



Kansas Health Policy Authority

2009

Health Reform Recommendations

This document is designed to help lead the discussion about the Kansas Health Policy Authority's 2009 Health Reform Plan. It offers an overview of the 2008 legislative session and reiterates KHPA's ongoing goals. The health reform document offers perspective on Kansas health policy by providing an agency timeline and national statistics for comparison. Most importantly, the document offers priorities for the upcoming legislative session as well as details about each of those recommendations.

Throughout this process, KHPA remains aware of the state's economic condition. The agency takes its role as a steward of state funds very seriously. KHPA will continue to improve the programs it manages with a focus on quality outcomes and cost effectiveness. However, we are also obligated to advance health reform initiatives that will address health care costs in the long term. KHPA remains dedicated to improving our health care system, promoting healthy behaviors, managing chronic disease, and working to insure more Kansans. Only by accomplishing these goals will we achieve a healthy Kansas for *all* Kansans.

Did you know?...

- *In the U.S., more than 15 percent of the population, or about 45.7 million people, had no health insurance in 2007.*
- *In Kansas, this number is 340,000. Kansas is one of only 10 states in which the percentage of uninsured increased, from 11.3% in 2005-2006 to 12.5% in 2007.*
- *The leading cause of personal bankruptcy in America is unpaid medical bills.*
- *Nine out of ten (91%) respondents to a 2006 Kansas Farm Bureau survey said they owed money to doctors.*
- *The World Health Organization ranked the United States 37th in the world for health care.*
- *Kansas was ranked 20th by the Commonwealth Fund State Scorecard on Health System Performance for 2007.*
- *We spend more than 16 percent of the U.S. Gross Domestic Produce on health care every year.*
- *A 2008 Commonwealth study noted that Kansans spent \$5,382 per person for personal health care in 2004.*

Overview of the 2008 Legislative Session

The 2008 legislative session offered Kansas an opportunity to make the idea of health reform a reality. Following an order from the 2007 Kansas Legislature, the Kansas Health Policy Authority (KHPA) gathered research and community input to develop a comprehensive legislative plan that specifically addressed the health needs of Kansans. With the goals of prevention, personal responsibility, and providing and protecting affordable health insurance in mind, the KHPA recommended a package of health reforms to the legislature.

Legislative action would have been required to institute many of the KHPA's recommendations. The KHPA submitted four bills containing the proposed policies. The legislature accepted some recommendations, eliminated others, changed some, and added items that were not part of the original KHPA plan. This process resulted in the passage of House Substitute for Senate Bill 81 and funding for a few health reform items in the omnibus budget bill.

Senate Bill 81 was approved by the Governor. The final version of the health reform compromise did not include many of the building blocks to better health, such as insuring the poorest Kansans or providing for clean indoor air statewide. However, the policies contained in Senate Bill 81 did provide support for Kansas Safety Net clinics. They also recognized the relationship between healthy mothers and healthy children by expanding Medicaid coverage for pregnant women, and including dental benefits and smoking cessation therapies for pregnant women. Should federal dollars become available, the policies will also expand the State Children's Health Insurance Program.

Though the broad health reform measures recommended by the KHPA were not adopted, the outcome is a first step in continuing the health reform conversation and keeping health at the forefront of the Kansas agenda. The KHPA remains hopeful that this long-term, ongoing process will lead eventually to a healthy Kansas for all Kansans.

Overview

Kansas Health Reform

KHPA Timeline

Key KHPA Dates

July 1, 2005

Kansas Health Policy Authority established by the legislature. KHPA Board sets priorities.

July 1, 2006

Health care programs (Medicaid, State Children's Health Insurance Fund, State Employee Health Plan) moved under the KHPA.

2007 Legislative Session
KHPA asked to develop comprehensive health reform.

2008 Legislative Session
Recommended reforms considered; some progress made.

2009 Legislative Session
Working with stakeholders across Kansas, the KHPA will continue to recommend key reforms.

GOALS

The goals of Kansas health reform are twofold:

- 1) To prevent the staggering rise in health care costs and chronic disease through a focus on health and wellness and high quality cost effective health care.
- 2) To improve access to affordable health insurance.

If these goals can be accomplished, they will be a meaningful first step towards a healthy Kansas for *all Kansans*.

PRIORITIES

Kansans have established three priorities for health reform:

Promoting Personal Responsibility:

- For healthy behaviors,
- Effective use of health care services, and
- Sharing financial responsibility for the cost of health care;

Promoting Medical Homes and Paying for Prevention:

- To improve the coordination of health care services,
- Prevent disease before it starts, and
- Contain the rising costs of health care; and

Providing and Protecting Affordable Health Insurance:

- To help those Kansans who are most in need gain access to affordable health insurance.

The combination of these health reforms helps to improve the health status of Kansans, begins to contain the rising cost of health care in our state, and improves access to affordable health insurance.

