2009 Annual Legislative Report

Presented to:

Kansas Legislature

By:

Marcia Nielsen, Ph.D., MPH
Executive Director
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Message from the Executive Director and Board Chairman

To the Kansas Legislature:

Pursuant to K.S.A. 75-7405, we hereby submit the following annual report for your review and consideration. This report contains detailed summaries of the agency activities in 2008 and our plans for 2009. It also contains our recommendations for a statewide health policy agenda that includes both health care and health promotion components.

Looking ahead to the coming year, we acknowledge that Kansas faces serious economic and fiscal challenges. We also acknowledge that these challenges present a kind of double-edged sword for the state: increased demand for publicly-funded health services; and fewer resources available to pay for them. Because of that, we believe now it is more important than ever to leverage the resources we have to provide the best possible service to Kansans in the most effective and cost-efficient manner possible.

Throughout this report we have highlighted actions that various divisions within KHPA are taking on a daily basis to control the cost of administering the programs for which we’re responsible. You will also find a description of the health reform policies KHPA is recommending, policies that invest in the health of all Kansans in order to control future growth in the cost of health care. And we’ve provided an update on the status of our Medicaid Transformation process which will bring about even greater efficiencies in the future.

Both the staff and board at KHPA stand ready to work as full partners with the legislature, the administration and other state agencies to find effective and workable solutions to the state’s current fiscal condition while also promoting the long-term health and well-being of all Kansans.

Sincerely,

Marcia Nielsen, Ph.D., MPH
Executive Director

Joe Tilghman
Chairman, Board of Directors
EXECUTIVE SUMMARY

Although 2008 was a year of a faltering economy across the country, Kansas fared better than some other states. As 2009 begins, Kansas finds itself facing steep budget deficits and a growing number of Kansans in need. Despite the budget challenges facing the state, KHPA was able to make progress on a number of key initiatives, advancing the statutory mission of the agency 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.” The Board of Directors (the governing body for the agency) and staff also made significant progress with our statutory mandate regarding the “development of a statewide health policy agenda including health care and health promotion components.” And as required, this annual report includes “recommendations for implementation of the health policy agenda recommended by the authority.”

Beginning with our focus on effective purchasing and administration of health care, KHPA worked throughout the year to improve the quality, effectiveness and cost efficiency of all the programs under its umbrella. Some of the important achievements of the various units within KHPA included:

Effective Purchasing and Administration of Health Care:

- **Developed the Medical Home Model of Delivery**: KHPA convened a stakeholder group to begin implementing the medical home model that was enacted by the legislature in 2008. This process included a broad array of providers, consumers, health plans and businesses. The goal is to create a medical home model – or possible models – for Kansas, with incentives for payment reform that will promote improved health outcomes and lower health care costs.

- **Improved Payments for Hospitals that Treat Low-Income Patients**: The Centers for Medicare and Medicaid Services (CMS) approved a plan submitted by KHPA to pay hospitals for treating indigent patients. The former Disproportionate Share Hospital (DSH) payment method resulted in Kansas hospitals receiving $22.2 million of available federal funding for Medicaid DSH payments in Fiscal Year 2007. With the reforms, the DSH program will provide at least an additional $4.3 million in federal matching funds annually.

- **Increased Efficiencies by Using Standard Medical Identification Cards**: In September 2008 KHPA discontinued the production and mailing of monthly paper Medicaid medical ID cards and implemented a permanent card using recently developed national standards endorsed by the Workgroup for Electronic Data Interchange (WEDI). Kansas became the first state in the country to make card information conform with the national advanced ID card technology.
- **Increased Efficiencies through Document Imaging:** KHPA acquired a document imaging system and began using this technology agency-wide to manage documents, making them more portable and accessible to all users.

- **Implemented a Health Information Exchange Pilot Program:** The CareEntrust program was implemented in May 2008 for state employees who live in the 15 counties of the Kansas City metropolitan area. This innovative employer-driven community health record gives consumers access to their health information and authority to share this information with providers of their choosing.

- **Chosen to Participate in the State Quality Improvement Institute:** Kansas, together with eight other states, was chosen to participate in the State Quality Improvement Institute – an intensive, competitive selection effort to help states develop and implement action plans to improve performance across targeted quality indicators.

