

# KanCare Update

Presentation to the  
**House Social Services Budget  
Committee**

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**Kari Bruffett, Director of DHCF**  
**Kansas Department of Health and Environment**



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**Our Mission: To protect and improve the health and environment of all Kansans.**

# The Challenge

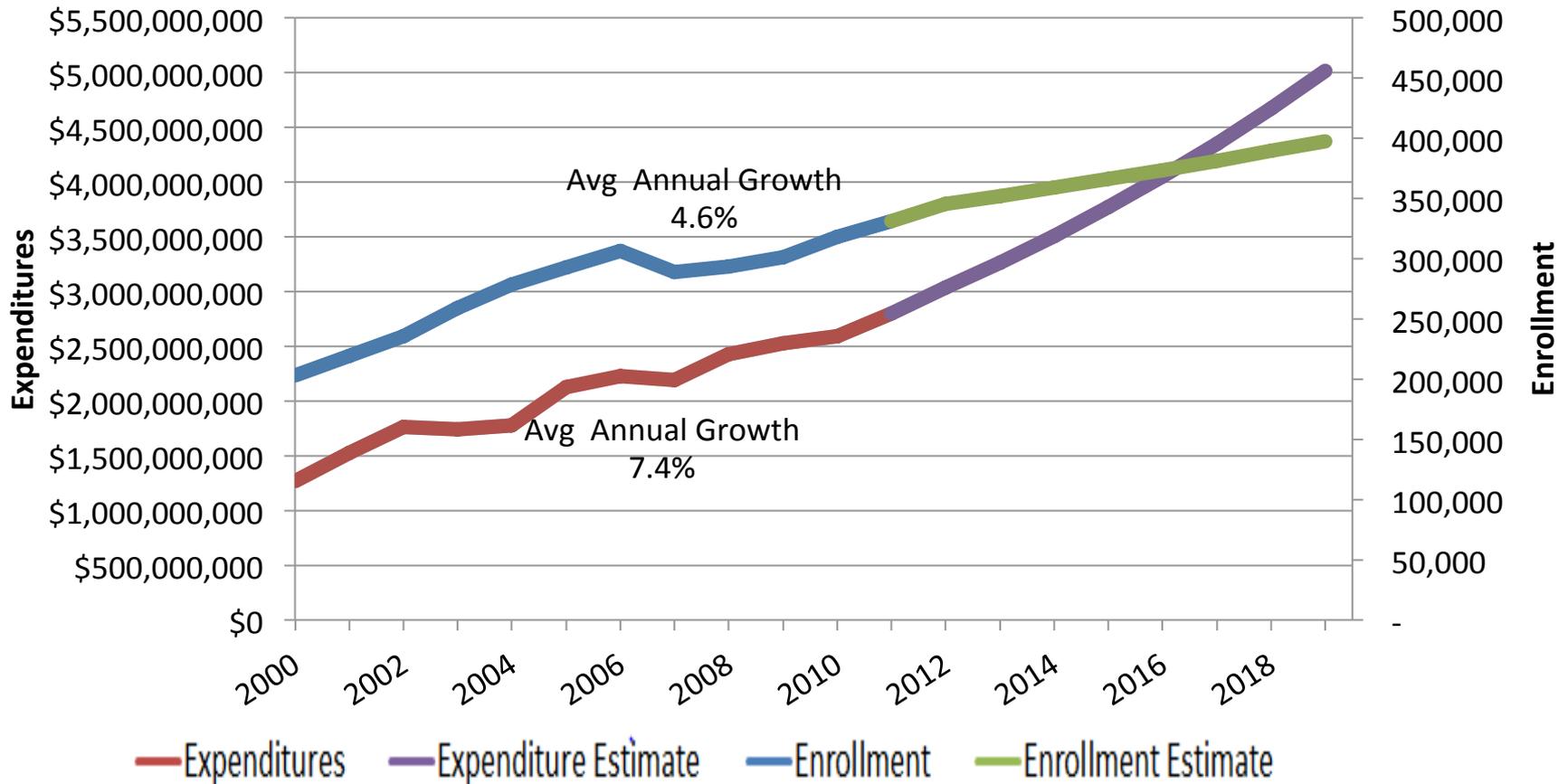
- **Improve Outcomes**
- **Manage Costs**

# How We Got Here

- Long-run trends in Medicaid are driven by widespread increases in enrollment and spending per person.
- It is not “just the economy” – Kansas is in the midst of a sustained period of accelerated growth as baby boomers reach age of acquired disability.
- Enhanced federal match rate partially – and temporarily – disguised the scale of the deficit.