COMMUNITY INPUT

The Kansas Health Policy Authority received a great deal of input last year during the development of its health reform recommendations:

- We conducted a 22 city listening tour, receiving advice and suggestions from over 1,000 Kansans.
- We receive regular input from our four Advisory Councils, consisting of 140 members.
- This year during our Community Dialogue Tour, KHPA representatives embarked on a series of 54 meetings in 11 cities across the state. Staff members met with a variety of stakeholders including Chambers of Commerce, public health departments and non-profit organizations. Each day visit ended with a public meeting.

NOW IS THE TIME

Our Kansas health care system faces many of the same challenges as the national health care system:

- Health care costs continue to rise at an unsustainable rate.
- The health system is inefficient and fragmented.
- The health status of many Kansans is at risk.
- Kansas currently ranks 20th in the nation for health care system performance.
- Our community Dialogue this year is meant to hear from our fellow Kansans about their health reform priorities.
- With the recent downturn in the economy, health reform is all the more important.

We can and should do better.

2009 Health Reform Priorities

Statewide Clean Indoor Air

- Smoking is the number one preventable cause of death in Kansas. Each year, tobacco causes over 4,000 Kansas deaths, including 290 deaths attributable to second-hand smoke.
 - Tobacco generates nearly \$930 million in health care costs annually.
 - If the current trend continues, 54,000 Kansas youth are projected to die from smoking.
 - 83% of Kansans believe smoking is a serious health hazard.
 - At least 36 states, including neighboring states, have imposed restrictions on smoking in public places.

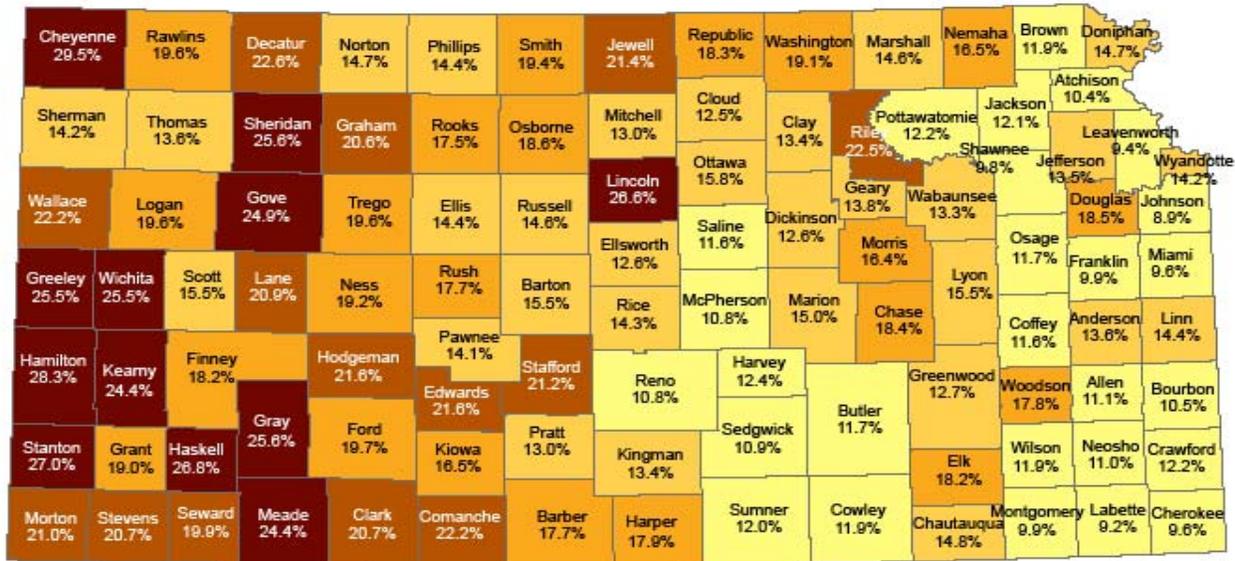
Increased Tobacco User Fees

- A 10% increase in the price of a pack of cigarettes is associated with a 4% drop in tobacco use.
- Half of all Kansas smokers started smoking before the age of 14. Among teens, a cigarette price increase has been shown to result in a 7% reduction in smoking.
- The current excise tax on a pack of cigarettes in Kansas is \$.79 but tobacco use costs Kansans the equivalent of \$.86 per pack of cigarettes sold to pay for the tobacco-related illnesses of Medicaid recipients alone. KHPA recommends increasing the tobacco user fee by \$.75 per pack, which would provide approximately \$68.7 million in revenues in fiscal year 2010.

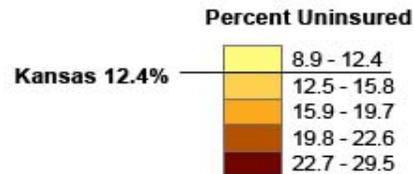
Increased Access to Affordable Health Care & Health & Wellness

- Medicaid for Poor Parents: KHPA recommends expanding Medicaid to include parents earning up to federal poverty level, \$1,467 per month for a family of three.
- Improving access to affordable health insurance for small businesses and young adults.
- Implementing a statewide Community Health Record.
 - Providing additional funding for breast and cervical screening, and expand the program to include screening for prostate and colorectal cancer to prevent illness and death from failure to timely detect those diseases; expanding the coordinated school health program; providing wellness grants for small businesses.
 - Providing tobacco cessation programs for Medicaid recipients.

