

*Coordinating health & health care  
for a thriving Kansas*



## **2011 Annual Legislative Report**

Presented to:  
*Kansas Legislature*

By:  
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## MESSAGE FROM THE CHAIRMAN AND EXECUTIVE DIRECTOR

To the Kansas Legislature:

Pursuant to K.S.A. 75-7405, we hereby submit the following annual report for your review. This report contains detailed summaries of the Kansas Health Policy Authority's activities in 2010.

Since its inception in 2005, the Board and staff at KHPA have been committed to improving both the health and health care of all Kansans. During its first years, the agency served the dual function of administering the state's major health care programs and developing state wide health reform initiatives. Later, as the debate over health reform shifted to the national level, KHPA turned its focus to improving the administration of core programs and making sure Kansas was positioned to implement any federal health reforms that might be adopted.

During 2009 and 2010, KHPA made significant strides in both areas of focus, despite fiscal constraints brought on by an historic economic downturn. Today, the Kansas Medicaid, CHIP and the State Employee Health Benefits Plan programs are in sound condition, and Kansas is well positioned to implement federal health reforms, and to support the new Administration's effort to improve the quality of Medicaid services and reduce costs to ensure a strong and sustainable program. The Board and staff of the Kansas Health Policy Authority are proud of the Agency's efforts and achievements, which are highlighted throughout this report.

Governor's Executive Order 38 transitions KHPA into the Division of Health Care Finance in the Department of Health and Environment, effective July 1, 2011. This transition will bring to an end KHPA's six-year journey. The Board and staff at KHPA have committed to a smooth transition of the state's health care programs to a new administration, and to helping that new administration achieve its goals and priorities in state health policy.

Sincerely,



Andrew Allison, Ph.D.  
Acting Executive Director



William Reed, M.D.  
KHPA Board Chairman

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# Our History

## **STATUTORY HISTORY OF KHPA**

The Kansas Health Policy Authority was established in 2005 by passage of S.B. 306 in the Kansas legislature. That bill established KHPA as a state agency within the executive branch of state government (K.S.A. 75-7401, et seq.). The general charge is to improve the health of Kansans and to develop and maintain a coordinated health policy agenda that combines effective purchasing and administration of health care with health promotion oriented public health strategies.

Prior to 2005, the state of Kansas purchased health care and health coverage for state employees and various other populations through a myriad of different programs and agencies. One of the primary reasons for consolidating those programs into a single agency was to leverage the combined purchasing power of the state to achieve greater efficiency and cost savings.

Because the two main programs brought together by the legislation—state employee health care and Medicaid—cannot literally be combined, and because Medicaid’s market leverage is limited by low payment rates, this leverage was to be applied in other ways, such as coordinated policies and comparative data-driven purchasing.

The bill called for forming a 16-member Board of Directors to govern the agency, including nine voting members appointed by the Governor, Speaker of the House and Senate President, as well as seven non-voting, ex-officio members. The seven ex-officio members include the secretaries of Health and Environment, Social and Rehabilitation Services, Administration and Aging; the director of health of the Department of Health and Environment, the state Insurance Commissioner and the Executive Director. In 2008, the Kansas legislature passed legislation designating the state Education Commissioner as an eighth ex-officio member. The board provides independent oversight and policymaking decisions for the management and operation of KHPA.

The immediate predecessor to the Kansas Healthy Policy Authority was the Division of Health Policy and Finance (DHPF), also established July 1, 2005 within the Department of Administration. DHPF served as the single state agency responsible for the Medicaid Program in Kansas until July 1, 2006.

On July 1, 2006, the DHPF was abolished and the Kansas Health Policy Authority assumed responsibility for the federally funded medical assistance programs including Medicaid and the State Children’s Health Insurance Program (SCHIP), state employee health benefits plan, and the state workers compensation fund. Certain Medicaid funded long-term care services, including nursing facilities and Home and Community Based Services (HCBS) are managed on a day-to-day basis by the Kansas Department of Aging (KDOA) and the Kansas Department of Social Rehabilitation Services (SRS). These agencies also set policy for the Medicaid programs under

their jurisdictions.

KHPA is responsible for the development of a statewide health policy agenda including health care and health promotion components. KHPA also is responsible for the development of health indicators to include baseline and trend data on health costs.

The KHPA Board was established in 2005 to provide independent oversight and policy making decisions for the management and operations of KHPA. Membership of the Board is made up of nine voting members who have been appointed by the Governor and House and Senate leadership, and eight non-voting (ex-officio) members which include Secretaries of the Department of Health and Environment, Social and Rehabilitation Services, Administration, Aging, the State Director of Health, the Insurance Commissioner, the Commissioner of Education and the Executive Director of KHPA. The eight non-voting members serve as a resource and support for the voting members.

With the exception of the original members, who were appointed to serve terms that vary for the first cycle, the Board members serve four-year terms. The terms of the voting members of the Authority conclude on March 15<sup>th</sup> in the year their terms expire, or until they are replaced by the person responsible for appointing them.

The Executive Director of the Authority has responsibility and statutory authority for the oversight of the Medicaid and SCHIP programs, the State Employees Health Benefits Program, State Workers Compensation, and the health care data responsibilities of the former Health Care Data Governing Board.

Specific Kansas guidelines are derived from House Substitute for Senate Bill No. 272 from the 2005 Session and related Kansas statutes including:

- Establishing the Kansas Health Policy Authority and KHPA Board; including duties, powers, and responsibilities.
- Appointment of Executive Director subject to senate confirmation as provided by K.S.A. 75-4315b.
- K.S.A. Supp. 39-708c provides general authorization for the Authority to enter into state plans for participation in federal grant programs.
- K.S.A. Supp. 39-708c(x) amended in the 1990 Kansas Legislature, pertains to the establishment of rates for payment of services.
- K.S.A. 38-2001 et. seq. directs the Authority to develop and implement a plan for insurance coverage for Kansas children consistent with 42 U.S.C. 1397aa et. seq. Title XXI of the Social Security Act. The plan was marketed initially to the Title XXI population, as “HealthWave”. This plan is intended to be expanded over time to include all Title XIX and Title XXI children.

## **STATUTORY HISTORY OF PROGRAMS:**

**Medicaid:** In 1965, Congress amended the Social Security Act to include Title XIX (Medicaid) which provides medical coverage for individuals of all ages based on financial eligibility. Medicaid is a joint federal-state health insurance program for low income individuals, the aged, and people with disabilities. In Kansas, the federal government normally pays approximately 60 percent of the cost of the program, with the state paying the remaining 40 percent. These percentages have been temporarily altered twice since 1965 to provide fiscal relief: first in 2003-2004; and again in the current recession. The federal matching percentage is scheduled to fall to around 57% in 2012.

**CHIP:** In 1997, Congress amended the Social Security Act further by adding Title XXI establishing CHIP – the Children’s Health Insurance Program. The aim was to insure children whose families earned too much to qualify for Medicaid but too little to afford private insurance. Like Medicaid, CHIP is a joint federal-state program. However, unlike Medicaid, which is an entitlement program, CHIP is a block grant program that is subject to federal reauthorization. State funding for CHIP is made by specific appropriations, rather than through the consensus caseload process as the Medicaid “entitlement” is.

In Kansas, the federal government pays approximately 72 percent of CHIP costs. The state pays the remaining 28 percent as well as any excess above the federal allotment. CHIP is administered by the state within federal guidelines. Currently, the Kansas program insures children in families with income below 200 percent of the federal poverty level. In 2008, the legislature approved expanding eligibility up to 250 percent of the 2008 poverty level, subject to the availability of increased federal funding. With federal reauthorization of CHIP in January 2009, and state funding for the expansion in May 2009, KHPA implemented the expansion on January 1, 2010.

**HealthWave:** The word “HealthWave” originated as the state of Kansas’ brand name for the CHIP program in Kansas. In 2001, Kansas blended CHIP and Medicaid so that families who are eligible for both programs can have seamless coverage, with the same plan and same providers for all family members. The term now applies to the blended program serving families with members in each of the two programs.

**Workers Compensation:** KHPA administers the workers compensation program for state of Kansas employees. Formally known as the State Self Insurance Fund (SSIF), it was established in 1972 and eventually consolidated into KHPA in 2006. It is a self insured, self-administered program. The SSIF is funded by agencies based on experience rating. The rates are developed based on actuarial analysis of claims experience, payroll history and caps on expenses. Rates are currently approved by the Department of Administration and published by the Division of Budget.

**State Employee Health Benefits Plan:** As an employer, the state of Kansas offers health coverage benefits to its employees and their dependents. In 1984 the legislature established the Kansas State Employees Health Care Commission (HCC) to, “develop and provide for the implementation and administration of a state healthcare benefits program.” (K.S.A. 75-6501.) The HCC is chaired by the Secretary of Administration and determines the benefits provided under the plan and the allocation of costs between the employer and employee. The HCC

receives input from a 21-member Employee Advisory Committee that was established in 1995.

Over the years, SEHP has been expanded to include other employee groups. In 1999 the HCC approved inclusion of employees in Kansas public school districts, community colleges, technical colleges and vocational technical schools into the plan. In 2000, certain units of local government were allowed to join, including cities, counties, townships, public libraries, public hospitals and Extension councils.

Underwriting guidelines were developed to assure that state employees would not be adversely affected by those additions. Non-state entities pay different composite rates and premiums to reflect the cost of administering those benefits.

# Mission and Vision Principles

## KHPA Mission

As expressed in the statute that created the KHPA (KSA 75-7401, *et seq.*) the mission of Kansas Health Policy Authority is “to develop and maintain a coordinated health policy agenda which combines the effective purchasing and administration of health care with health promotion oriented public health strategies. The powers, duties and functions of the Kansas Health Policy Authority are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency and effectiveness of health services and public health programs.”

## Vision Principles

The KHPA Board of Directors adopted the following vision principles to serve as the guiding framework for the agency and the Board. They reflect the board’s application of their statutory mission to the full range of health policies within their purview.

***Access to Care*** – Every Kansan should have access to patient-centered health care and public health services ensuring the right care, at the right place, at the right price. Health promotion and disease prevention should be integrated directly into these services.

***Quality and Efficiency in Health Care*** – The delivery of care in Kansas should emphasize positive outcomes, safety and efficiency and be based on best practices and evidence-based medicine.

***Affordable and Sustainable Health Care*** – The financing of health care and health promotion in Kansas should be equitable, seamless and sustainable for consumers, providers, purchasers and government.

***Promoting Health and Wellness*** – Kansans should pursue healthy lifestyles with a focus on wellness to include physical activity, proper nutrition and refraining from tobacco use as well as a focus on the informed use of health services over their life course.

***Stewardship*** – The Kansas Health Policy Authority will administer the resources entrusted to us by the citizens of the state of Kansas with the highest level of integrity, responsibility and transparency.

***Education and Engagement of the Public*** – Kansans should be educated about health and health care delivery to encourage public engagement in developing an improved health system for all.



# Program Summaries

## Executive Director's Office

The Executive Director's Office oversees the operations and administrative responsibilities of the agency, and is responsible for ensuring the agency's compliance with statutory obligations. This office is responsible for coordinating all programs established to assist with the mission and vision of the agency. The KHPA Board provides independent oversight and policy management for the agency, and regular meetings are held to report to Board members on agency and joint interagency initiatives and to allow for policy-making discussions. This office includes the Executive Director and the Board Liaison.

The External Affairs team is comprised of the Deputy Director, Director of Public Relations, Webmaster and Legislative Liaison. The team communicates the agency's activities through a multi-media communications strategy with the goal of presenting useful information in an unbiased and accessible manner. During 2010, the functions of Webmaster and Director of Public Relations were consolidated into a single position.

### Highlights:

- **Coordinated Health Policy Agenda:** Pursuant to K.S.A. 75-7405 *et seq.*, the KHPA executive team and Board developed a health policy agenda that included both health care and health promotion components. That agenda, which can be accessed at [www.khpa.ks.gov/health\\_reform/default.htm](http://www.khpa.ks.gov/health_reform/default.htm), was organized along the Vision Principles established by the Board in 2006. The Agenda was last updated by the KHPA Board in 2009.
- **Medicaid Savings Options report:** In March 2010, at the request of the Legislature, the Executive Director's Office and External Affairs team produced a report that analyzed options and made recommendations for achieving both long-term and medium-term savings in the Kansas Medicaid program. The report made use of extensive program evaluations that had previously been published by KHPA as well as a survey of health care professionals and the general public. The report was delivered to the legislature on March 9 and is posted on [www.khpa.ks.gov/Medicaid\\_savings\\_options.html](http://www.khpa.ks.gov/Medicaid_savings_options.html).
- **Medicaid Cost Drivers forum:** In a follow-up to the Medicaid Savings Options report, KHPA hosted a public forum with stakeholders and legislators to review the factors driving the cost of Medicaid and to discuss options for controlling future cost growth, with particular focus on state choices and responsibilities under the recently-passed Affordable Care Act. Dr. Deborah Bachrach, a nationally recognized Medicaid expert, was invited to facilitate the discussion. Documents from the forum, as well as audio of the proceedings, are posted on [www.khpa.ks.gov/meetings\\_events/MedicaidCostDriversForum.html](http://www.khpa.ks.gov/meetings_events/MedicaidCostDriversForum.html).