# Sustained Medicaid Growth

Total Medicaid – without expansion



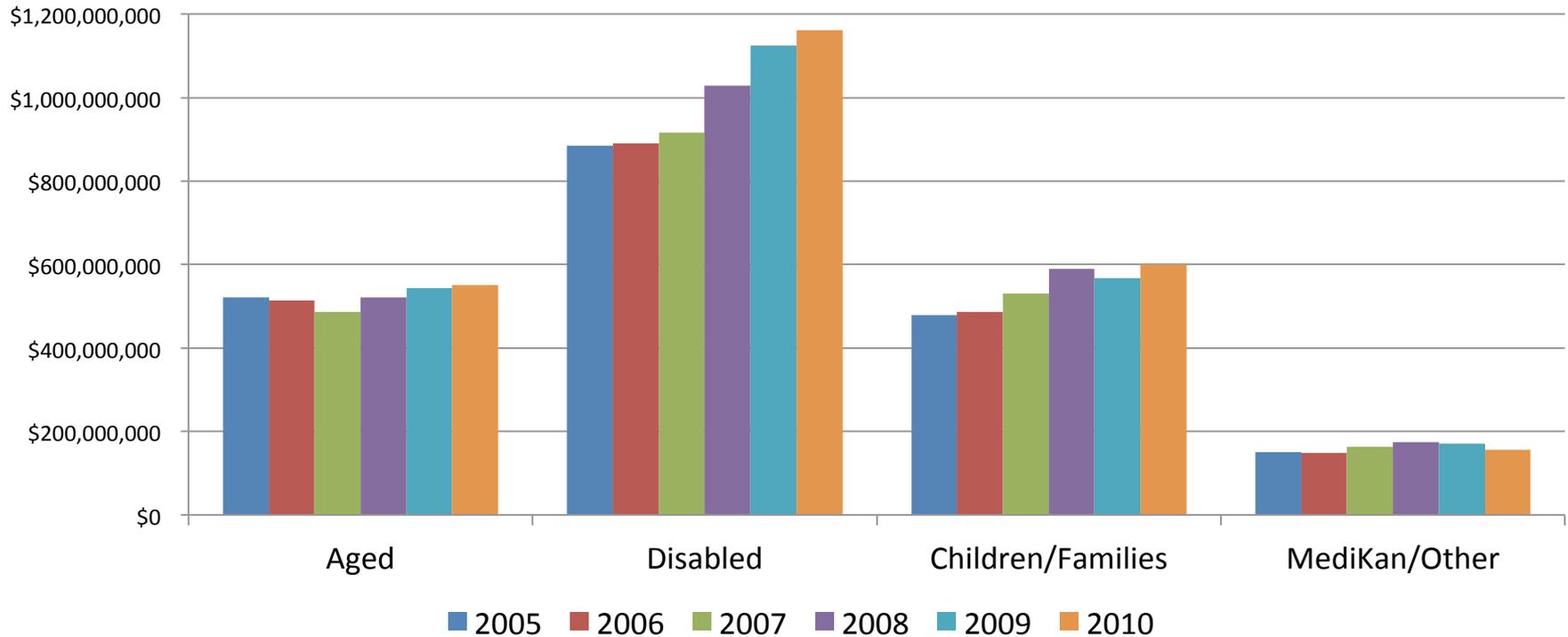
# Growth Across Populations

Percent of total growth	Aged Non-Waiver Population	Disabled Non-Waiver Population	Aged and Disabled HCBS Waiver Populations	Children and Families	Foster, MediKan and other populations	TOTAL by Service
Medical and misc. services	1%	14%	7%	22%	4%	48%
HCBS waiver services	0%	0%	25%	0%	0%	25%
Behavioral Health and Substance Abuse	0%	2%	3%	2%	1%	9%
Institutional care/PACE LTC services	11%	6%	1%	0%	0%	18%
TOTAL by Population	13%	22%	36%	24%	5%	100%