Percent of People Under 65 without Health Insurance by Kansas County 2005



Source: Institute for Policy & Social Research; data from the U.S. Census Bureau, Small Area Health Insurance Estimates, 2005.



Ongoing Reforms Moving Forward:

- Strengthening and sustaining Medicaid through *Medicaid Transformation*; including comprehensive program reviews and the Data Analytic Interface.
- Working with the State Quality Improvement Institute and stakeholders to develop a *Medical Home* model as defined in statute.
- Focusing on *Health and Wellness* starting with the State Employee Health Plan and continuing health reform policy recommendations to benefit all Kansans.
- Expanding statewide *Health Information Technology* through work with the E-Health Advisory Council and the Community Health Record.

What You Can Do:

Although addressing our fragmented health system will also require leadership at the federal level, the state of Kansas should debate and embrace reform solutions that can help our citizens right now. You can help make Kansas healthy. Write Letters to the Editor of your local newspaper telling your point of view. Talk with your family, friends, and neighbors. Talk to the people who make the decisions about health policy. For more information about Kansas Health Reform please visit our website <http://www.khpa.ks.gov/HealthReformHome.htm> and sign up to receive the KHPA newsletter or contact KHPA Policy Director Dr. Barb Langner at 785.296.6193.

Health Reform Recommendation for 2009 Legislature: Executive Summary

The Kansas Health Policy Authority is recommending a package of health and healthcare reforms aimed at improving the health of all Kansans and expanding access to quality, affordable health coverage.

This package builds on the recommendations KHPA first brought forward in 2008, focusing on those items that either did not pass or that passed but were not funded. It also prioritizes the requests by emphasizing those actions that will have the broadest and most meaningful impact on the largest number of Kansans.

The recommendations for 2009 include:

I. Statewide Clean Indoor Air: An overwhelming number of studies confirm that smoking is the number-one preventable cause of death and illness in Kansas. Without such a law, even those who wisely choose not to smoke are made to suffer from exposure to secondhand smoke. This is especially true for people who work in restaurants, bars and other establishments where smoking is allowed, as well as the customers who patronize those establishments. A statewide Clean Indoor Air law would protect the public from these harmful effects and send a strong social message that smoking in public is unacceptable.

Budget Impact: None.

II. Increase Tobacco User Fees: KHPA is proposing a 95-percent increase in the state excise tax on tobacco. That would increase cigarette taxes from \$.75 per pack - from \$.79 to \$1.54. This is based on findings that show a large amount of health care expense in the United States is directly attributable to smoking. The purpose of the tax is twofold: to make smoking more

expensive, thus encouraging smokers to quit and discouraging non-smokers from ever starting; and to generate revenue to fund expansion of health insurance coverage.

Budget Impact: Save on the \$196 million a year that Kansas currently spends in Medicaid for smoking-related illnesses; Add \$87.4 million in new revenue for FY 2010.

III. Expand Medicaid to Cover Parents Up To 100 Percent of FPL. Kansas currently has one of the most restrictive Medicaid programs in the country. Adults with dependent children must have incomes that are less than one-third of the federal poverty level. Childless adults, other than the elderly and disabled, are not covered at all. Expanding Medicaid to cover parents up to 100 percent of FPL will extend coverage to an estimated 30,531 people by FY 2013.

Budget Impact: FY 2010: \$31 million (AF); \$10.5 million (SGF)

IV. Assist Small Businesses and Young Adults to Afford Health Insurance. Convene a panel of business, consumer and insurance stakeholders to develop proposals for using reinsurance to spread risk among small groups, improve the state's high risk pool and encourage participation by young adult employees.

Budget Impact: To be determined.

V. Improve Tobacco Cessation in Medicaid. KHPA estimates 66,560 Kansas Medicaid beneficiaries currently smoke. This program would expand reimbursement for smoking cessation

Health Reform Recommendation for 2009 Legislature: Executive Summary

treatment for Medicaid beneficiaries to include counseling in an individual and/or group setting. The expansion would be consistent with recent changes in the State Employee Health Benefit Plan (SEHBP) which covers pharmaceuticals as well as specific smoking cessation programs.

Budget Impact: FY 2010: \$450,000 (AF); \$200,000 (SGF).

VI. Implement a Statewide Community Health Record. Kansas currently has two pilot projects underway to deploy CHR technology to make patient health information available and transferable electronically. One pilot project involves Medicaid managed care providers in Sedgwick County; the other involves state employees in the Kansas City area and their healthcare providers. This proposal would make CHR available statewide based on insights gleaned from the two pilot projects.

Budget Impact: FY 2010: \$1,096,000 (AF); \$383,600 (SGF).

VII. Expand Cancer Screening Programs for Low-Income and Uninsured. The Kansas Department of Health and Environment (KDHE) currently provides early detection screening for breast and cervical cancer under the Early Detection Works (EDW) program. KHPA proposes to increase funding for breast and cervical cancer screenings and diagnostic services, and to expand the program to include screening and diagnostic services for prostate and colorectal cancer in order to diagnose cancer at early stages to improve outcomes and reduce treatment costs.