- **Affordable Care Act analysis:** Following passage by Congress of the Patient Protection and Affordable Care Act, KHPA commissioned an actuarial analysis of the impact the new legislation would have in Kansas, including its impact on state health care spending and on health insurance markets in the state. With funding from the United Methodist Health Ministries Fund, KHPA partnered with schramm.raleigh Health Strategy to perform the analysis. The report was delivered to the KHPA Board on May 18, 2009, and was posted on the KHPA website, along with audio of the Board presentation and discussion. [www.khpa.ks.gov/ppaca/KHPA\\_Analysis.html](http://www.khpa.ks.gov/ppaca/KHPA_Analysis.html)
- **Federal Health Reform Planning:** Dr. Allison is an active the participant at national level with health reform planning as a member of the national Health Reform Executive Steering Committee sponsored by the Centers for Medicare and Medicaid Services. Kansas also is represented by Insurance Commissioner Praeger on this national committee. Dr. Allison's particular focus has been on discussing the challenges and opportunities in developing effective enrollment systems to implement health reform, such as the Kansas KATCH eligibility/enrollment system.
- **Launching of the Data Analytic Interface (DAI):** The DAI began operating with live data during 2010, and DAI preliminary reports are being presented to the Data Consortium members for final fine-tuning with plans to share with the KHPA Board and post on website later this year. Use of the DAI by staff to improve program operations continues, and the system is also being used to support the new Administrations Medicaid reform effort.
- **Advisory Councils:** During FY 2009, KHPA's executive team continued to meet with the four advisory councils and solicit input from their members on the agency's health policy recommendations and the future direction of the agency. The External Affairs team organized and facilitated the meetings. Meetings with individual councils were held in September 2009. The councils did not meet during 2010.
- **Program Improvement Initiative:** During FY 2010, KHPA broadened its "Medicaid Transformation" initiative. Originally, Medicaid Transformation involved performing systematic reviews of programs and services in the Medicaid and HealthWave programs, with the goal of identifying potential cost savings as well as ways to improve the quality and effectiveness of the programs. That process has now been expanded to include internal operations within KHPA and will soon be expanded further to include the State Employee Health Plan. In Calendar Year 2010, KHPA published 13 new program reviews which are available on the KHPA website: [www.khpa.ks.gov/program\\_improvements/default.htm](http://www.khpa.ks.gov/program_improvements/default.htm).
- **Implementation of Medicaid Transformation Recommendations:** A number of Medicaid Transformation recommendations were implemented during this past year to include:

- Durable Medical Equipment pricing
- Outsourcing of the non-emergency transportation program for Medicaid
- Diabetes management for Medicaid home health beneficiaries
- Automated prior authorization for select drugs

## **OFFICE OF INSPECTOR GENERAL**

The Office of Inspector General (OIG), which was created by the 2007 Kansas Legislature in K.S.A. 75-7427, is the first statutorily created Office of Inspector General in Kansas. Under the direction of the Inspector General, two auditors and an administrative specialist help carry out the mission of the OIG. That mission is:

- To provide increased accountability and integrity in the Kansas Health Policy Authority's programs and operations
- To help improve those programs and operations
- To identify and deter fraud, waste, abuse and illegal acts

The OIG accomplishes its mission primarily through performance audits, reviews and investigations that are conducted in accordance with government auditing standards issued by the Comptroller General of the United States. The OIG is an independent audit unit that reports the results of audits and reviews to KHPA's Board of Directors. All audit reports are made available for public review. The OIG forwards any evidence of potential fraud or other illegal acts that is uncovered to appropriate law enforcement agencies in the State. The KHPA OIG produces a separate annual report. The most recent OIG Annual Report can be accessed at [http://www.khpa.ks.gov/oig/annual\\_reports.html](http://www.khpa.ks.gov/oig/annual_reports.html).

## **PROGRAM INFORMATICS AND CONTINUING IMPROVEMENT**

KHPA is charged with the responsibility for collecting a wide range of health and health care information that includes programmatic and administrative data as well as market-generated data. These data include Medicaid and SCHIP, State Employees' Health Benefits Plan, State Workers' Compensation Self-insurance Fund, inpatient hospital claims information, health care provider licensure databases and private insurance data from the Kansas Health Insurance Information System (KHIIS).

The KHIIS database is managed by KHPA on behalf of the Kansas Insurance Department on a contractual basis. Its potential uses include analysis of financial data, benefit designs, analyses of provider information, analysis of utilization data and other claims-based epidemiological studies.

To support KHPA with data collection, integration, management, analysis, reporting and enhancement activities, the Program Informatics and Continuing Improvement (PI&CI) Division was created in July 2009, as a successor to the Data Policy and Evaluation Division to provide

decision support for data-driven policy setting, implementation and continuous improvement of KHPA programs.

PI&CI currently comprises three sub-units:

- **Data Management:** Provides usable data, management tools and analytics to facilitate decision-making in KHPA programs, initiatives and health care in general. This team administers the KHIIS, Health Professional Licensure and the Hospital Inpatient Discharge databases and helps with the design and implementation of the Data Analytic Interface.
- **Program Improvement:** Provides tools, training, and organizational leadership to support continuous improvement of KHPA programs and processes. The current focus is on the completion of the 2010 Medicaid Transformation Program Review process and the extension of this initiative into an agency-wide system of program evaluation.
- **Reporting:** Helps design, implement, maintain and automate dashboards and reports employing state-of-the art best practices in data visualization/presentation to enhance decision-making by KHPA staff and other health industry stakeholders. Primarily supports the Data Consortium and the Data Analytic Interface.

House Substitute for SB 272, the enabling legislation for KHPA, transferred the responsibility for collection and management of a wide range of data once managed by the Health Care Data Governing Board (HCDGB). In addition, House Substitute for SB 577 transferred to KHPA responsibility for collection of data from insurance carriers on behalf of the Commissioner of Insurance. KHPA is charged with using and reporting those data to increase the quality, efficiency and effectiveness of health services and public health programs. KHPA is required specifically to adopt health indicators and include baseline and trend data on health costs and indicators in each annual report submitted to the Kansas Legislature.

KHPA works to ensure the effective collection, management, use and dissemination of these data to improve decision-making in the design and financing of health care and public health and wellness policies charted by the KHPA Board. Since December 2007, KHPA has routinely convened a Data Consortium comprising over 22 key Kansas health and health care organizations to advise the development of policies and bring recommendations to the Authority regarding:

- The Authority's responsibilities for managing health data.
- Reporting standards and requirements for non-programmatic data.
- Data sharing for research, policy development and programmatic improvement.
- Identifying specific topics for analysis.
- Health and health care data initiatives in other organizations and agencies.
- Reporting cost, quality and other data for consumers, policymakers and others.

To allow KHPA staff and stakeholders to access KHPA-managed data more easily and quickly, a Data Analytic Interface (DAI) that incorporates data from the Medicaid Management Information System (MMIS), the State Employees' Health Plan (SEHP) system and Kansas Health Insurance Information System (KHIIS) was procured. The Medicaid and SEHP modules were launched in

January 2010 and KHIIS integration is currently in progress. The breadth and depth of information contained in these previously independent datasets presents an unprecedented opportunity to document, describe, analyze and diagnose the state of health care in Kansas.

The data integrated through the DAI includes:

- Medical claims data for Medicaid and SCHIP consumers representing nearly 400,000 Kansans each year.
- Medical coverage and workers compensation claims, medical services, lab results, drug and dental claims data and member eligibility data for approximately 90,000 Kansans through the State Employees' Health Plan (SEHP).
- Detailed claims, enrollment and health plan information from 20 to 30 private insurance carriers representing over 700,000 Kansans.

The overall goal of KHPA is to take currently available data from the three systems and create a single interface for analysis. This will allow analysis based on episodes of care of individual beneficiaries, disease management, predictive modeling, evaluative analysis, etc., to measure costs and outcome effectiveness. The DAI was designed to use public and private data to compare the health care service and utilization patterns, identify trends and areas for focus and improvement. KHPA will analyze this data to develop programmatic improvements in Medicaid and the State Employees' Health Plan and to inform health policy for the state as a whole. The improved decision-support capability of the DAI should lead to increased productivity and more efficient use of State health care dollars in order to manage costs, quality and access to health care programs.

PI&CI Accomplishments:

- Developed a comprehensive set of indicators on Quality & Efficiency, Access to Care, Affordability & Sustainability, and Health & Wellness dimensions of the Kansan health system that are routinely reported online as part of the [Kansas Health Indicators dashboard](#). These are guided by a multi-stakeholder process ([Data Consortium](#) and 4 of its workgroups).
- Continue to serve as organizer/convener for the Data Consortium to address data policy and issues related to:
  - Health Professions Workforce Data: Launched a new [workgroup](#) comprising Licensure Boards, data users, health care providers, and government agencies in December 2009 that developed [recommendations](#) for a streamlined data collection mechanism to support statewide workforce planning while minimizing the cost/burden to providers and associations for collecting it.
  - Public reporting and stakeholder review of KHIIS and DAI reports including aggregate statistics on health care utilization, costs, trends, and comparative price indices between private and public markets.
- Development of data sharing policy – e.g. the DAI data use agreement, This was used to provide data for a multi-state quality improvement initiative - Kansas City Quality Improvement Collaborative (KCQIC) Aligning Forces for Quality Initiative aimed at helping primary care providers improve patient outcomes.

- Development and publication of new health care market reports through the Data Consortium that compare public and private health care prices in three areas: physician services, dental services, and hospital services. These reports can be viewed at [http://www.khpa.ks.gov/medicaid\\_reports/Health\\_Care\\_Market\\_Reports.html](http://www.khpa.ks.gov/medicaid_reports/Health_Care_Market_Reports.html)
- Coordinating/collaborating with other data collection and quality improvement partners such as KDHE, KID, the Kansas Health Collaborative (KHA/KMS initiative), and the Licensure Boards.
- Continuous improvement of data integrity of the databases under management (e.g. conversion of KHIIS to version 4.0, continually addressing gaps in Licensure data and working with private insurance carriers and Licensure Boards to improve the quality of submissions)
- Helping KHPA with the [comprehensive reviews](#) of operational and quality aspects of the various programs in its purview. Published 14 Medicaid reviews in 2009, and 12 reviews in 2010 and applying lessons learned to the latest program review cycle while simultaneously leveraging the DAI to aid staff in this process.
- Primary responsibility for the implementation of the DAI right from inception (RFP) to launch. The Medicaid and SEHP modules of the DAI went live in January 2010 and currently addressing the challenges of integrating KHIIS private market data into the unified data model.

## **FINANCE AND OPERATIONS**

Under the Direction of the Chief Financial Officer, the Finance and Operations Division provides administrative support and financial services to all of the KHPA program areas.

**Finance.** The Finance Unit is charged with the fiscal management and accurate financial reporting for KHPA's programs. Key finance activities include: managing the budget submission and adjustment processes; accurately reporting expenditures and revenues to the federal government; prudently managing cash balances; and managing receipts and receivables. The Accounting section manages all payables processing, including reconciliation of contractor pay tapes for provider payments, managing contract encumbrances and developing management reports to guide decision making.

**Operations.** The Operations unit includes a variety of support services needed to maintain and improve the efficient and effective operation of KHPA as described below:

- The Risk Management Unit tracks and provides assistance with resolution of external audits, provides management consultation to improve internal processes, validates program integrity and leads the enterprise risk management program.
- Operations and Purchasing provides for the space and equipment needs of the policy areas within KHPA, guidance and reports for purchasing items on and off State contract, maintains mail support throughout KHPA and customer service to help guide consumers to the appropriate agency staff member.

- Information Systems and Project Management manages the computer and telecommunications infrastructure, information security, and technology projects for KHPA.
- Medicaid Eligibility Quality Control (MEQC) reviews KHPA and SRS compliance with regulations and policy governing eligibility for Medicaid benefits and how eligibility determinations are made. MEQC also is responsible for oversight of the federally mandated Payment Error Rate Measurement (PERM) project to calculate an aggregate rate of payment errors based on the accuracy of eligibility determinations and claims processing.

**Human Resources.** The Human Resources team delivers a full range of human resources services for the agency. In addition to daily personnel and position administration, the team drives recruitment and new hire processes, coordinates training, handles employee relation issues and provides support to employees, supervisors and management alike.

**Legal Services.** The KHPA Legal Section provides advice, research and representation for all functions of the agency. The Legal Section covers the Medicaid program, State Employees' Health Benefits Program, State Self-Insurance Fund, KHPA Policy and KHPA Finance and Operations. The goal of the Legal Section is to provide timely and effective legal support for KHPA.