**Projected sources of growth in Medicaid spending FY 2012-2017, without reforms**

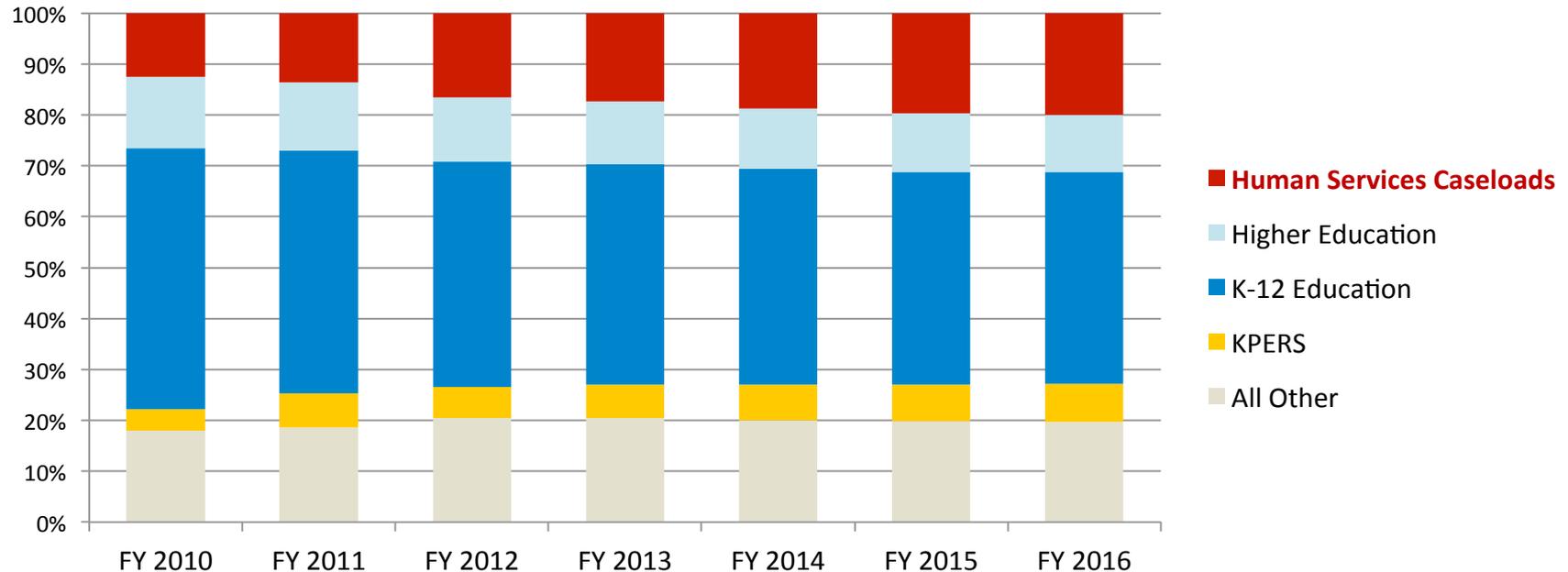
# Growth by Population

## Kansas Medicaid, 2005-2010



# The Crowd-Out Effect

## Expenses as % of State General Fund



FY 12-16 projected; illustrates impact on other programs if Medicaid spending growth continues unabated. Assumes projected deficits would be offset in other programs.

# Stakeholder Involvement

- **Solicited ideas for reforms or pilots to curb growth, achieve long-term reform, and improve the quality of services in Medicaid**
- **60+ submissions with more than 100 proposals submitted in February 2011**
- **Three public forums this summer with 1,000 participants and more than 1,600 individual ideas**
- **Web survey generated about 500 additional responses**
- **Stakeholder web conferences helped define issues and key concerns with emerging themes**

# Parallel Initiatives

- **Medicaid Reform Data Workgroup**
- **Caseload/Budget Workgroup**
- **Pharmacy Services Workgroup**

# Population Focus/Key Concerns

- **Children, Families and Pregnant Women: mobile population; moves in and out of eligibility**
- **Aged: higher-than-average proportion of Kansas seniors in institutions**
- **Disabled: fragmented service provision**