Budget Impact: \$6,325,420 (SGF)

VIII. Expand Kansas Coordinated School Health (KCSH) Program. This program was established in 2003 with federal funding from the Centers for Disease Control (CDC). It focuses on increasing students' physical activity, improving nutrition, decreasing tobacco use and decreasing the rates of obesity among youth. In five years KCSH reached 80,736 students in 234 schools located in 39 counties. Federal funding ended in February 2008. The Kansas legislature then allocated \$550,000 to maintain staffing and operations at current levels through FY 2009. KHPA is seeking a continuation of that funding, plus additional money in FY 2010 to expand the program into 40 additional school districts.

Budget Impact: \$936,000 (SGF)

IX. Workplace Wellness Program Grants for Small Businesses. Many large employers operate workplace wellness programs to improve employee health, decrease absenteeism and improve productivity. But the startup costs are often prohibitive to small employers. KHPA proposes funding for a pilot project to pay for technical assistance and startup costs for small businesses.

Budget Impact: \$100,000 (SGF)

Health Reform Recommendation for 2009 Legislature: Statewide Clean Indoor Air

Description: Enact a statewide Clean Indoor Air law in public places that will allow Kansans to work and gather without exposure to harmful secondhand smoke.

Legislative Language: See SB 660, introduced in 2008 Legislature.

Background: This proposal recommends that legislation be enacted that prohibits smoking in all public places.

- Smoking is the number one preventable cause of death in Kansas; 83% of Kansas adults believe it is a serious health hazard. (Sunflower Foundation 2007)
- A recent poll indicated that 73% of Kansas adults favor such a state law or local ordinance.
- Beginning September 2008, there will be more than 30 states with statewide smoking laws (including Nebraska).
- A 2006 Surgeon General's report notes, "the scientific evidence indicates there is no risk-free level of exposure to secondhand smoke."
- Secondhand smoke results in 3,000 annual cancer deaths in the US and 35,000 deaths from heart disease.
- Exposure to cigarette smoke results in an increase of asthma attacks, infections of the lower respiratory tract in children under 18 months old, coughing and reduced lung function.
- Findings of a recent study showed a 39% reduction in hospitalizations for coronary artery disease one year after the implementation of a clean indoor air ordinance (Preventive Medicine, 2007).
- Based on the health impact on cities that have enacted strict clean indoor air laws, a statewide law in Kansas could result in 2,160 fewer heart attacks and a \$21 million decrease in associated hospital

charges for heart attacks alone. (KDHE, 2007)

- Pregnant women are particularly susceptible to having low birth weight babies due to secondhand smoke exposure.
- Evidence has shown that a clean indoor air ordinance will reduce the smoking rate among active smokers by 5%, a potential decrease of 18,500 smokers in Kansas (KDHE).
- A Statewide clean indoor air law would create a level playing field among cities and counties, eliminating the fear that a local ban would put a community at a competitive disadvantage to its neighbor.

Population Impacted: In Kansas, 1.4 million working adults would benefit from working and living in a smoke-free environment.

Budget Impact/Estimates: There is no evidence of costs being incurred when clean indoor air law are put in place. A number of studies have found that clean indoor air law lead to a decrease in heart attacks and other smoking-related illness and thus a state wide clean indoor air law could decrease costs to the state.

Attached: Copy of SB 660

"In Salina we had the first clean indoor air ordinance. I have been stopped many times by people who really enjoy being able to eat out without having the cigarette smoke around them and those people that were really angry with the ordinance in the first place have since quit smoking and are just so thankful and really have seen improvements in their health..."

—Kansas Consumer

Health Reform Recommendation for 2009 Legislature: Increase the Tobacco Products User Fee

Description: This proposal would institute an increase in the tobacco user fee. It is proposed that the current excise tax on all tobacco products be increased.

Background: Each year tobacco causes over 4,000 Kansas deaths, and generates nearly \$930 million in health care costs (\$196 million within the Medicaid program alone). Research shows that raising the cost of tobacco products is an effective means to decrease the rates of tobacco use.

- A 10% increase in the price of a pack of cigarettes is associated with a 4% drop in tobacco use. An increase of \$.50 per pack of cigarettes may result in 20,000 of the current 400,000 adult smokers in Kansas quitting. *(This figure will be updated to reflect a \$.75 per-pack increase.)*
- For price-sensitive teens a similar price increase results in a 7% reduction in smoking rates. An increase in the excise tax on tobacco products has been one of the most effective ways to discourage youth from starting to smoke.
- Fifty percent of tobacco smokers begin their tobacco use before the age of 14. Not only do the habits of adults begin in childhood, but tobacco also serves as a gateway to other substance use among youth.
- In 2007, the average state excise tax on cigarettes was about \$1.03 per pack. Currently the excise tax on a pack of cigarettes in Kansas is \$.79 per pack.
- Tobacco use costs Kansans the equivalent of \$.86 per pack of cigarettes sold to pay for the tobacco-related illness of Medicaid recipients alone.
- An increased excise tax on all tobacco products would both reduce the number of youth who take up smoking and diminish the annual \$196 million Kansas Medicaid

costs (2004) associated with tobacco consumption.