Key projects for the Finance and Operations division during FY 2010 included:

- **American Recovery and Reinvestment Act (ARRA)**  
After the passage of the ARRA legislation, KHPA developed accounting mechanisms to receive and distribute the enhanced Medicaid matching funds across Medicaid funded agencies. These additional federal funds buoyed the state budget during critical periods of FY 2010 and in the planning for FY 2011. The ARRA legislation required states to certify that statutory conditions were met and to provide regular reporting on the amount of the funds used. The Government Accountability Office and CMS Office of Inspector General have asked additional questions of KHPA to verify how the funds are used. The change in the federal Medicaid matching rates also impact the amount of drug rebate
- **Statewide Management and Reporting Tool (SMART)**  
The SMART project's stated goals are to improve efficiency, management decision-making, transparency and customer service for the State of Kansas through the purchase and implementation of a new financial management system. The SMART system began handling transactions on July 1, 2010. KHPA worked to integrate SMART with legacy automated systems such as the Medicaid Management Information System, Riskmaster and SHaRP. KHPA is monitoring the progress of financial transactions through the interfaces and working through specific issues raised by providers and vendors.

**Other Finance and Operations accomplishments are listed below:**

- Transitioned contracted information technology staff from the Division of Information Systems and Communication to working for KHPA, saving contract overhead.
- Implemented Medicaid provider payments in the new state accounting system.
- Contributed legal oversight to multistate pharmacy pricing litigation, resulting in \$8 million in payments to Kansas Medicaid.
- Managed cash balances at the end of FY 2010 to avoid pending provider payments, including transferring additional fee fund to Department of Aging to prevent pending in the nursing facility and Frail Elderly waiver programs.
- Completed federal Payment Error Rate Measurement project for Federal FY 2009 with a 9.59 percent payment error rate and a 9.54 percent active eligibility error rate.

## **MEDICAID AND HEALTHWAVE**

The Medicaid and HealthWave Division develops policies and administers and manages programs that fund health care services for persons who qualify for Medicaid, MediKan and the State Children’s Health Insurance Program (SCHIP). Persons served by these programs include low income children and adults, people with disabilities and the elderly. In addition to administering cost-effective managed care and fee-for-service purchasing systems, the Medicaid and HealthWave division contracts with and oversees a fiscal agent that operates the Medicaid Management Information System (MMIS), insures compliance with relevant federal rules and regulations and coordinates health care purchasing and planning among various State agencies.

Medicaid is a federal-state program that provides health and long-term care services to people with low incomes. All states currently participate in the Medicaid program and federal matching funds are available for the costs of these services. As a condition of state participation, each state must agree to cover certain populations (e.g., elderly poor receiving Social Security Income) and certain services (e.g., physician services). These eligibility groups and services are referred to as “mandatory” and are shown below:

### **Mandatory Populations**

- Children age six and older below 100 percent Federal Poverty Level (FPL) (\$18,310 a year for a family of three)
- Children under age six below 133 percent FPL (\$24,352 a year for a family of three)
- Parents below the State’s Aid to Families with Dependent Children (AFDC) cutoffs that were effective July 1996
- Pregnant women  $\leq$  133 percent FPL
- Elderly and disabled SSI beneficiaries with income  $\leq$  74 percent FPL (\$8,088 a year for an individual)
- Certain working disabled
- Medicare Buy-In groups (Qualified Medicare Beneficiaries (QMBs), Specified Low Income Medicare Beneficiaries (SLMBs), and Qualifying Individuals (QIs)

### **Mandatory Acute Care Benefits**



- Physician services
- Laboratory and x-ray services
- Inpatient hospital services
- Outpatient hospital services
- Early and periodic-screening, diagnostic and treatment (EPSDT) services for individuals under 21
- Family planning and supplies
- Federally-qualified health center (FQHC) services
- Rural health clinic services
- Nurse midwife services
- Certified pediatric and family nurse practitioner services

#### Mandatory Long-Term Care Benefits

- Institutional Services: Nursing facility (NF) services for individuals 21 or over

Nearly all health care services purchased by KHPA are financed through a combination of state and federal matching dollars either through Title XIX (Medicaid) or Title XXI, the State's Children's Health Insurance Program (SCHIP). Under Title XIX the federal government provides approximately 60 percent of the cost of Medicaid services with no upper limit on what the federal government will reimburse the state. The state provides the remaining 40 percent of the cost of Medicaid services. Under Title XXI the federal government provides approximately 72 percent of the cost up to a maximum allotment, and the state provides the remaining 28 percent and any excess spent above the federal allotment. Health care services are purchased through both traditional fee-for-service and managed care models as described below.

As part of the Balanced Budget Act of 1997, Congress created Title XXI, the State Children's Health Insurance Program (SCHIP), to address the growing problem of children without health insurance. The program was designed to expand health insurance to children whose families do not qualify for Medicaid.

SCHIP is a federal/state partnership similar to Medicaid. The program was designed to provide coverage to "targeted low-income children." A "targeted low-income child" is one who resides in a family with income below 200 percent of the Federal Poverty level (FPL) or whose family has an income 50 percent higher than the state's Medicaid eligibility threshold. The 2009 Legislature approved and funded an expansion of SCHIP to children in families up to 250 percent of the FPL, scheduled to take effect on January 1, 2009. Kansas provides free or low cost health insurance coverage to children who:

- Are under the age of 19
- Do not qualify for Medicaid
- have family incomes under 250 percent of the federal poverty level (2008 FPL standard)
- are not covered by State Employees' Health Insurance or other private health insurance

In FY 2010, KHPA spent over \$1.352 billion purchasing health care for more than 380,000 persons through the Medicaid and HealthWave programs. It is the third largest purchaser of

health care services and the largest purchaser of children's health care services in Kansas. About 69 percent of the people served were low-income children and families, although spending for these populations comprises less than half of total spending on medical care. Disabled and aging populations comprise the majority. Medicaid pays for about 40 percent of the births in Kansas.

The Medicaid/HealthWave Division is composed of the following sections: Strategic Purchasing; Eligibility; Operations; Medicaid Policy, Coordination and Projection and Payment Policy Development and Implementation.

**Strategic Purchasing.** The Strategic Purchasing Unit oversees health care purchasing and delivery for two primary Medicaid population groups: low income families and the aged, blind and disabled. KHPA purchases health care through three product lines: capitated managed care, Primary Care Case Management and fee-for-service. The Strategic Planning Unit is responsible for writing, procuring, and managing the contracts with our managed care organizations (MCO) – Children's Mercy Family Health Partners (CMFHP), UniCare Health Plan of Kansas (UC), Cenpatico Behavioral Health (CBH) and Medical Transportation Management (MTM) and monitors the delivery of care through Medicaid fee-for-service and the PCCM program-HealthConnect Kansas (HCK). The Strategic Purchasing Unit also monitors utilization trends for the two populations of beneficiaries, low income families and aged, blind and disabled and develops policy solutions and quality improvements. The Pharmacy Section is responsible for directing the Medicaid fee-for-service pharmacy program.

**Eligibility.** The Eligibility section of the Medicaid Division has four units that oversee all aspects of Medicaid eligibility. The Eligibility Policy Unit is responsible for overseeing all program, policy, training and outreach activities related to beneficiaries and their enrollment into the program. This unit interprets federal and State laws and regulations, issues policies about who is eligible and how eligibility is determined, coordinates issues related to the customer experience and actively works with community partners to develop strategies for enrolling eligible beneficiaries. The unit is also responsible for developing a statewide training strategy for eligibility workers in SRS and KHPA as well as community partners who assist with application preparation. Members of this unit ensure that automated systems support policy and are included in program integrity activities. The *Working Healthy* Unit manages the *Working Healthy* program, including education, outreach and program promotion, facilitating enrollment, premium oversight and the *Working Healthy* supplemental personal assistance program, *Work Opportunities Reward Kansans (WORK)*. The unit is also responsible for administering a number of federal grants that encourage, support and sustain employment of people with disabilities. The Presumptive Medical Disability Team (PMDT) works to examine disability claims for people who are seeking medical coverage but have yet to be determined eligible by the Social Security Administration (SSA). Finally, in compliance with federal and state laws and regulations, the Eligibility Clearinghouse staff at the HealthWave clearinghouse complete all Medicaid eligibility determinations received and monitor the performance of the contract eligibility determination staff. The Eligibility section is also responsible for the Kansas Access to Comprehensive Health (KATCH) project, a \$40.3 million grant from the federal Health Resources and Services Administration to expand outreach and design, procure, and implement a new medical eligibility system for the state of Kansas. Twelve outreach workers were hired, trained, and assigned to communities across the state.

**Medicaid Operations.** The Medicaid Operations section is responsible for the procurement, management, and oversight of all contracts that include Medicaid and SCHIP funding. It oversees more than 125 contracts valued in excess of \$500 million. It is also responsible for program integrity and the management of third-party liability collections from primary insurance carriers and Medicare.

In addition, Medicaid Operations is responsible for claims processing, dispute resolution, fair hearings and implementation of policy changes and federal mandates. Primary responsibility for provider and beneficiary relations and communication about the program are also included in this section.

**Payment Policy Development and Implementation Unit.** The Payment Policy Development and Implementation Unit is responsible for establishing reimbursement rates and upper payment limits, establishing diagnosis-related groups (DRGs) for Medicaid inpatient services and establishing capitation rates for Medicaid and SCHIP managed care. The unit also conducts reviews of cost reports and financial data to determine appropriate payments for providers eligible for cost-based reimbursement, such as Federally Qualified Health Centers.

**Medicaid Policy, Coordination and Projection.** The Policy, Coordination and Projection Unit (PCPU) is responsible for computing the fiscal impact of proposed policies, forecasting caseloads, providing analytical support to program managers and program reviews and responding to ad hoc analytical requests related to the MMIS from stakeholders within and outside of KHPA. The PCPU provides oversight to numerous programs and activities which spend Medicaid funds and are managed by other State agencies to ensure adherence to State and federal regulations. This unit also manages the Medicaid State Plan and processes regulations. The unit tracks and evaluates legislative activities which might have an impact on the activities of KHPA, both at the state and federal levels. In addition, the unit oversees the policy implementation process and evaluates outcomes post implementation.

Key Accomplishments during FY 2010 include:

- Secured a \$40.3 million grant for technology and outreach to increase participation in Medicaid and HealthWave
- Implemented eligibility expansion of CHIP to 250 percent of the 2008 Federal Poverty Level
- Implemented reasonable pricing requirements for durable medical equipment
- Implemented a diabetes management initiative for home health workers
- Established a formal process to get input from Indian health programs
- Initiated eligibility simplification policies
- Incorporated the Data Analytic Interface in the evaluation and management of programs
- Received funding to develop the State Medicaid Health Information Technology Plan
- Transitioned to a new contractor for the HealthWave Clearinghouse

## **State Employees' Health Benefits Program**

The State Employees' Health Benefits Plan (SEHBP) division administers the State Employees' Health Plan on behalf of the Health Care Commission (HCC). The statute also provides for an Employee Advisory Committee which was implemented in 1995. That committee consists of 21 members: 18 active employees and three retirees serving three-year rolling terms. The Employee Advisory Committee meets quarterly and provides input to staff on the health plan.

Covered members in the SEHP include state employees and their dependents, retired and disabled state employees and their dependents, people on leave without pay, elected officials and blind vending facility operators. Over the years, the number of contracts and the type of eligible groups covered by the SEHP has expanded. In 1999, the Commission established administrative procedures and eligibility requirements (K.A.R. 108-1-3) to allow "non-state" groups including unified school districts, community colleges, technical colleges and vocational technical schools into the state plan. Beginning in 2000, the commission established administrative procedures and eligibility requirements (K.A.R. 108-1-4) to allow for inclusion of cities, counties, townships, libraries, public hospitals, extension councils and certain other public entities. The following chart shows the enrollment by type of eligible group as of Jan. 1:

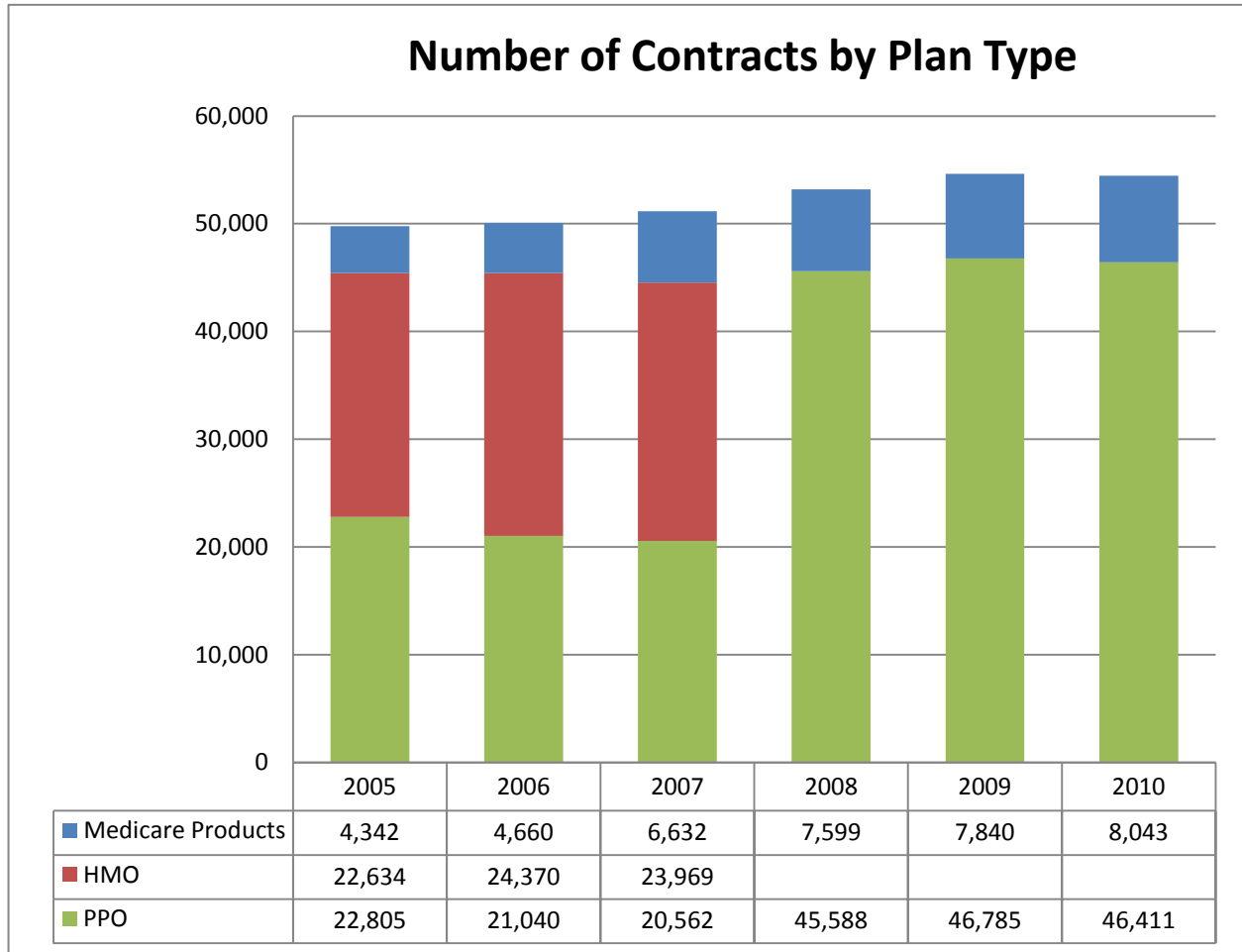
Summary	Number of Groups	Covered Employees
Public Schools	32	3514
Cities	47	587
Counties	25	2283
Townships	2	20
Public Hospitals & Community Mental Health Centers	18	1530
Misc. Local Governmental Entities	32	141
<b>Total</b>	<b>156</b>	<b>8075</b>

Thirty (30) new groups were added to the SEHP during 2010 and seven (7) new groups have joined effective January 1, 2011. Two groups will be leaving the plan as of Jan. 1, as their contract had expired and they elected to pursue other options for coverage. The cost to administer the non-state portion of the program is reflected in the premiums charged to these groups; therefore, the non-state entities do pay a different composite rate and employee premiums than state agencies. Groups joining the SEHP follow the underwriting guidelines set out in K.S.A. 75-6506.

**Health Plan Enrollment:** Total enrollment numbers in the SEHP include active employees, retirees, employees receiving long-term disability payments, employees on leave without pay, non-state public employer groups, qualified beneficiaries on COBRA and other individuals identified in K.A.R 108-1-1, K.A.R. 108-1-3 and K.A.R. 108-1-4. As of June 2010, the total Plan enrollment in the State Employees' Health Plan was 54,454 contracts and 96,936 covered lives. In Plan Year 2010, 95 percent of active State employees and 95 percent of the non-state population are enrolled. Of the total enrollment, 57 percent are enrolled in single coverage and 43 percent provide coverage for their dependents. In addition to the active employees, SEHP provides coverage for 10,771 retirees and former employees living in all 50 states and some foreign countries.

The contracts included:

Active State of Kansas Employees	35,985
Active Non-state Entities (Education and local units)	7,398
Direct Bill/Retiree participants	10,771
COBRA participants	300



### Health Plan Design

Active employee open enrollment was held from October 1 through October 31, 2010. Approximately 33,637 employees utilized the online website open enrollment system to make their elections for PY 2011. One hundred open enrollment meetings were held for employees in thirty-two (32) cities. Staff estimates that approximately 5,956 employees attended these meetings. Non State public employers do not have access to the online web-based enrollment system and must complete paper applications.

**Medical** – All participants have a choice of four different preferred provider organizations (PPOs).

Final enrollment numbers as of November 30, 2010, for State and Non State active employees were as follows:

Vendor	Plan A	Plan B	Plan C	Waived
Blue Cross Blue Shield of Kansas	37,656	2,655	n/a	
Coventry HealthCare of Kansas	1,061	141	215	
Preferred Health Systems	1,931	180	173	
UMR	493	133	111	
Elected not to participate				2641
<b>Total</b>	<b>41,141</b>	<b>3,109</b>	<b>499</b>	<b>2641</b>

For plan year 2010, 92.6 percent of active participants selected Plan A, 6.4 percent selected Plan B and 1.0 percent selected Plan C (the qualified high deductible health plan with a health savings account). About \$286.0 million was spent in Plan Year 2010 on medical claims for the self-funded plans.

**Prescription Drugs** – Prescription Drugs are carved out of the health plan and administered separately by a Pharmacy Benefits Manager (PBM). The plan design includes a tiered coinsurance program with a separate copayment for special case medications. Certain prescription drugs are not covered by the Plan, but can be purchased at a discount by the employee through the PBM. The generic dispensing rate for SEHP is over 71 percent. Claims costs for Plan Year 2010 were \$65.1 million. The average claim cost per member per month for Plan Year 2010 was \$61.03.

**Dental** – The dental component is provided by the employer for employees at no cost, and it is optional for dependents. In Plan Year 2010, \$24.5 million was paid in claims. The average cost per active state employees claim in Plan Year 2010 was \$142.01.

**Vision** – The Employee Advisory Committee (EAC) requested that a voluntary vision plan be offered. It provides two benefit levels and is completely funded by participants. For Plan Year 2010, there are 37,302 participants enrolled in the vision plan. Enrollment in the basic plan is 11,297 and 26,005 have elected the enhanced plan.

**Direct Bill Medicare programs** – Direct bill members who are Medicare eligible can enroll in Kansas Senior Plan C, a Medicare supplement plan, or four Medicare Advantage plan options. The Plan paid about \$17.4 million in premiums for the fully insured Medicare health plans. In Plan Year 2010, there were 7,450 participants in the Medicare Supplement Plan and 592 in the Medicare Advantage Plans.

Direct bill members with Medicare may also elect to enroll in a fully-insured Medicare Part D prescription drug plan through SilverScript. The plan paid \$8.7 million in premiums for the SilverScript Part D prescription drug coverage. In Plan Year 2010, there were 4,695 participants enrolled in the Part D prescription drug coverage.

**COBRA Administration** – The health plan uses a third-party administrator for administration of COBRA continuation benefits, record keeping, premium collection and the administrative and accounting responsibilities added by the American Recovery and Reinvestment Act (ARRA). As

of June 2010, there are 300 members participating in COBRA through the State Employee Health Plan.

### **Health Plan Ancillary Services**

**Flexible Spending Accounts** – The flexible spending account (FSA) programs are administered through a third-party administrator. The FSA programs are offered to active State of Kansas employees and include a health care FSA to help employees pay with pre-tax dollars expenses not covered by their health, dental and vision plans and a dependent care FSA to help employees pay day care expenses for their dependents under age 13 or elder care. Currently there are 10,169 active State employees that participate in these programs. In January of 2010, the State Employee's Health Plan offered a new FSA debit card, on a voluntary basis, to active FSA participants. The IRS allows a debit card to be used for a number of out-of-pocket medical expenses at Health Care Providers and at stores that have implemented an Inventory Control System. The IRS has stringent regulations regarding appropriate use of a FSA debit card as far as where the card can be used, and when follow-up documentation is required. (Use of the card does not eliminate the need for paperwork documentation on all transactions.) Certain situations will allow FSA debit card transactions to be electronically substantiated, meaning that no follow-up documentation is required. If a transaction cannot be electronically substantiated, a participant receives a request for follow-up documentation from the FSA administrator. Future transactions at the same provider, for the same amount, will not require follow-up documentation. The administrative cost of the FSA debit card is paid by the participant at the equivalent of \$1 per month. The total annual cost is deducted from the participants FSA by the FSA administrator on the first pay period following the election of the FSA debit card. There are 1,200 FSA participants currently utilizing the stored value debit card.

**Premium Billing Administration** – The premium billing administrative services are provided for the non-state public employers and direct bill programs offered through the State Employees' Health Plan. The administrator provides invoices to the members, collects premiums and remits premiums back to the State. There are 19,600 members participating in these two programs.

### **Employee Health and Wellness**

KHPA significantly expanded the focus on prevention and health and wellness policies within the State Employees' Health Plan (SEHP) for the 2009 and 2010 plan years with the goal of improving health and decreasing overall health costs. In Plan Years 2009 and 2010, a \$50 gift certificate was awarded to eligible participants who completed the online health assessment and health screening.

The non-tobacco user discount instituted in 2009 continues to be offered to all employees. Those using tobacco products are offered an opportunity to participate in a tobacco cessation program in order to receive a \$40 per month premium discount. Participants also receive an eight week

supply of nicotine patches or gum at no cost to them (if appropriate). In 2010, 3,271 employees were enrolled in the tobacco cessation coaching program. A similar participation rate is expected for 2011.

A significant component of the program is health coaching offered via the nurse line and condition management program. Nurse line health coaches provide health care information and support to help individuals manage their chronic medical conditions and make better health care decisions. They provide information for many medical conditions such as asthma, back pain, breast cancer, coronary artery disease, depression, diabetes, fibroids, heart disease, high blood pressure, kidney failure, osteoarthritis and prostate cancer.

The condition management coaching programs are offered to those who have been diagnosed with or receive treatment for asthma, chronic obstructive pulmonary disease (COPD), coronary artery disease, diabetes and heart failure. Participants receive guidance and encouragement to support their doctor's plan of care from a specially trained team including nurses, health educators and dieticians.

In 2010, all disease management efforts were handled through the health and wellness contract in order to reduce confusion caused by employees being contacted by both the health and wellness vendor and the health plan for the same condition. In 2010 a new device management component was added to the program. Participants may also be eligible to receive specialized health monitoring devices made available to qualified participants in the COPD, diabetes and/or heart failure health programs. The in-home biometric monitoring device transmits important health data over a secure phone line to the Alere clinical team. This allows specialized nurses to review information and provide guidance or even alert the participant's personal doctor if they require immediate attention.

As part of the HealthQuest organizational strategy to build a culture of health, a comprehensive plan is being further developed to engage all employees, retirees and other plan members in taking an active role in their health. Through development of a statewide Wellness Champion Network, HealthQuest is able to provide health and wellness programming at the grass roots level. Wellness Champions meet monthly via webinar to learn more about HealthQuest program offerings, including the Virtual Race Across Kansas – a Nutrition and Fitness challenge offered in the fall of 2010. Wellness Champions also provide onsite wellness programming with the guidance and support of HealthQuest staff.

The List below represents services offered through this program:



#### HealthQuest Programs:

- Health Coaching
- Disease and Chronic Condition Management
- Online Health Assessment
- Health Screening (87 events in 40 cities in 2010)
- Healthy Lifestyle Programs to help participants lose weight, be more active, ease stress, eat healthier foods, gain energy, and be more confident
- Web Portal for Health Resources
- Onsite Wellness Programs--offered via the Wellness Champion Network
- Online Wellness Newsletter
- Wellness Blog
- Health & Wellness Presentations
- Employee Assistance Program (EAP)
  - Short-term Counseling
  - Other Direct Services (Legal, Financial, Child Care, Elder Care, etc.)
  - Life Coaching (Building sound relationships, Improving self-esteem, Strengthening your career, Stress Management)
  - Special Agency Services (presentations, promotional materials)
  - Fitness-for-Duty, Critical Incident Stress Debriefing, and Conflict Resolution

#### **Voluntary Group Long Term Care Insurance Program**

In April 2010, the State Employees Health Plan entered into a contract with a long term care insurance carrier to offer a voluntary long term care insurance program to State of Kansas benefits eligible active and retired employees. Their family members are also eligible to purchase this coverage for themselves. The initial enrollment period for the new benefit was August 1 to November 2, 2010. If an application was completed during the initial enrollment period, State of Kansas benefits eligible employees under age 80, could apply for this coverage at competitive group rates with no - or streamlined - medical underwriting. There was no medical underwriting for a benefits eligible full-time actively-at-work employee under age 66 who applied during this initial enrollment period. The effective date of the long term care policy was October 1, 2010. New State of Kansas hires are given the opportunity to apply for this coverage under the same terms described above during their first 31 days of employment. This time period for enrollment matches the time period for the rest of their State Employee Health Plan benefits. Any benefits eligible employee that did not apply for this coverage during their initial enrollment period is subject to medical underwriting.