# Type of Service By Population

SFY 2010, in \$millions	Children/ Families	Disabled	Aged	MediKan/ Other	TOTAL
Physical Health	555 *	450 *	107	76	1187
Behavioral Health	37	102	12	32	184
Substance Abuse	8	7	0	7	22
Nursing Facilities	NA	111	312 *	1	424
Home and Community Based Services	NA	479 *	121	8	608
<b>TOTAL</b>	<b>600</b>	<b>1149</b>	<b>552</b>	<b>124</b>	<b>2425</b>

# Fragmentation

- **Spending is spread widely across service types, funding streams, state agencies, and providers.**
- **There is no uniform set of outcomes or measures for programs or providers.**

# Emerging, Cross-Cutting Themes from Stakeholders

## Integrated, whole-person care:

- **Aligning financing around care for whole person**
- **Patient-centered medical homes**
- **Enhancing health literacy and personal stake in care**

# Emerging, Cross-Cutting Themes from Stakeholders

**Preserving independence/creating a path to independence:**

- **Removing barriers to work**
- **Aligning incentives among providers and beneficiaries**
- **Delaying or preventing institutionalization**

# Emerging, Cross-Cutting Themes from Stakeholders

## Alternative access models:

- Utilizing technology and nontraditional settings
- Thinking creatively about who can deliver care

# The KanCare Solution

**On Nov. 8, Governor Sam Brownback announced the plan to reform Medicaid in Kansas.**

**The plan calls for the implementation of an integrated care system called KanCare.**

- **Improve health outcomes**
- **Bend the cost curve down over time**
- **No eligibility or provider cuts**

# Dual Track Waiver

**Track One: Waiver authority needed to implement KanCare**

**Track Two: Start discussions for future global waiver to gain flexibility to administer outcomes-based program**

# Person-Centered Care Coordination

- The state has issued an RFP targeting three statewide KanCare contracts to leverage private sector innovation to achieve public goals
- Population-specific and statewide outcomes measures will be integral to the contracts and will be paired with meaningful financial incentives.
- The reforms explicitly call for creation of health homes, with an initial focus on individuals with a mental illness, diabetes, or both.

# Person-Centered Care Coordination

- The KanCare RFP encourages contractors to use established community partners, including hospitals, physicians, CMHCs, primary care and safety net clinics, CILs, area agencies on aging, and CDDOs.
- Safeguards for provider reimbursement and quality are included.
- Will create contractual obligation to maintain services and beneficiary protections.