Population Impacted: The entire Kansas population, including the 17.8% who currently smoke, would benefit from a reduction in health care costs associated with tobacco consumption. The 21% of high school students and 6% of middle school students who currently smoke would benefit from having a substantial barrier to smoking.

Budget Impact: Increasing the tobacco user fee by \$.75 per pack of cigarettes, and a comparable increase in all other tobacco products, would be expected to yield revenues of \$87.36 million in FY 2010. The table on Page 17 shows the estimated revenue impact in subsequent years.

Health Reform Recommendation for 2009 Legislature: Expansion of Medicaid Coverage for Parents (Caretakers)

Description: Expand access to care for needy parents (caretakers) who earn up to the federal poverty level (\$1,467 per month for a family of 3). Coverage will be provided under the HealthWave managed care program.

Background: Currently in Kansas, the income threshold for parents and caretakers to qualify for Medicaid is less than one-third the Federal Poverty Level. That's mainly because the income limits are established as fixed dollar amounts (not as a percentage of FPL) and those amounts have not been adjusted with inflation. Because of that, the Kansas Medicaid program now effectively covers only the unemployed.

- For example, a parent of two children living in Topeka can only receive medical coverage if the family has income of less than \$403 per month. In Garden City, that same family would have an income limit of just \$386. If these families are sharing an apartment with a friend the income limits fall to \$359 for the family in Topeka and \$349 for the family in Garden City.
- Considering rent for a 1-bedroom apartment in Topeka is about \$300, and that full medical costs average at least \$400 per month per adult, it is clear these families cannot afford to pay for their own medical care. Offering health coverage to the working

poor establishes a source of payment for vital care, helps create a healthy work force, and helps establish the importance of private coverage for both parents and children during their time of greatest need.

- A Kansas Health Institute review of the Current Population Survey data from the Census Bureau finds 75,000 uninsured adults under 100% of the Federal Poverty Level in Kansas, with approximately 45% being parents of minor children.

This proposal would establish coverage as a uniform percentage of poverty, halting the real decline in coverage levels and providing equity in coverage levels across the state.

Population Impacted: Uninsured parents with incomes above the current limits, but still below 100% of the Federal Poverty Level. In addition, it is expected that new adults coming into the program will bring with them a certain number of new children. While the vast majority of children in this income range are already covered under HealthWave, some non-participating children are expected to enroll as a result of the expansion of coverage to their parents. Those additional participants are included in the coverage estimates.

Total new enrollment as a result of this expansion is estimated at 30,531 adults

Budget Impact:

	SFY 09	SFY 10	SFY 11	SFY 12	SFY 13
SGF	\$0	\$10,500,000	\$41,000,000	\$65,350,000	\$73,500,000
FFP	\$0	\$18,600,000	\$61,200,000	\$97,620,000	\$109,800,000
Total	\$0	\$31,000,000	\$102,000,000	\$162,700,000	\$183,000,000

Health Reform Recommendation for 2009 Legislature: Cont. Expansion of Medicaid Coverage for Parents (Caretakers)

and 3,600 children by SFY 2013.

Budget Impact:

This proposal substitutes for the premium assistance program that was authorized by the 2007 Legislature but repealed in 2008. The premium assistance proposal would have provided a slightly reduced package of services through a new private employment-based option. The Legislature was concerned that private insurance would offer too few protections for this population. This proposal is to extend full Medicaid services through an expansion of the existing HealthWave program. The premium assistance proposal would have phased-in coverage to 100% of poverty over three years. This proposal is to expand coverage in one step. Caseload estimates assume that full enrollment of likely participants would take up to three years.

- For SFY 2010, total administrative estimates include contract costs plus 7 FTE's for KHPA: \$1,000,000 All Funds; \$500,000 SGF.
- For SFY 2011, the contract cost plus 15 FTE's for KHPA: \$2,000,000 All Funds; \$1,000,000 SGF.
- For SFY 2012, the contract cost plus 18 FTE for KHPA: \$2,700,000 All Funds \$1,350,000 SGF.
- For SFY 2013, the contract cost plus 18 FTE's for KHPA: \$3,000,000 All Funds \$1,500,000 SGF.

"Even though I've gone to school, I'm working and I work full-time, in order to pay for my son's insurance -because at my job, I make like 10 dollars over the cutoff to be able to qualify for medical assistance. So I have to work a second job to be able to pay for my son's and my medical insurance."

-Medical Clinic LPN

Considerations: Populations likely to be impacted that are currently being served by other agencies are those enrolled in the PIHP (Prepaid Inpatient Hospital Plan) & PAHP (Prepaid Ambulatory Health Plan) waivers, which cover capitated substance abuse treatment and/or mental health services. It is anticipated that the SRS budget will need to be increased. Expenditures are likely to increase for SFY 2010: \$1,750,000 All Funds and \$700,000 SGF. In SFY 2011: \$7,000,000 All Funds and \$2,800,000 SGF. In SFY 2012: \$11,000,000 All Funds \$4,400,000 SGF. In SFY 2013: \$13,000,000 All Funds \$5,200,000 SGF. The SRS costs are independent from the KHPA data above.