#### **State Self-Insurance Fund (State Workers' Compensation)**

The Workers' Compensation Program for State employees is called the State Self-Insurance Fund (SSIF). The SSIF was implemented through legislation in 1974 and consolidated into the Division of Personnel Services in 1988. The SSIF was transferred to the Division of Health Policy and Finance in 2005 and was consolidated into KHPA in 2006. It is a self-insured, self-administered program with 17 staff members to administer the program. The SSIF is funded by agency rates based on experience rating. The rates are developed by an actuarial service using

claims experience, payroll history and caps on expenses. Rates are currently approved by the Department of Administration and published by the Division of Budget.

The SSIF manages and processes claims for injuries that arise out of and in the course of employment. Medical compensation to treat the employee's injury does not have a cap. Medical payments to providers are based on a fee schedule developed by the Workers' Compensation Division of the Kansas Department of Labor. Additionally, compensation is paid for loss of time, permanent impairment or death. A medical review service is utilized to review claims for medical appropriateness, nurse case management on complex cases and pricing. On average, 338 accident reports are received monthly. In FY 2010, the SSIF spent \$21.9 million on compensation, with about 61 percent for medical services and 39 percent for indemnity.

# Strategic Plan

## AGENCY GOALS AND PERFORMANCE MEASURES

The goals and objectives presented represent the strategic plan reviewed by the KHPA Board at its June 2009 retreat. The goals were revised to demonstrate a renewed focus on program operations and using data to drive critical decisions.

**Goal 1.** KHPA will advance a consistent, coordinated health policy agenda informed by rigorous data analysis and stakeholder input.

**Objective 1.1:** Develop a medical home model to transform the delivery of health care services using a strong stakeholder process in order to achieve appropriate feedback and buy-in.

**Objective 1.2:** Use and integrate health data through health indicator “dashboards” to improve data-driven policy recommendations and decisions.

**Objective 1.3:** Develop a user-friendly information system infrastructure to support data-driven decision making and effective management of the data resources entrusted to KHPA.

**Objective 1.4:** Develop and recommend an annual, coordinated health policy agenda to improve the health status and health care delivery system in Kansas.

**Objective 1.5:** Provide user friendly, pertinent and timely health and agency related communications to internal and external audiences using a full array of consumer information outlets.

**Objective 1.6:** Implement agency performance reporting to link resource allocation to opportunities for greatest improvement in agency operational efficiency.

	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Target</b>
<b><i>Data analysis and research measures:</i></b>			
Access to Care	39	41	41
Health and Wellness	38	54	54
Quality and Efficiency	23	23	23
Affordability and Sustainability	19	24	24
County-level geographic maps	47	220	220
<b><i>Data Analytic Interface utilization measures:</i></b>			
Number of integrated data sets	2	2	3
Number of DAI users	24	24	48
Number of reports	30	774*	200
Number of reports from the licensure database	63	73	60
Number of reports from KHIIS	14	18	20
Number of reports from the Hospital Discharge database	8	11	10
<b><i>Agency internal and external communication measures:</i></b>			
With limited exceptions, all media, consumer and stakeholder inquiries will receive an initial acknowledgement before the end of the business day in which they are received.	unknown	100%	95%
Unless special circumstances dictate otherwise, all questions and requests for information from the media, consumers and stakeholders will be answered within three business days, or we will provide an explanation as to why the question or request is taking longer to resolve.	unknown	95%	95%
KHPA will write and produce the "Annual Report to the	Done – Jan. 12	Done – Jan. 26	N/A

Legislature” before the start of the legislative session.			
News releases, reports and documents released to the public shall be posted on the website no later than 24 hours after their release.	unknown	Done	99%
Whenever possible, all KHPA Board agendas and related materials related to those agendas will be made available on the website by the time of the Board meeting.	unknown	Done	90%
Number of internal audits performed.	4	2	1
Number of external audits started.	25	22	22
Number of external audits or reviews completed	9	13	13
Number of lines of transactions	1,260,000	1,400,000	1,400,000
Number of miscellaneous payments	12,000	8,000	8,000
Number of MMIS & Workers Compensation payments	290,000	200,000	200,000
Number of duplicate payments	2	2	10
Number of late payments	15	10	20
Percentage of errors for miscellaneous payments	0.14%	0.15%	0.38%
Number of measures of performance indicators tracked on KHPA website.	119	142	142

**Goal 2.** Using leadership and management best practices, KHPA will be a desired place to work and KHPA programs and services will be recognized as innovative, efficient and effective.

**Objective 2.1:** Implement an annual data-driven process of program review and evaluation to transform the public insurance programs administered by KHPA.

**Objective 2.2:** In order to promote best practice management, develop a quality oversight program for Medicaid and the State Employees' Health Plan.

**Objective 2.3:** Implement a care management program for the aged and disabled Medicaid population to ensure coordination of care to improve health care outcomes.

**Objective 2.4:** Evaluate the programs of the State Employees' Health Benefits Program for program enhancement and innovation.

**Objective 2.5:** Evaluate and expand appropriate business software technology solutions to improve interagency coordination, efficiency and cost-effectiveness.

**Objective 2.6:** Ensure legal services are provided to KHPA program areas in a responsive, competent and efficient manner.

**Objective 2.7:** Conduct internal audits, reviews and investigations in accordance with applicable professional standards and in partnership with other program integrity departments and oversight agencies.

**Objective 2.8:** Provide the KHPA Board with essential management and resources to ensure effective and lawful governance and appropriate oversight of the agency's policies, programs and operations as described in the legislative language that established the Board.

**Objective 2.9:** Define the culture of KHPA to promote health and professionalism consistent with a model health agency.

**Objective 2.10:** Develop KHPA staff through deliberate training and evaluation of development opportunities.

**Objective 2.11:** Develop a seamless human resources system that supports agency initiatives, fosters professional growth and development and establishes KHPA as an employer of choice.

	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>
<b><i>Strategic plan development measures:</i></b>			
Number of objectives developed for each year of five-year plan	21	0	4
Number of additional objectives added to strategic plan	n/a	0	0
<b><i>Interagency collaboration measures:</i></b>			
Number of signed interagency agreements	3	3	4
Number of interagency collaborations/projects	2	3	3
<b><i>Data driven program review and evaluation measures:</i></b>			
Number of annual program reviews completed	15	13	4
Number of policy changes recommended	41	67	20
<b><i>State Employees' Health Benefits Program measures:</i></b>			
Wellness programs will have a participation rate of 30%	Y	30.2%	40%
<b><i>Enrollment in the State Employees' Health Plan (by plan year)</i></b>			
Number of employees	36,183	35,985	35,985
Number of dependents	34,409	34,324	34,324
Number of individuals in non-State groups	14,048	15,629	17,146
<b><i>SEHP financial measures (by plan year)</i></b>			
Cost per capita	\$4,400	\$4,605	\$5,042
Average insurance premium for singles	\$407	\$458	\$503
Average insurance premium for families	\$1,141	\$1,281	\$1,408
Administrative cost ratio for SEHP	5.91%	3.90%	4.70%

**Medicaid and HealthWave Program measures:***Enrollment Medicaid  
or HealthWave*

Average Number of children enrolled	197,072	209,419	213,600
Number of Income Eligible Children	217,528	222,646	236,005
Average Number of pregnant women enrolled	6,533	6,864	7,100
Average No. of disabled individuals enrolled	54,132	57,224	59,500
Number of elderly individuals enrolled	33,355	35,564	36,800
Number of individuals enrolled in MediKan	3,175	1,469	1,100

Spending on children per capita	\$3,791	\$3,438	\$3,525
Spending on pregnant women per capita	\$10,788	\$10,809	\$12,400
Spending on disabled individuals per capita	\$8,301	\$7,845	\$8,050
Spending on elderly individuals per capita	\$2,873	\$2,998	\$3,075
Spending on individuals in MediKan per capita	\$5,701	\$5,682	\$4,900
Admin. Cost ratio for Medicaid/HealthWave	5.34%	5.42%	5.42%

**Workers Compensation financial measures**

Number of cases processed	4,743	4,190	4,148
Number of cases closed	2,952	4,694	3,941
Administrative Costs	\$3,409,142	\$3,013,841	\$3,725,998
Admin cost ratio for Workers Comp	13.61%	12.05%	13.77%
Claims Cost	\$21,647,565	\$21,001,018	\$23,329,671
Claims as % Cost	86.39%	87.95%	86.23%

**Information technology and business integration measures:**

Number of user support calls and project requests handled by DISC.	10,400	11,000	12,000
Number of users added to the document management system.	127	200	100
Number of hits on the website	851,886	1,295,000	1,200,000



***Office of the Inspector General measures:***

Number of audits, reviews and investigations completed	13	6	5
Number of audit, review and investigation related trainings attended by OIG staff	15	217	130
Number of program integrity related meetings and conferences attended by OIG staff.	25	29	35
Number of recommendations for improving KHPA outcomes and processes provided to the Board of Directors and KHPA management	16	17	40

***Human resources and culture measures:***

***Staff leadership and development measures***

KHPA employee Separations	8%	11%	11%
KHPA employee Retirements	2%	1%	3%
Number of KHPA employees promoted	17	11	10
KHPA overall turnover rate	13%	15%	16%

# KHPA FY 2010-2011 Expenditure Report

## Current Year

KHPA's revised FY 2011 estimate is approximately \$3.9 million more than the budget approved by the 2010 Legislature. Significant changes include the addition of temporary staff and overtime to the Eligibility Clearinghouse funded through the CHIPRA Bonus Payment and two supplemental requests.

**Eligibility Clearinghouse Capacity.** Eligibility determinations for low income families and pregnant women occur primarily at the HealthWave Clearinghouse. The Clearinghouse is operated by a contractor, Policy Studies, Inc., using contract employees and state staff to review applications for Children's Health Insurance Program (CHIP) and Medicaid assistance. Over the past year, the Clearinghouse has in a consistently high inventory of unprocessed applications and reviews. The inventory of received but unprocessed applications and reviews is in excess of 30,000. Included in that number are about 16,000 applications and 2,500 reviews that are over 45 days old and in non compliance with federal processing requirements. The approved budget for the Clearinghouse did not provide enough capacity to process all of the applications received and waiting to be processed. That has a direct impact on the number of adults or children enrolled in HealthWave. In addition, slow application processing could be interpreted by CMS as a change in "eligibility procedures," which is a potential violation of the federal stimulus through the American Recovery and Reinvestment Act. KHPA has received a warning letter from CMS requiring a corrective action plan to address the processing time.

KHPA received a bonus payment through the CHIP Reauthorization Act to provide financial support to states that have adopted specific program features. The bonus payment for federal FY 2009 was \$1,220,479. KHPA is using \$844,662 of the bonus to increase Clearinghouse capacity to address the backlog. The funds would be used to hire 16 temporary staff and allow for state staff overtime (approximately 2,780 hours).

**CHIP Assistance Supplemental.** The Children's Health Insurance Program (CHIP) assistance caseload estimate is \$13.3 million, including \$3.4 million from the State General Fund, higher than approved. This amount is requested as a supplemental appropriation. This is because the 2010 Legislature reduced assistance costs related to a \$40 increase in monthly premiums charged to CHIP families. CMS has not approved the premium change and has asked questions that indicate approval is unlikely. Replacing the lost premium revenue and enrollment impact requires an additional State General Fund appropriation. The revised FY 2011 budget also includes a rate increase for the mental health services contractor in CHIP not accounted for in the approved budget. This increase is to ensure that children in CHIP have access to comparable mental health services as Medicaid eligible children based on new requirements in federal reauthorization statutes.

**SMART agency fee supplemental.** In addition to the sizable staff time investment and appropriated contractor resources SMART implementation came with an increased fee. In the

approved FY 2011 budget, KHPA planned to use some accumulated fee revenue to pay the \$750,000 annual fee. Those fees were used by the Governor and the Legislature within the FY 2010 budget, exhausting the balance in the fund. In addition, the amount of the FY 2011 fee was rebased using transaction lines from FY 2010. This rebasing increased the annual fee to \$994,000. As the SMART project timeline remains in the development stage for the next two years no federal funds may be allocated to this fee. KHPA requested a \$460,000 supplemental appropriation from the State General Fund to make pay the increase in the SMART fee and to make up for the lack of available fee fund.

**Other Current Year Changes.** There were changes in the approved salary and wage amounts for FY 2011. Salaries in revised budget were adjusted to reflect the impact of laying off six employees in July and reassigning four employees to the Presumptive Medical Disability Determination unit. Contract amounts for temporary staff also were adjusted to reduce expenditures within the approved budget. The statewide salary adjustments in the approved budget (KPERs death and disability moratorium, agency funding of longevity payments, and classified under-market adjustments) reduced salary and wages by an additional \$19,277 from the State General Fund.

The approved amounts for Medicaid contracts, the Medicaid Management Information Systems (MMIS), and Eligibility Clearinghouse were shifted in the revised budget to align the available resources with estimated expenditures. This resulted in the Clearinghouse Contract increasing to \$12.9 million from the approved budget of \$10.6 million. This did not increase the overall level of expenditures within the Medicaid Administration program.

