programmatic support of primary care and other health care workforce needs



KHPA

Kansas Health Policy Authority

Coordinating health & health care for a thriving Kansas

<http://www.khpa.ks.gov/>