"If you don't have healthy parents, you don't have healthy children. It's about personal responsibility but it's not just a one-way approach. Most parents don't meet the eligibility requirements for benefits...Most parents will choose to feed their children or pay their utilities before they provide for their own health care."

-A Head Start Worker

Health Reform Recommendation for 2009 Legislature: Assist Small Businesses and Young Adults to Access Affordable Health Insurance

Description: Improve access to affordable health insurance for small businesses (2-50 employees) through reinsurance to spread the risk of high health care costs, improve the state's high risk pool, and encourage participation by young adult employees.

Background: Employer-sponsored health insurance is the fundamental means by which most people have access to health insurance in the United States. In 2006 over 1.5 million Kansans had employer-sponsored health insurance. Employees of large firms are more likely to be offered health insurance than those working for small firms.

- The 2006 Medical Expenditure Panel Survey (MEPS) indicated that 95% of Kansans working for firms with over 50 employees were offered health insurance while only 40% of Kansans working for firms with less than 50 employees were offered health insurance. Lack of health insurance is most prevalent in the 18-25 age group with approximately one-quarter of them being uninsured.

Data from the 2000 U.S. Census detailing industry employment by size of industry documents the prevalence of small employers in Kansas.

- Of the 67,900 establishments with employees in Kansas, over 79% have fewer than 100 employees.
- Almost half of the uninsured full-time working adults in Kansas are employed by firms with less than 50 employees.
- The fact that small employers make up the bulk of businesses in Kansas and that most Kansans have access to health care through employer-sponsored health

insurance makes continued provision of health insurance benefits by small employers an important policy goal. Many small business employers are unable to offer health insurance as an employee benefit, or opt not to, because of the cost, complexity, and unknown risk of administering health insurance.

- Twenty-three percent of Kansans age 19-34 are uninsured. Young adults more likely to be uninsured than any other age group. They alone comprise almost half (47 percent) of the uninsured. (Kansas Health Institute, *Uninsured Young Adults in Kansas*, May, 2008).

"Small businesses are struggling to provide insurance. Large employers are keeping people's work hours at just enough time so they don't have to provide insurance."

-Mother of a Young Adult

"There should be some way to tie small business into the State health plan."

-Kansas Farmer

Population Impacted: The 115,000 uninsured employees working for small businesses, many of whom are young adults.

Process for Policy Development: A broad panel of stakeholders, including small businesses, consumers, insurers, insurance agents will be convened to develop a coordinated small business health insurance policy proposal.

Budget Impact/Estimates: To be determined on the Board approves a package of recommendations on Jan. 18th 2009.

Health Reform Recommendation for 2009 Legislature: Implement Statewide Community Health Record

Description: Advance a statewide system of health information infrastructure including technical assistance for health care providers who want to use information technology in their practices. This would include funding to implement a statewide community health record for Kansas.

Background: Health information exchange (HIE) has the potential to improve efficiency, quality of care and patient safety as well as promote cost efficiency. In February 2008, Governor Sebelius asked KHPA to serve as the lead agency in guiding the development and administration of statewide health information technology and exchange. She requested KHPA to establish a Kansas E-Health Information Advisory Council to provide guidance on policy issues related to health information technology (HIT) as well as educational resources for stakeholders interesting in health information technology and exchange. One initiative KHPA pursued is a community health record (CHR).

- The CHR currently is a pilot project in Sedgwick County that engages select managed care organizations and an information technology company to deploy CHR technology to Medicaid managed care providers. The health record is built on administrative claims data and provides clinicians electronic access to information on medical visits, procedures, diagnoses, medications, immunizations and lead screening data. The CHR pilot contains an e-Prescribing component that provides a drug interaction and contraindication tool. The prescriber may access formulary information and submit prescriptions to pharmacies electronically.

- The goal of the CHR pilot was to assess the value that health information exchange (HIE) could offer to Medicaid providers and beneficiaries. The CHR pilot was launched in February 2006 at 20 Medicaid provider sites, with over 5,000 unduplicated Medicaid beneficiaries' records accessed by 215 CHR providers in Sedgwick County. In 2007, the Sedgwick County pilot was expanded to include an additional 20 sites.

The State Employee Health Plan initiated participation in an employer-based community health record in the Kansas City area, which is home to about 11,000 state employees.

*"We need to figure out a way to share health information."
-A Business Owner*

This proposal would make a CHR available statewide based on insights gleaned from the Medicaid CHR pilot in Sedgwick County and the State Employee Health Benefit Plan employer-based CHR pilot in the Kansas City area. A CHR would be delivered through web-based software specifically designed to meet Kansas' needs. The vendor would be selected through the state's competitive bidding process.

Population Impacted: When the CHR is fully phased-in (FY 2015) the 363,184 Kansans enrolled in Medicaid and Health-Wave and the 83,028 Kansas state employees, dependents and retirees in SEHBP would benefit from this policy.