The Office of Inspector General revised FY 2011 budget is \$68,651 higher than approved. The OIG State General Fund account had a \$23,122 re-appropriation into FY 2011. With associated match through the KHPA cost allocation plan, the OIG revised FY 2011 budget is larger than approved. An enhancement request to fill the vacant auditor position is included in the FY 2012 budget. If approved, some of the re-appropriated money would be used to fill the position before July 1, 2010.

When appropriation limits are set for the State Employees' Cafeteria Fund (7720) and the State Self-Insurance Fund – Workers' Compensation (6170) flexibility needs to be built into the appropriation allowing KHPA to finance the agency's overhead costs funded through the cost allocation plan approved by CMS. The cost allocation plan is updated quarterly to reflect changes in the distribution of costs among the services provided by KHPA. This also helps to offset agency overhead costs funded by State General Fund. As the revised fund limitations are developed for FY 2010, some flexibility should be included to allow for these variable costs over the course of the fiscal year.

### **Budget Year Information**

**FY2012 Request—Allocated Resource Budget.** The allocated resource budget meets the State General Fund allocation target of \$533,458,184 for FY 2012.

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**FTE Counts:** Kansas Health Policy Authority's actual FTE data for FY 2010 are as follows:

<u>Program</u>	<u>FTE Positions</u>
Executive Director	6.00
Office of Inspector General	5.00
Finance/Operations	67.75
Medicaid/HealthWave	144.90
MIG/DMIE (Federal Grants)	6.00
Data Policy/KHIIS	9.00
State Employees' Health Benefit	46.00
 Agency Totals	 284.65

Significant changes from previous years include the relocation of the Legal and Human Resources Departments from the Executive Director's office to Finance & Operations. The Finance & Operations count is further increased by the addition of 6 FTE formerly under DISC and assigned to KHPA under a service level agreement. The Health Resources & Services Administration grant awarded to KHPA for CHIP enrollment outreach and the development of a new eligibility database accounts for 21 new FTE under the Medicaid/HealthWave group.

#### **American Recovery & Reinvestment Act (ARRA)**

Title V of ARRA provides for temporary increases in the Federal Medical Assistance Percentage (FMAP) match rate as a form of fiscal relief to states and to protect and maintain state Medicaid programs during this period of economic downturn. Funds are drawn down from a separate account in the Payment Management System used by CMS to distribute Medicaid awards. KHPA created a new Budget Unit, 0444, to receive and definitively track relief FMAP ARRA funds. Originally scheduled to end December 31, 2010, relief FMAP has been extended two additional quarters at reduced rates. As the extension was widely perceived as inevitable the current year assistance budget was calculated to include relief FMAP at the federal FY2010 rate. Reductions of 3 percent in quarter ending March 2011 and an additional 2 percent in quarter ending June 2011 have resulted in budgetary shortfalls.

Section 5002 of ARRA provides additional fiscal relief by increasing federal fiscal year 2009 and 2010 Medicaid Disproportionate Share Hospital (DSH) allotments by 2.5 percent. DSH adjustment payments provide additional help to those hospitals that serve a significantly disproportionate number of low-income patients. Budget Unit 0445 was created to track DSH ARRA funds as they are received from the Payment Management System. The DSH ARRA increase sunsets on September 30, 2010. No extension has been passed.

Both relief FMAP ARRA and DSH ARRA funds are reported in the quarterly CMS 64 Medicaid Program Expenditure Report which details medical assistance expenditures. ARRA funds are not available to finance administrative costs.

ARRA previously provided for premium reductions for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly called COBRA. The original premium subsidy ended May 31, 2010 and no extension has been passed.

**State Management, Accounting and Reporting Tool (SMART)**

In addition to the sizable staff time investment and appropriated contractor resources SMART implementation came with an increased fee. Based on KHPA’s accounting system line count for 2009 the Department of Administration has increased its fee by \$150,000 to \$994,000 in FY 2011 and 2012. As the SMART project timeline remains in the development stage for the next two years no federal funds may be allocated to this fee.

**REDUCED RESOURCES**

The approved KHPA FY 2012 reduced resource package is described in the following table.

	<b>FY 2012</b>	
	<b>State General Fund</b>	<b>All Funds</b>
Targeted Rate Reduction	(1,651,695)	(3,980,950)

**Reduced Resource Package 1 of 1: Targeted Rate Reduction**

**Description:** To meet the reduced resource target provided, KHPA would implement a payment reduction from Medicaid providers in a percentage sufficient to reduce payment by \$3.98 million over the course of FY 2012. This would be similar to the 10 percent provider payment reduction imposed during the FY 2010 allotment.

**Background:** In November 2009, the Governor imposed a 10 percent Medicaid provider payment reduction as part of the FY 2010 allotment. KHPA implemented this on January 1, 2011 by withholding 10 percent of each provider’s weekly Medicaid payments for services provided after January 1. Through September 8, 2010, \$71.0 million, including \$21.8 million from the State General Fund, was withheld from providers. The 10 percent payment reduction was restored on July 1, 2010, however claims submitted for services provided between January 1 and June 30 continue to be subject to the 10 percent.

To meet the reduced resource target, KHPA would withhold a percentage from provider payments beginning July 1, 2011. The percentage would be less than 1 percent to save \$3.98 million. Based on total KHPA Medicaid expenditures in FY 2010, \$3.98 million would be 0.2 percent of all payments.

**Population Impacted:** Most Medicaid beneficiaries receive a service funded through KHPA. The proposed payment reduction would be applied to all of the services for approximately 276,000 Medicaid beneficiaries.

**Budget Impact:** The budget impact reflects the all funds impact of making a provider payment reduction to achieve the \$1,651,695 State General Fund reduced resource target.

<u>PCA Code</u>	<u>All Funds</u>	<u>SGF</u>	<u>Fee Fund</u>
0035100	(\$3,980,950)	(\$1,651,695)	

**ENHANCEMENT PACKAGES**

The enhancements requested by the Kansas Health Policy Authority are summarized below:

	<b>FY 2012</b>	
	<b>State General Fund</b>	<b>All Funds</b>
1 Restore Provider Support and Processing Capacity	1,110,555	2,221,100
2 HealthWave Caseload	3,443,900	13,265,000
3 State Accounting System Charges	696,000	696,000
4 Office of Inspector General position*	24,891	74,525
5 MMIS Contract Procurement	25,000	250,000
<b>Total Enhancements</b>	<b>5,300,346</b>	<b>16,506,625</b>

\* -- All funds amount includes off budget.

**Enhancement 1 of 5:** Restore provider support and processing capacity.

**Description:** Both of the operational contracts that help run the Medicaid program, the MMIS and the Eligibility Clearinghouse, were significantly reduced during prior budget years. These reductions focused on reducing or eliminating contract personnel and capacity to respond to provider concerns. This proposal would restore some of the reductions in provider support.

**Background:** KHPA outsources large components of the Medicaid program to private contractors. HP Enterprise Services runs the Medicaid Management Information System (MMIS) for all claims processing and managed care enrollment. Policy Studies, Inc (PSI) operates the HealthWave Eligibility Clearinghouse to review applications for Children’s Health Insurance Program (CHIP) and Medicaid assistance.

KHPA requests restoration of contract reductions that were imposed in the Governor’s FY 2010 allotment. At HP, the reductions eliminated provider liaisons and provider representatives that worked directly with Medicaid providers on claims and billing issues, training on policy changes, and utilization reviews. Restoring those positions would require \$1,370,024 in FY 2011 and 2012. The allotment reductions were applied to the Clearinghouse as PSI started operating the contract. The allotment eliminated staffing in application processing and quality assurance that PSI intended to have available. Restoring those amounts would total \$826,326 in FY 2011 and \$851,086 in FY 2012.

**Budget Impact:**

FY 2012 Enhancement

<b>Expenditure Type</b>	<b>All Funds</b>	<b>SGF</b>	<b>Fee Fund</b>
MMIS contract (7022000)	1,370,024	685,012	
Clearinghouse Contract(7021400)	851,086	425,543	
<b>Total</b>	<b>\$2,221,110</b>	<b>\$1,110,555</b>	

**Enhancement 2 of 5: HealthWave Caseload**

**Description:** To fully fund the anticipated expenditures for CHIP assistance, KHPA is requesting an additional \$13.3 million related to two programmatic changes since the approval of the FY 2011 budget.

**Background:** HealthWave is the assistance program for families and children below 250 percent of the federal poverty level. The Children’s Health Insurance Program (CHIP) is the federal program in Title XXI of the Social Security Act that specifies the eligibility and programmatic requirements. The 2010 Legislature reduced the HealthWave assistance budget by \$11.0 million by raising family premiums by \$40 each month. Changes in eligibility criteria must be approved by CMS before implementation.

KHPA has submitted a CHIP plan amendment to increase premiums by \$40 effective July 1, 2010. CMS has asked KHPA several questions about the increase in premiums. These questions indicate that CMS may be leaning towards interpreting a premium increase of \$40 a month as an eligibility restriction that would not be allowed under the federal Medicaid stimulus bill. KHPA disagrees with this interpretation and is proposing the use of Federal standards for affordability established in the new Federal health reform legislation. The extended Federal review, and its uncertain outcome, makes it likely that additional funds will be needed from the Legislature to sustain the program costs in FY 2011.

In addition the reauthorization legislation for CHIP required states to ensure that mental health services available to children are equivalent between Medicaid and CHIP. To fulfill that requirement, KHPA renegotiated the per member, pre month rate paid to Cenpatico Behavioral Health. This increased the rate from \$8.28 to \$13.00. This increase was not included in the FY 2011 approved budget and must be added to the FY 2012 allocated amount for CHIP.

**Budget Impact:**

FY 2012 Enhancement

<b>Expenditure Type</b>	<b>All Funds</b>	<b>SGF</b>	<b>Fee Fund</b>
CHIP Assistance (0035300)	13,265,000	3,443,900	
<b>Total</b>	<b>\$13,265,000</b>	<b>\$3,443,900</b>	

**Enhancement 3 of 5:** State Accounting System Charges

**Description:** KHPA requests additional state funds to pay the annual fee charged for the development and operation of the state accounting system.

**Background:** The State of Kansas implemented a new accounting system on July 1, 2010. This system, Statewide Management, Accounting, and Reporting Tool (SMART), processes all state payments and accounting transactions. System development and implementation was financed by charging state agencies a fee based on the number of prior year transactions. These fees cannot be paid with federal funds.

In the approved FY 2011 budget, KHPA planned to use some accumulated fee revenue to pay the \$750,000 annual fee. Those fees were used by the Governor and the Legislature within the FY 2010 budget, exhausting the balance in the fund. In addition, the amount of the FY 2011 fee was rebased using transaction lines from FY 2010. This rebasing increased the annual fee to \$994,000. If federal funds cannot be used to pay the SMART fee, KHPA will need \$450,000 from the State General Fund to meet its obligation during FY 2011. For FY 2012, KHPA identified charged as much of the \$993,999 fee as possible to the State Employee Health Plan, Worker’s Compensation, and available fee funds. The remainder that must be paid with state funds totals \$696,000.

**Budget Impact:**

FY 2012 Enhancement

<b>Expenditure Type</b>	<b>All Funds</b>	<b>SGF</b>	<b>Fee Fund</b>
SMART Fee (500600)	696,000	696,000	
<b>Total</b>	<b>\$696,000</b>	<b>\$696,000</b>	

**Enhancement Request 4 of 5:** Office of Inspector General Position

**Description:** The KHPA Office of Inspector General has one vacant auditor position. The approved FY 2011 budget and allocation for FY 2012 does not include sufficient State General Fund dollars to fill the position. The enhancement request includes funding to fill the position beginning July 1, 2011.

**Background:** The 2007 Legislature created the Office of Inspector General to audit, review and evaluate KHPA programs. This Office was authorized \$175,000 from the State General Fund in FY 2008 and 3.0 FTE positions, including the Inspector General (IG). In the FY 2009 budget revisions, the OIG added a support staff person and a data auditor. The Inspector General has an approved audit work plan based on a risk assessment of agency programs and operations. To complete the audits described in the plan, the OIG needs all three audit positions filled.



**Budget Impact:** For FY 2012, the enhancement request totals \$74,525 including \$24,891 from the State General Fund. This would allow the vacant auditor position to be filled on July 1, 2011 and provide basic equipment to support the position.

<b>Expenditure Type</b>	<b>All Funds</b>	<b>SGF</b>	<b>Fee Fund</b>
Salary and Wages (300100)	\$69,525	\$23,221	
Operating expenditures (300100)	\$5,000	\$1,670	
<b>Total</b>	<b>\$74,525</b>	<b>\$24,891</b>	

**Considerations:** The original appropriation of \$175,000 from the State General Fund during FY 2008 was sufficient to finance OIG operations as the office has developed. KHPA matched those funds with federal Medicaid and State Children’s Health Insurance Funds and State Employees’ Health Benefits Plan funds. The revised FY 2009 budget included a supplemental request of \$86,143, including \$30,469 from the State General Fund.

