

IMMEDIATE RELEASE

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Administration Announces Medicaid Reforms

Topeka - Following a months-long public input process, Governor Sam Brownback and Lieutenant Governor Jeff Colyer, M.D., today announced the Administration's plan for reform the state's Medicaid system. KDHE Secretary Robert Moser, M.D., Aging Secretary Shawn Sullivan and SRS Secretary Rob Siedlecki joined them for the announcement.

"The input process led by Lt. Gov. Colyer and the working group included stakeholder meetings and public forums held across Kansas," Gov. Brownback said. "Our reform plan is based on three criteria - improving quality of care of Kansans receiving Medicaid; controlling costs of the program; and long-lasting reforms that improve the quality of health and wellness of Kansans."

The cornerstone of these initiatives is an integrated care system, called **KanCare**, focused on improving health outcomes for Kansans that will bend the cost curve of Medicaid down over time.

KanCare will improve coordination of care and services to achieve better outcomes and long-term savings without reducing benefits or eligibility, while safeguarding reimbursement for providers. As part of this Medicaid reform, the Governor also is proposing a realignment of state agencies to more efficiently administer the newly integrated KanCare, and focus an agency solely on services for children and families.

"Our goal is improving care and the experience for Kansans. The new system will achieve cost savings through improving outcomes for needy Kansans," Lt. Governor Colyer said. "Serving the needs of the whole person and as well as ensuring long term fiscal sustainability are the principles this plan is built upon."

As the Administration worked with stakeholders in developing the reforms, several guiding principles framed the considerations. Among those principles were, the need to provide improved outcomes and better health, integrate care for the whole person, preserve and stabilize the safety net, encourage personal responsibility by creating and preserving paths to independence, and make programs more economically rational. The Administration also made the decision that finding short term savings by instituting deep provider cuts or eligibility restrictions would not serve the interests of Kansans.

KanCare will lead and implement coordination structures that are not currently in place. The state will submit a request for proposal (RFP) to coordinate all aspects of behavioral and physical health, as well as services for the aged and disabled. KanCare will align incentives for the payer, providers, and consumers to promote the best outcomes for Kansans.

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To continue public engagement for Medicaid reform the Administration will create an advisory group to provide counsel on policy decisions, throughout the implementation process and continuing once implementation occurs. The group will consist of Kansas seniors, persons with disabilities, advocates, providers and other interested Kansans.

"Through this plan, we will continue to identify very specific outcomes to improve the health of Kansans," said Robert Moser, M.D., Secretary for Health and Environment and the State Health Officer. "There will be an intense focus on data as we hold ourselves accountable through the performance of our care organizations. The Administration is looking for the best ideas for achieving meaningful improvements and consumer health."

The State of Kansas will create new and strengthen existing programs designed to facilitate work opportunities for people with disabilities to transition from Medicaid to work and independence. SRS, working with the Department of Commerce are working to implement an innovative program to align current Medicaid recipients who want to work with resources available at Workforce Centers located throughout the state. The state also will work to leverage state employment opportunities and opportunities to leverage state purchasing power to employ people with disabilities.

"Many Kansans with disabilities want to work," Lt. Gov. Colyer said. "Studies show that working leads to healthier, happier, and more fulfilling lives. Transitioning people from Medicaid to full time employment is not only the right thing to do; it makes good financial sense as well."

In addition to reforms to Medicaid programs, a realignment of state agencies will increase administrative coordination and streamline Kansans' interactions with state government. The realignment will lead to better communication and reflect the Kansas' commitment to coordination across services and programs.

"An essential aspect of coordinating care for the whole person is also coordinating the administrative services," said Secretary Shawn Sullivan of the Kansas Department on Aging. "We feel the programs can be managed in a more uniform way that will benefit Kansans who utilize these services."

The realignment will consolidate Medicaid fiscal and contract management in the Kansas Department of Health and Environment (KDHE) and program management in a reconfigured Kansas Department on Aging (KDOA). KDOA will combine with the Division of Disabilities and Behavioral Health Services from Social and Rehabilitation Services (SRS), which includes Home and Community Based Services (HCBS) waivers. KDOA will also administer the mental health programs and the five state hospitals. KDOA will become the Department for Aging and Human Services.

The reconfiguration will allow SRS to further strengthen its targeted focus on children and family services. SRS will continue to administer Adult Protective Services. The agency will also take over nine family preservation and social programs currently administered by KDHE, as well as some prevention programs from the Juvenile Justice Authority. SRS will now be called the Department for Children and Family Services.

"This is a great opportunity to put our principles into practice and better coordinate the policies that help children and the most vulnerable, strengthen families and encourage economic self-sufficiency," said Secretary Rob Siedlecki of SRS. "The plan will allow Kansas to have a targeted agency to assist in the Governor's Road Map for Kansas goal of reducing the number of children that live in poverty."

The state expects the program to net significant saving through improved care coordination and achieving improved outcomes. Over five years, the state expects to reduce growth in Kansas Medicaid spending by 8-10 percent, which equates to 1/3 reduction in total Medicaid growth. Based on a conservative baseline of 6.6% growth in Medicaid without reforms (the actual historic growth rate over the past decade was 7.4%), the outcomes-focused, person-centered care coordination model executed under the RFP is expected to achieve savings of **\$853 million** (all funds) over the next five years. These savings occur without cutting provider rates, throwing people off the system, or reducing essential benefits.

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