Budget Impact/Estimate: In FY 2010 statewide expansion of the CHR would cost \$1,096,000, including \$383,600 from the State General Fund.

Kansas Department of Health and Environment Health Reform Recommendation for 2009 Legislature:

- 1) Increased funding and expansion of Cancer Screening;
- 2) Coordinated School Health Program;
- 3) Workplace Wellness Grants for Small Businesses

Increased funding and Expanded Cancer Screening

Description: Increased funding for early detection program of breast and cervical and expansion to include, colorectal and prostate cancer screening.

Background:

Breast and Cervical Cancer: The Early Detection Works (EDW) Program provides access to breast and cervical cancer screening and diagnostic services for low-income, uninsured, and underserved women. The program reimburses services through 100 contracting providers, reaching 18% of the eligible population of women between the ages of 40-60. Through all funding sources, the Early Detection Works Program served 7,200 women in FY06, 6,000 women in FY07 and 5,800 in FY08. Due to increased demand for the services and a lack of federal funding, enrollment of women into the program had to be suspended for three months before the end of FY08.

During the 2005 Kansas Legislative Session, \$230,000 in state general funds was awarded to EDW to reimburse clinical services provided to symptomatic women under the age of 40. The state funds provided diagnostic services to approximately 500 high-risk women under the age of 40 in FY07. During FY07, 88 women under the age of 40 were diagnosed with breast or cervical cancer (or precancerous conditions of the cervix);

64 of those women were under the age of 30.

Colorectal cancer is one of the few cancers that can be cured when detected and treated early by removing polyps before they become cancerous. According to the 2000 U.S. Census Bureau, 381,721 people between the ages of 50 and 64 live in Kansas. Based on income level (225% of the Federal Poverty Level), insurance status and the expectation that 10% of the eligible individuals will utilize the service, it is estimated the program will provide services to 12,500 eligible adult Kansans each year.

Prostate cancer occurs more frequently starting at age 50. It has been recommended that men in high-risk categories start screening at age 40. Based on high-risk criteria, and applying FPL of 225%, the number of men who would be eligible for the program is estimated at 6,137. Patients will be screened after discussion between the physician and the patient about the advantages and limitations of the screening process. The program will consist of an annual screening test for men aged 50 to 64 and for men aged 40 to 49 who are at high risk. It is projected that fewer than half of the men diagnosed with prostate cancer will be referred for treatment.

Budget Estimate/Impact: The proposed increased funding and expansion in screenings will require \$6,325,420. The majority of the funding is for reimburse-

Cont. Kansas Department of Health and Environment Health Reform Recommendation for 2009 Legislature:

- 1) Increased Funding and Expansion of Cancer Screening;
- 2) Coordinated School Health Program;
- 3) Workplace Wellness Grants for Small Businesses

ment to local contracted health care providers.

Kansas Coordinated School Health Program

Description: Increase funding for Kansas Coordinated School Health (KCSH) Program to expand its reach to a total of 85 school districts (from the current 45) in FY2010.

Background: In 2003 the Centers for Disease Control (CDC) awarded Kansas a cooperative agreement that enabled the state to establish KCSH. Federal funding for the program ended in February 2008. During those five years, the the KCSH program impacted 224 schools, which served 80,736 students in 39 counties using an eight-component coordinated school health model developed by CDC. The program focused on increasing physical activity, improving nutrition, decreasing tobacco use and decreasing the rates of obesity among youth. Accomplishments included meaningful policy changes that affected tobacco use, promoted healthy food choices, and increased physical activity opportunities. Federal funding for this program ended in February 2008.

In 2008, the Kansas Legislature allocated \$550,000 to maintain the staffing and program operations at its 2008 level of effort during FY09. The current level of available funding, including support from Kansas Foundations, allows KCSH to

reach only one in six Kansas schools and Kansas students. During FY09, the program will implement reporting systems that enable the program to systematically quantify impact of the program on student environments and in measuring behaviors by modifying existing KSDE reporting systems.

Budget Estimate/Impact: A budget enhancement of \$436,000 (in addition to the current \$550,000 allocated for SFY2009) will be required to expand the program to reach an additional 40 school districts.

Workplace Wellness Program Grants for Small Businesses

Description: Provide funding for a pilot project to cover costs of technical assistance and startup grants to small businesses.

Background: Large employers have frequently embraced workplace wellness programs as mechanisms to improve employee health, decrease absenteeism, enhance productivity, and reduce health care costs. Such a program should produce measurable outcomes, employ a comprehensive approach, and be sustainable. The costs of starting such programs are prohibitive for small employers who do not have the economy of scale advantage. This grant program would provide technical assistance and startup funds to small businesses to assist them in developing programs similar to those offered

Cont. Kansas Department of Health and Environment Health Reform Recommendation for 2009 Legislature:

- 1) Increased funding and Expansion of Cancer Screening;
- 2) Coordinated School Health Program;
- 3) Workplace Wellness Grants for Small Businesses

by larger employers.