**Enhancement Request 5 of 5: MMIS Contract Procurement**

**Description:** KHPA will need to begin the process of procuring the Medicaid payment system during FY 2012. This effort requires dedicated resources to develop system requirements and contract specifications before issuing a Request for Proposals during FY 2013.

**Background:** The Medicaid Management Information System (MMIS) handles all claims and member eligibility information for the Medicaid and HealthWave programs in Kansas. The current system was implemented in October 2003 and is scheduled to operate through FY 2013. The procurement process for the current system took two years and involved outside contractors to gather requirements, develop system specifications, and develop evaluation criteria. The MMIS also must meet federal requirements to be eligible for federal financing.

KHPA requests \$250,000, including \$25,000 from the State General Fund, in FY 2012 to begin the procurement process. The system procurement is eligible for enhanced federal funding.

**Budget Impact:**

FY 2012 Enhancement

<b>Expenditure Type</b>	<b>All Funds</b>	<b>SGF</b>	<b>Fee Fund</b>
MMIS Contract (7022000)	250,000	25,000	
<b>Total</b>	<b>\$250,000</b>	<b>\$25,000</b>	

**EXPENDITURE JUSTIFICATION** – Executive Director’s Office (01030), Executive Director’s Office Off-Budget (97700)

The Executive Director’s Office was significantly reorganized at the beginning of FY 2010. The staff is now aligned for direct support of the Executive Director and assisting with the activities of the KHPA Board of Directors.

**Object Code 100: Salaries and Wages**

Summary: This budget item covers a total of 6.0 authorized positions including the Executive Director along with communications and legislative staff that coordinate the press contacts, the KHPA public website and liaison activities for the Legislature and Governor’s Office.

**Current Year FY 2011:** \$330,228 (01030), \$103,941 (97700). This currently funds 5 full time positions.

**Allocated Budget FY 2012:** \$329,842 (01030), \$103,818 (97700). This funding is for 5 full time positions.

**Object Codes 200-290: Contractual Services**

Summary: Expenditures include room reservations related to KHPA Board meetings and required travel. Also, the funds needed to cover training, in and out-of-state travel, interagency agreements and third-party contracts are included as well. To reduce costs, the KHPA Board of Directors decided to hold fewer meetings during calendar year 2010, hold several meetings via teleconference, and move meetings to a free location at the offices of the Medicaid Fiscal Agent.

**Current Year FY 2011:** \$45,180 (01030), \$14,220 (97700)

**Allocated Budget FY 2012:** \$48,983 (01030), \$15,417 (97700)

**Object Codes 300-390: Commodities**

Summary: This includes expenditures for gas, office supplies, professional publications and materials.

**Current Year FY 2011:** \$1,989 (01030), \$311 (97700)

**Allocated Budget FY 2012:** \$1,989 (01030), \$311 (97700)

**EXPENDITURE JUSTIFICATION** – Office of Inspector General (01030) and Office of Inspector General Off-Budget (97700)

The Office of Inspector General (OIG) is an independent arm of KHPA which reports directly to the Executive Director. The OIG and staff are responsible for conducting investigations, audits, evaluations and other reviews. In FY 2008, the OIG developed an audit work plan based on a risk assessment of KHPA programs and operations. Expenditures requested are based on funds available and supplemental funds needed for the OIG to complete its tasks.

**Object Code 100: Salaries and Wages**

Summary: The requested budget includes salary and wage funding for 5.0 authorized positions – the Inspector General, two auditors, one data auditor and one support staff. Funding is adequate in FY 2011 to support this staff level; however, additional funds will be needed for FY 2012 to fully staff the office as laid out in the enhancement package.

**Current Year FY 2011:** \$216,013 (01030), \$67,991 (97700). This currently funds 4 full time positions.

**Allocated Budget FY 2012:** \$219,431 (01030), \$69,056 (97700) – This funding is for 4 full time positions. As stated in the enhancement package, additional funding needed to fully staff the office in FY 2012 will require \$52,881 (01030), \$16,644 (97700) which includes \$23,221 from the State General Fund (1000-0050) based on KHPA’s current cost allocation plan.

**Object Codes 200-290: Contractual Services**

Summary: Funds will be used to pay for communication, travel, training and a peer review. There are no funds in FY 2012 for contractual services.

**Current Year FY 2011** \$33,020 (01030), \$10,392 (97700)

**Allocated Budget FY 2012:** \$0 – no funds available for contractual services.

**Object Codes 300-390: Commodities**

Summary: A minimal amount of commodity expenditures are needed to provide for the purchase of professional supplies, such as technical manuals and analytical tools as outlined in the enhancement package for the OIG. There are no funds in FY2012 for commodities.

**Current Year FY 2011:** \$7,814 (01030), \$2,460 (97700)

**Allocated Budget FY 2012:** \$0 – no funds available for commodities.

**Object Code 400-490: Capital Outlay**

Summary: Expenditures include computer software purchases as well as hardware upgrades or repairs. As stated in the enhancement package, additional funding needed for computer equipment will require \$3,803 (01030), \$1,197 (97700) which includes \$1,670 from the State General Fund (1000-0050) based on KHPA’s current cost allocation plan.

**Current Year FY 2011:** \$12,930 (01030), \$4,070 (97700)

**Allocated Budget FY 2012:** \$0 – no funds available for capital outlay.

**EXPENDITURE JUSTIFICATION** – Finance and Operations (01030), Operations Off-Budget (97700)

**Object Code 100: Salaries and Wages**

Summary: The requested amounts fully fund 65.75 authorized positions, including the Chief Financial Officer, finance and accounting, facility operations, information technology services, risk management, legal and human resources. Finance and Operations also includes a Compliance Officer position to ensure that HIPAA privacy rules are being followed and to oversee agency policy on state and federal human resource laws.

The Medicaid Eligibility Quality Control staff is included in this budget line. This department reviews eligibility decisions made by HealthWave Clearinghouse and Social and Rehabilitation Services staff for compliance with current policy and procedure. This is a function KHPA assumed as part of its role as the single state Medicaid agency.

**Current Year FY 2011:** \$2,828,191 (01030), \$759,261 (97700) – The amounts shown reflect funding for 55.75 positions, including two IT positions funded by the KATCH grant.

**Allocated Budget FY 2012:** \$2,888,402 (01030), \$780,419 (97700) – The amounts shown reflect funding for the same staffing levels in FY 2011 which left 10.0 vacant positions.

**Object Codes 200-290: Contractual Services**

Summary: The budget request includes funding for the portions of telecommunications, space rent and equipment repairs for all of the KHPA Divisions. The request for professional services includes the costs of the service level agreement with the Division of Information Services and Communications (DISC) which provides server setup and maintenance, desktop application support, website support and connectivity.

**Current Year FY 2011:** \$3,317,282 (01030), \$760,333 (97700) – Expenditures include \$809,500 for rent, Legal's HMS contract of \$900,000, the DISC agreement for \$411,500, FMS charge of \$993,999 and a building surcharge of \$136,850.

**Allocated Budget FY 2012:** \$3,267,948 (01030), \$762,116 (97700) – Expenditures include estimates for rent of \$809,500, Legal's HMS contract of \$900,000, DISC agreement of \$408,500, FMS charge of \$993,999 and a building surcharge of \$136,850.

**Object Codes 300-390: Commodities**

Summary: Includes professional and scientific materials and other office supplies for all departments. The request includes funds to meet anticipated supply needs.

**Current Year FY 2011:** \$26,430 (01030), \$8,322 (97700)

**Allocated Budget FY 2012:** \$26,430 (01030), \$8,322 (97700)

**Object Code 400: Capital Outlay**

Summary: Includes the purchase of new computers for all departments, software licensure costs and any cost for repairs or upgrades needed for all agency computers.

**Current Year FY 2011:** \$110,287 (01030), \$34,713(97700)

**Allocated Budget FY 2012:** \$102,681 (01030), \$32,319 (97700)

**EXPENDITURE JUSTIFICATION** – Medical Programs Administration (30100, 30200, 30400)  
(Department IDs 1717020000-1717021400, 1717022000-1717023000)

**Object Code 100: Salaries and Wages**

Summary: Included are salaries for 120 FTE that carry out the administration activities of the medical programs (Medicaid and HealthWave).

**Current Year FY 2011:** \$7,284,626 – Budgeted funds for operations at the current level include: \$5,391,120 (30100), \$1,893,506 (30200). Sixteen positions will remain vacant due to shrinkage.

**Allocated Budget FY 2012:** \$7,475,298 – An additional \$1,275,345 would be required in order to fully fund all positions.

**Object Codes 200-290: Contractual Services**

Summary: The budgeted amount includes office and storage rental expenditures, telecommunication, printing of beneficiary booklets, memberships to various professional organizations, temporary workers and administrative contract expenses (including the Medicaid Management Information System and HealthWave Clearinghouse contracts).

The Kansas Medicaid Assistance Program (KMAP) makes extensive use of private contractors to administer its program, including professional services of \$50.2 million budgeted for current year FY 2011. Professional service expenditures include payment for the following contracts:

***MMIS/Fiscal Agent Contract*** - \$26.9 million (30200)

The Medicaid Management Information System (MMIS) is a federally certified automated data processing system that maintains eligibility for providers and beneficiaries, processes claims for services rendered by providers and reports on these activities. The State must operate a federally certified MMIS in order to collect the maximum available federal matching funds for Medicaid services. KMAP has contracted with Hewlett-Packard (HP) to operate the MMIS and provide an array of related administrative functions.

A certified MMIS assures:

- Compliance with federal regulations.
- Avoidance of substantial penalties for non-compliance with regulations.
- Avoidance of Center for Medicare and Medicaid Services action to reduce federal financial participation.

***HealthWave Administration Contracts*** - \$11 million (30200, 30400)

Kansas' CHIP program provides free or low health insurance coverage to children who:

- Are under the age of 19.
- Do not qualify for Medicaid.
- Have family incomes below 250 percent of the FPL.
- Are not covered by State Employees' Health Insurance or private health insurance.

Under Title XXI, the federal government provides approximately 72 percent of the cost, up to a maximum allotment. The State provides the remaining 28 percent and any excess spent above the Federal allotment.

HealthWave coverage is provided through a combination of fee-for-service and capitated managed care.

HealthWave Administrative functions include processing enrollments for CHIP, payment collection and marketing/pricing activities. Policy Studies, Inc. (PSI) is the current contractor responsible for the HealthWave Eligibility Clearinghouse. Other contractors include HP, Perceptive Software, UniCare, Children's Mercy Family HealthPartners and Cenpatico Behavioral Health. All HealthWave contractors must meet HIPAA requirements.

***Data Analytic Interface Contract*** - \$1 million

***Outreach and Quality Control Contracts*** - \$1.4 million

KMAP contracts with outside providers to perform outreach and quality control activities. Current medical administration contractors include the Kansas Foundation for Medical Care for external quality review and utilization review services and Optumas/Schramm Health Partners for actuary services, with funding totaling \$1.4 million.

***Certified Match Contracts*** - \$7.5 million

Federal funds totaling \$7.5 million are budgeted for certified match contracts. This includes contracts with the Kansas Department of Health and Environment, the Kansas University Center for Research, school districts and county health departments.

***Contracts/Consultations with Medical Experts***

KMAP also contracts with medical experts, including physicians and pharmacists, for drug utilization reviews and participation on the preferred drug list advisory committee.

**Current Year FY 2011:** \$50,634,127 – In addition to the professional services/contracts, this request provides for the printing of beneficiary booklets, communication expenditures, and limited travel. The request for the FY11 MMIS contract does not include the remaining funds encumbered in FY10, which are needed to fulfill FY11 contract obligations.

For FY11, a supplemental package of \$884,662 is requested to restore processing capacity and reduce the Clearinghouse application backlog. The CHIP Performance Bonus Payment Award provides the funding for the additional temporary staff, staff overtime, and equipment.

**Allocated Budget FY 2012:** \$52,032,178–In addition, an enhancement of \$2.5 million is requested to restore provider support and processing capacity for the MMIS and Clearinghouse contracts, and to provide funding for MMIS contract procurement technical assistance.

**Object Codes 300-390: Commodities**

**Current Year FY 2011:** \$20,290–Includes office supplies of \$14,850; fuel charges totaling \$700; and professional and scientific supplies of \$4,740.

**Allocated Budget FY 2012:** \$20,240

**Object Code 400: Capital Outlay**

Summary: The request includes funds to purchase software and software licenses, including \$5,000 for Medicare cost report software.

**Current Year FY 2011:** \$10,150

**Allocated Budget FY 2012:** \$10,150

**EXPENDITURE JUSTIFICATION – Federal Grants**

- Working Healthy/Medicaid Infrastructure Grant (MIG) and Demonstration to Maintain Independence in Employment Grant (DMIE) (30700 – Department ID 1717021500)

**Object Code 100: Salaries and Wages**

Summary: The Working Healthy/MIG and DMIE grant programs have 5.0 unclassified positions. The requested amount for salaries funds the four currently filled positions.