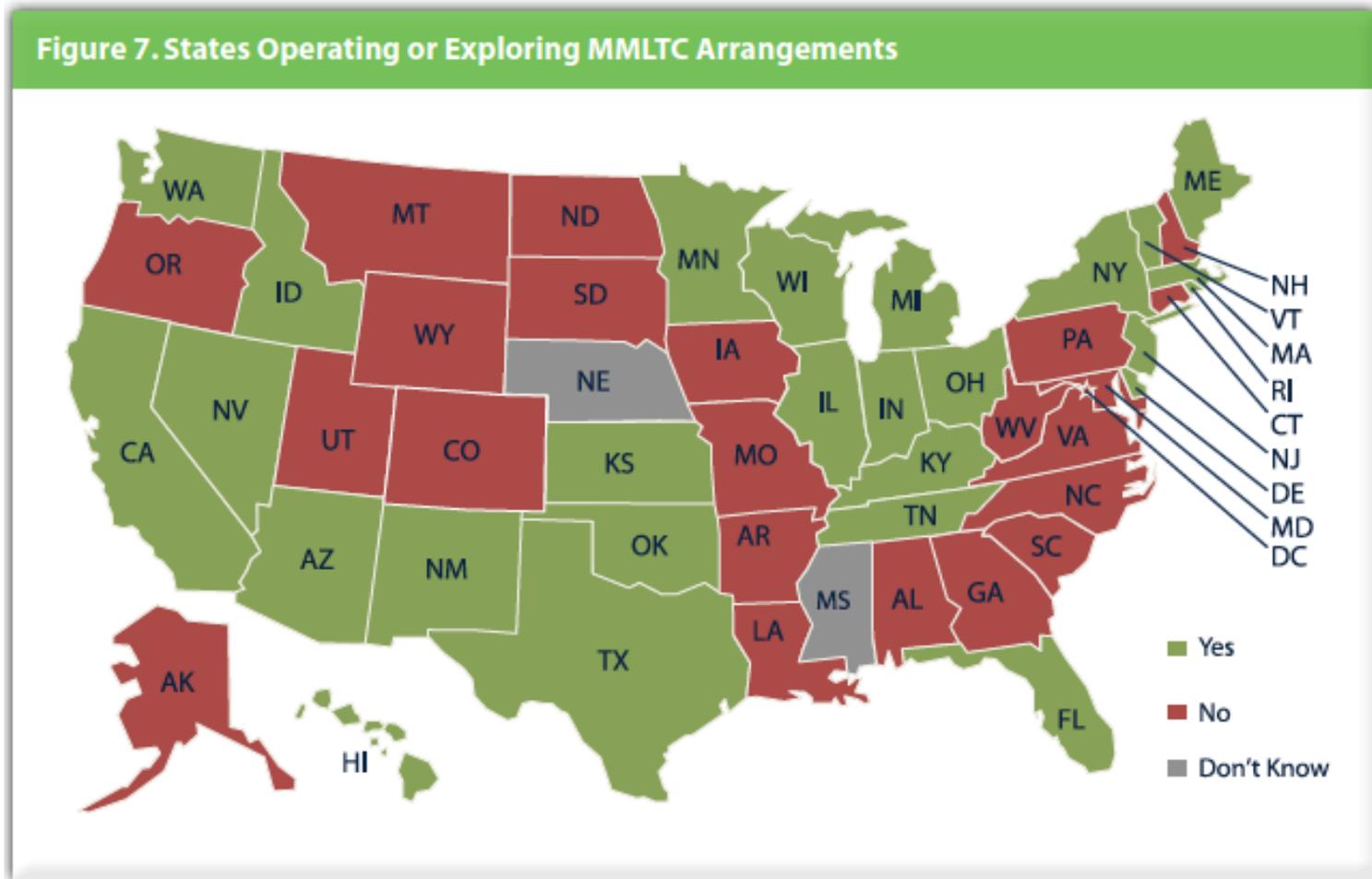
# Home and Community Based Services

- **Kansas currently has the sixth highest percentage of seniors living in nursing homes in the country.**
- **Includes long-range changes to the delivery system by aiding the transition away from institutional care and toward services that can be provided in individuals' homes and communities.**
- **Outcome measures will include lessening reliance on institutional care.**

# Inclusiveness

- **Services for Kansans with developmental disabilities will continue to utilize the statutory role of CDDOs; inclusion in KanCare means the benefits of care coordination will be available to them.**
- **Contractors will be accountable for functional as well as physical and behavioral health outcomes.**
- **The medical model of care will not be placed on top of the long term care system for the DD population. DD Reform Act will continue to govern DD service provision.**

# National View



Source: NASUAD 2011 survey

# Consumer Voice

- **The Administration will form an advisory group of persons with disabilities, seniors, advocates, providers and other interested Kansans to provide ongoing counsel on implementation of KanCare.**
- **Additionally, managed care organizations will be required to:**
  - **create member advisory committee to receive regular feedback,**
  - **include stakeholders on the required Quality Assessment and Performance Improvement Committee, and**
  - **have member advocates to assist other members who have complaints or grievances.**

# Pay for Performance: P4P

- This program identifies operational measures in the first contract year, and 15 quality of care measures in years 2 and 3, tied to incentives.
- State will withhold 3 to 5 percent of the total capitation payments to MCOs until certain quality thresholds are met. Quality thresholds will increase each year to encourage continuous quality improvement.
- The measures chosen for the P4P program will allow the State to place new emphasis on key areas.

# Pay for Performance: P4P

- The P4P program also adds new performance goals for certain quality indicators that were previously measured, such as the National Outcomes Measures for behavioral health.
- The State has also included measures in the P4P program which will strengthen performance expectations for employment opportunities for people with disabilities.

# Savings

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.

						5-year Total
Savings	FY 13	FY 14	FY 15	FY 16	FY 17	
All Funds	29,060,260	113,513,129	198,041,997	235,439,877	277,004,864	853,060,127
SGF	12,522,066	48,912,807	85,336,296	101,451,043	119,361,396	367,583,609