Data from the U.S. 2000 Census detailing employment by size of industry documents the prevalence of small employers in Kansas. Of the 67,900 establishments with employees in Kansas, over 79% are in the under 100 employee size category. Business establishments (28,144) with 1-4 employees comprise 41.5% of the total; establishments (10,892) with 5-9 employees comprise 16% of the total; establishments (6,969) with 10-19 employees comprise 10.3% of the total; and businesses (7,833) with 20-99 employees comprise 11.5% of the total.

Budget Impact/Estimate: \$100,000 will be required for this initiative. Small grants will be provided to interested small businesses that apply for funding.

Health Reform Recommendation for 2009 Legislature: Improve Tobacco Cessation in Medicaid

Description: Improve access to tobacco cessation programs to Kansas Medicaid beneficiaries in order to reduce tobacco use, improve health outcomes, and decrease health care costs.

Background: According to the 2004 National Health Interview Survey, approximately 29% of adult Medicaid beneficiaries were current smokers. This figure was higher than the 2005 estimated rate of 20.6% for current smoking among the general population.

- The smoking rate for adults in Kansas is approximately 17.8%, and national data suggests the rate for Kansas Medicaid beneficiaries is higher than that of the general state population. (<http://www.statehealthfacts.org>).
- In order to decrease smoking rates, the 2000 Public Health Service Clinical Practice Guidelines recommended tobacco-dependence treatment, which included medication and counseling.
- One of the 2010 national health objectives is to increase insurance coverage of evidence-based treatments for tobacco dependence among all 51 Medicaid programs.

Kansas Medicaid currently provides reimbursement for some pharmaceutical products to treat smoking cessation. However, the state does not reimburse for smoking cessation counseling which reduces the rate of recidivism.

This proposal would expand reimbursement for smoking cessation treatment for Medicaid beneficiaries to include counseling in an individual and/or group setting. The expansion would be consistent with the changes occurring within the State Em-

ployees Health Plan (SEHP) which does include coverage of pharmaceuticals, as well as specific smoking cessation programs. In Kansas, smoking-attributed costs for Medicaid reached \$196 million in 2004 (CDC Sustaining State Programs for Tobacco Control Data Highlights, 2006). Forty-nine percent of Kansas adult smokers tried to quit and failed in 2004 compared to 55% nationwide. Kansas Medicaid currently covers the medication Chantix for up to 24 weeks in a year. It also covers other medications such as Zyban, inhalers, and nasal spray. Kansas Medicaid does not cover group, individual, or telephone counseling.

Population Impacted: The estimated 66,560 Kansas Medicaid beneficiaries who smoke would benefit from the increased coverage of tobacco cessation, improving health and lowering health care costs. The Kansas population overall would benefit from a reduction in the prevalence of secondhand smoke.

Budget Impact/Estimates: Last year, the legislature supported tobacco cessation support for pregnant women only. This proposal would provide coverage for a counseling session and medication for tobacco cessation for other Medicaid beneficiaries, with estimated costs of SGF \$200,000 (All funds \$450,000).

Estimated Costs of 2010 Health Reform Proposals Detailed Cost Estimate by Item

	FY 2010		FY 2011		FY 2012		FY 2013	
	<u>SGF</u>	<u>All Funds</u>	<u>SGF</u>	<u>All Funds</u>	<u>SGF</u>	<u>All Funds</u>	<u>SGF</u>	<u>All Funds</u>
Statewide Smoking Ban.	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
Expand Medicaid Coverage for Parents (Caretakers) to 100% FPL.	\$10,500,000	\$31,000,000	\$41,000,000	\$102,000,000	\$65,350,000	\$162,700,000	\$72,500,000	\$183,000,000
Assist Small Businesses and Young Adults to Access Affordable Health	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
Implement Statewide Community Health Record.	\$387,655	\$1,096,000	\$506,971	\$1,013,942	\$691,489	\$1,382,978	\$892,460	\$1,784,919
Improve Tobacco Cessation within Medicaid.	\$180,000	\$450,000	\$180,000	\$450,000	\$180,000	\$450,000	\$180,000	\$450,000
Expanded Cancer Screenings. (In KDHE Budget)	\$6,325,420	\$6,325,420	\$6,482,061	\$6,482,061	\$6,644,112	\$6,644,112	\$6,810,214	\$6,810,214
Increased funding for Kansas Coordinated School Health Program. (In	\$436,000	\$436,000	\$445,397	\$445,397	\$456,480	\$456,480	\$467,893	\$467,893
Provide funding for Workplace Wellness Program Grants for Small Businesses. (In KDHE Budget)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Costs -- Health Reform Proposals	\$17,929,075	\$39,407,420#	\$48,714,429	\$110,491,400#	\$73,422,081	\$171,733,570	\$80,950,567	\$192,613,026
Cigarette Tax Increase								
\$.75 increase (to \$1.54 per pack)	\$68,760,000		\$57,450,000		\$56,410,000		\$55,400,000	
Tobacco Products Tax Increase	\$18,600,000		\$20,100,000		\$20,100,000		\$20,100,000	
Total Increase	\$87,360,000		\$77,550,000		\$76,510,000		\$75,500,000	