**Current Year FY 2010:** \$224,853 - Budgeted funds are adequate for current operations.

**Allocated Budget FY 2011:** \$293,578

**Object Codes 200-290: Contractual Services**

Summary: Ticket-to-Work or Medicaid Infrastructure Grant (MIG) is a federal grant that enables states to develop the infrastructure and implement Medicaid Buy-In programs (in Kansas called *Working Healthy*), promote the program and eliminate barriers to the competitive employment of individuals with disabilities. The Demonstration to Maintain Independence and Employment (DMIE) is a federally funded demonstration designed to test the hypothesis that providing intensive health care to individuals with severe medical conditions will forestall the loss of employment and prevent entrance into the Social Security system. The DMIE grant ended September 2009, but continues to process and pay claims through September 2010.

The MIG and DMIE programs contract with the American Public Human Services Association, Health and Disability Advocates, Benefits Management, Inc., the University of Kansas Center for Research and a number of community providers throughout Kansas.

**Current Year FY 2011:** \$1,160,955 – Contracts/professional services total \$1 million, including the final payment to Health and Disability Associates of \$400,000 for the development of a state and national marketing campaign promoting employment for individuals with disabilities.

**Allocated Budget FY 2012:** \$664,900-includes contracts/professional services of \$550,000 for the MIG grant.

**Object Codes 300-390: Commodities**

**Current Year FY 2011:** \$3,055 - Includes fuel (\$1,875) and office supplies (\$1,180).

**Allocated Budget FY 2012:** \$1,900

**Object Code 400: Capital Outlay**

No capital outlay purchases are planned.

**Current Year FY 2010:** \$0

**Allocated Budget FY 2011:** \$0

**Object Code 550: Other Assistance, Grants and Benefits**

Summary: The DMIE grant provides case management and medical services to non-Medicaid eligible individuals in the Kansas high risk pool who are unable to obtain employer-sponsored coverage or reasonably priced medical coverage.

The DMIE grant ended in September 2009. However, claims for services prior to October 2009 will continue to be processed and paid through FY10. No additional assistance expenditures are anticipated since the contractor was prepaid.

**Current Year FY 2011:** \$0

**Allocated Budget FY 2012:** \$0

**EXPENDITURE JUSTIFICATION – Federal Grants**

- Kansas Access to Comprehensive Health Program (KATCH) (30700 – Department ID 1717021000, 1717022000)

A State Health Access Program (SHAP) Grant awarded by the Health Resources and Services Administration provides the funding for the KATCH program.

**Object Code 100: Salaries and Wages**

The KATCH program has a total of 25 FTE (23 in the Medical Programs departments and 2 IT staff in the Operations department).

**Current Year FY 2011:** \$865,676 (30700-1717021000), \$175,495 (30700-1717022000).

**Allocated Budget FY 2012:** \$1,169,579 (30700-1717021000), \$179,736 (30700-1717022000).

**Object Codes 200-290: Contractual Services**

Kansas SHAP funding will assist in expanding coverage and increasing market penetration to children below 250 percent FPL (mandated by 2008 legislation), pregnant women (through presumptive eligibility), and to populations with historically low Medicaid/CHIP penetration rates, such as residents who are Hispanic, Native American, or who live in rural or frontier areas. Kansas plans to achieve these expansions through the development, implementation, and deployment of an automated online eligibility/enrollment information system, as well as through the development and implementation of a statewide outreach, marketing and education plan.



The cost of the online eligibility system is estimated to be \$7 million (\$3 million in FY11 and \$4 million for FY12). Other contractors include the Kansas Health Institute and the Information Resource Group.

**Current Year FY 2011:** \$4,414,861 (30700-1717021000) – In addition to professional services and the eligibility system, this includes expenditures for DISC, building rent, and travel. Out-stationed Eligibility Specialists and training coordinators will be required to travel frequently within Kansas.

**Allocated Budget FY 2012:** \$5,769,545 (30700-1717021000) – This amount includes \$4 million for the online eligibility system.

### **Object Codes 300-390: Commodities**

**Current Year FY 2011:** \$27,200 (30700-1717021000) – Includes expenditures for professional, outreach, and office supplies.

**Allocated Budget FY 2012:** \$27,200 (30700-1717021000)

### **Object Code 400: Capital Outlay**

**Current Year FY 2010:** \$39,897 (30700-1717021000) – Includes expenditures for PCs and printer/scanners at five presumptive eligibility sites across the State, plus the purchase of software licenses and maintenance fees.

**Allocated Budget FY 2011:** \$6,500 (30700-1717021000)

**EXPENDITURE JUSTIFICATION** – Regular Medical Assistance (35100, 35200, 35400) and CHIP (35300), Dept. ID 1717020000

### **Object Code 550: Other Assistance, Grants and Benefits**

Summary: Under the Regular Medical Assistance budget, the agency purchases medically necessary services for eligible consumers and access to treatment programs and preventive services. In addition to reimbursing for primary and acute care services, Medicaid and HealthWave also have special reimbursement agreements with the KU Medical Center and local health departments wherein they provide local funds to draw down federal matching funds. The pharmacy program includes a rebate program and a Drug Utilization Review (DUR) program, as mandated by federal regulations. The budget request for Regular Medical for FY 2011 is \$1.3 billion.

Nearly all health care services purchased by Medicaid and HealthWave are financed through a combination of State and federal matching dollars either through Title XIX (Medicaid) or Title XXI, the Children's Health Insurance Program (CHIP). Title XXI was created by Congress as part of the Balanced Budget Act to address the growing problem of children without health insurance. It was designed to expand health insurance to children whose families do not qualify for Medicaid. Coverage through CHIP is provided to "targeted low-income children," specifically those who reside in families with income below 200 percent of the FPL or those whose families have an income 50 percent higher than the State's Medicaid eligibility threshold.

The CHIP portion of HealthWave provides free or low cost health insurance coverage to children who:

- Are under the age of 19.
- Have family income too high to qualify for Medicaid.
- Have family income less than 250 percent of the federal poverty level.

- Are not covered by State Employees' Health insurance or other private health insurance.

HealthWave coverage is provided through a combination of fee for service and capitated managed care. HealthWave is a blended program utilizing Medicaid Title XIX funds and CHIP Title XXI funds. The budget request for the CHIP portion of HealthWave for FY 2011 is \$57.2 million plus a supplemental request of \$13.3 million.

**Current Year FY 2011:** Includes \$1.3 billion for regular medical assistance and \$57.2 million for CHIP.

An additional \$13.3 million has been requested in the supplemental package for CHIP assistance. The 2010 Legislature reduced the amount of CHIP assistance due to the proposed increase in family premiums. However, this change has not been approved by CMS.

**Allocated Budget FY 2012:** Includes \$1.3 billion for regular medical assistance and \$57.2 million for CHIP. An additional \$13.3 million has been requested for CHIP assistance in the enhancement package.

**Medicaid**

	<b>FY 2011 Approved</b>	<b>FY 2012 Allocation</b>
Average Monthly Persons	290,000	295,000
Expenditures	1,336,228,635	1,336,228,635

**SCHIP**

	<b>FY 2011 Approved</b>	<b>FY 2012 Allocation</b>
Average Monthly Persons	39,679	40,089
Expenditures	57,206,314	57,206,314

**EXPENDITURE JUSTIFICATION** – Program Informatics and Continuous Improvement (PICI) (01030) and PICI Off-Budget (97700) – Department IDs 1717028000 - 1717028900

The PICI staff use available data to inform KHPA, legislative and public discussions about health status and health reform. The 2007 Legislature approved the development of a Data Analytic Interface (DAI) system to combine existing health data resources within KHPA with data maintained by the Medicaid and HealthWave and State Employees' Health Benefit Program. The DAI system is in the final stages of implementation.

**Object Code 100: Salaries and Wages**

Summary: The requested budget includes salary and wage funding for 6.0 authorized positions including a Director, KHIIS and research staff that serve the data and fiscal information needs of Medicaid and HealthWave and SEHBP. This unit also provides support to the Data Consortium and provides management for health databases housed within and outside KHPA.

**Current Year FY 2011:** \$368,483 (01030), \$63,037 (97700) – This amount reflects funding for 5 full time positions.

**Allocated Budget FY 2012:** \$373,541 (01030), \$63,725 (97700) – This amount reflects funding for 5 full time positions.

**Object Codes 200-290: Contractual Services**

Summary: The expected expenditures for contractual services include the data analytic interface system contract with Thomson HealthCare and a contract with the Kansas Hospital Association for the review and analysis of health care data.

**Current Year FY 2011** \$97,572 (01030), \$3,040 (97700)

**Allocated Budget FY 2012:** \$102,089 (01030), \$3,045 (97700)

**Object Codes 300-390: Commodities**

Summary: A minimal amount of commodity expenditures are budgeted to provide for the purchase of professional supplies, such as technical manuals and analytical tools.

**Current Year FY 2011:** \$4,361 (01030), \$114 (97700)

**Allocated Budget FY 2012:** \$4,361 (01030), \$114 (97700)

**Object Code 400: Capital Outlay**

Summary: The capital outlay request allows for the purchase of two desktop computers. One of the computers each year will be funded by KHIIS.

**Current Year FY 2011:** \$8,803 (01030), \$1,197 (97700)

**Allocated Budget FY 2012:** \$8,803 (01030), \$1,197 (97700)

**EXPENDITURE JUSTIFICATION** – State Employees’ Health Benefits Program (31100) and SEHBP Off-Budget (97000)

The State Employees’ Health Benefit Program (SEHBP) administers health benefits for State employees, retirees and non-State group members. It also administers the State Workers’ Compensation program. The budget request includes funding for the staff and administrative activities required to administer contracts with health insurance carriers, managed care companies, pharmacy benefits manager and other administrative service contractors. The State Workers’ Compensation unit processes claims for State workers injured on the job and helps manage the utilization of services needed to rehabilitate or remediate the injuries of workers.

**Object Code 100: Salaries and Wages**

Summary: There are 47.9 authorized positions in the SEHBP including a Director, Deputy Director, Contract Managers and State Workers’ Compensation staff.

**Current Year FY 2011:** \$143,656 (31100), \$2,317,138 (97000) – The amounts shown fund 42.9 positions. In order to adequately fund staffing levels needed for the Workers’ Compensation program, an additional \$96,873 is needed from the State Self-Insurance Fund (6170-6173).

**Allocated Budget FY 2012:** \$146,599 (31100), \$2,367,482 (97000) – The amounts shown fund 42.9 positions. In order to adequately fund staffing levels needed for the Workers’ Compensation program, an additional \$99,833 is needed from the State Self-Insurance Fund (6170-6173).

**Object Codes 200-290: Contractual Services**

Summary: The contractual services budget includes operating costs including communications, printing and rental costs that are not included in the Operations and Finance budget. The primary expenditure is for contracts to support the management of the State Employees’ Health Benefits Program. These contracts include actuarial services, imaging equipment maintenance, billing and case maintenance for retirees, administrative services for health and dependent care flexible spending and providing materials for employees and State agencies.

**Current Year FY 2011:** \$20,275 (31100), \$10,825,894 (97000) – To adequately fund the expanded contract for the flex spending program’s third-party administrator, the limit for the flex spending administration fund (7740-7900) will need to be increased by \$203,256, and an additional \$136,860 from the wellness fund (2556-2550) will be needed to cover the cost of various contracts including lifeline, the wellness calendar and wellness newsletter. Also, the Workers’ Compensation will require an increase of \$59,195 in the limit for the State Self-Insurance Fund (6170-6173) to help cover its contractual services including assessments on the program by the Kansas Insurance Department and the Department of Labor.

**Allocated Budget FY 2012:** \$17,332 (31100), \$10,766,307 (97000) – To adequately fund the extended contract for the program’s third-party administrator, the limit for the flex spending administration fund (7740-7900) will need to be increased by \$204,543, and an additional \$148,707 from the wellness fund (2556-2550) will be needed to cover the cost of various

contracts including lifeline, the wellness calendar and wellness newsletter. Also, the Workers' Compensation contracts will require an increase of \$43,575 in the limit for the State Self-Insurance Fund (6170-6173) to help cover its contractual services including assessments on the program by the Kansas Insurance Department and the Department of Labor.

**Object Codes 300-390: Commodities**

Summary: Limited funds are requested to support fuel costs, office supplies needed in the training for non-State groups along with professional materials and supplies needed for the HealthQuest programs.

**Current Year FY 2011:** \$40,200 (97000)

**Allocated Budget FY 2012:** \$40,200 (97000)

**Object Code 400: Capital Outlay**

Summary: A minimal amount of capital outlay expenditures are budgeted for software.

**Current Year FY 2011:** \$14,500 (97000)

**Allocated Budget FY 2012:** \$14,500 (97000)

**Object Code 550: Other Assistance, Grants and Benefits**

Summary: Other assistance provided through the SEHBP is payments made to pay claims of injured workers through the Workers' Compensation program and are based on actuarial estimates.

**Current Year FY 2011:** \$23,329,671 (97000)

**Allocated Budget FY 2012:** \$24,397,543 (97000)