KHPA also made progress on our goal of improving the overall health status of Kansans and lowering health care costs. Achievements included:

**Health Promotion Oriented Public Health Strategies:**

- **Honored by the Institute for Health and Productivity Management:** KHPA was named a winner of the 2008 *Value-Based Health (VBH)* Award by the Institute of Health and Productivity Management. The Institute recognized KHPA for innovative strategies in the 2009 state employee health plan that were designed to control costs by promoting healthy lifestyles and personal responsibility.

- **Launched Online Health Consumer Search Tool:** The Kansas Health Online Consumer Transparency Portal ([www.kansashealthonline.org](http://www.kansashealthonline.org)) was launched in January 2008. It is dedicated to informing health consumers by empowering them with resources to stay healthy, manage their medical conditions, navigate the health system, improve their health literacy, purchase health care, compare provider quality and understand health policy.

- **Provided Wellness Programs for State Employees:** More than 76,000 employees and dependents are now eligible to participate in the wellness programs. Approximately 16,300 members took a personal health assessment and more than 9,000 individuals participated in health screening events held across the state.

- **Improved Dental Care:** During the 2008 legislative session KHPA received approval to expand the dental program to pregnant mothers and offer preventive and restorative care rather than just emergent dental care. Electronic billing for dental services has increased to 80 percent as more dentists are taking advantage of the online billing option created by KHPA’s contractor, EDS. KHPA and UniCare employees volunteered at the Kansas Mission of Mercy in Garden City helping many needy Kansans receive dental care.
KHPA made impressive progress on advancing data driven health policy, particularly with the exhaustive review of the Kansas Medicaid program through the Medicaid Transformation plan. In addition, KHPA succeeded in its mandate to “develop and adopt health indicators and ... include baseline and trend data on the health costs and indicators in each annual report to the legislature.”

**Data Driven Health Policy:**

- **Completed the 2008 Medicaid Transformation Process to Reform Kansas Medicaid:** KHPA completed 14 program reviews of the Kansas Medicaid program and has scheduled additional reviews for 2009. The purpose is to provide a regular and transparent format to monitor, assess, diagnose, and address policy issues in each major program area within Medicaid. These reviews are designed to serve as the basis for KHPA budget initiatives in the Medicaid program on an ongoing basis, providing a concrete mechanism for professional Medicaid staff within KHPA to actively recommend new policies that improve the program so that well-founded, data-driven, and operationally sound proposals may be advanced to the Board, the Governor, and the Legislature.

- **Finalized and Published Health Indicators:** The KHPA Board adopted a list of nearly 90 different measures which had been recommended by the Data Consortium, divided into four categories that are aligned with the KHPA Board’s vision principles: Access to Care; Health and Wellness; Quality and Efficiency; and Affordability and Sustainability. These measures are presented as concise graphics and tables that show baseline and historical trends along with benchmark information for comparison to national and peer state data. In addition, statistical indicators are included which provide intuitive alerts signaling either the achievement of policy objectives or the need for policy intervention.

- **Completed Plans to Implement Data Analysis Infrastructure:** KHPA completed the Request for Proposals process and awarded the Data Analytic Interface (DAI) contract to Thomson Reuters. This initiative aims to consolidate and manage health care data for several state programs managed by KHPA, including the Medicaid Management Information System, the State Employee Health Benefit Program, and the Kansas Health Insurance Information System. It also allows analysis of health care based on episodes of treatment, disease management, predictive modeling, and the measure of cost and outcome effectiveness. This web-based tool is being designed to use public and private data to compare the health care service and utilization patterns, identify trends and areas for focus and improvement.

Finally, the Board and staff also made significant progress with our statutory mandate regarding the “development of a statewide health policy agenda including health care and health promotion components.” KHPA will present lawmakers with a health reform agenda that focuses on promoting public health and expanding health coverage in Kansas. Those reform proposals include:
• **Advancing a Statewide Clean Indoor Air Law:** An overwhelming number of studies confirm that smoking is the number-one preventable cause of death and illness in Kansas. Without such a ban, even those who wisely choose not to smoke are made to suffer from exposure to secondhand smoke. This is especially true for people who work in restaurants, bars and other establishments where smoking is allowed, as well as the customers who patronize those establishments. A statewide ban would protect the public from these harmful effects and send a strong social message that smoking in public is unacceptable.

• **Increasing Tobacco User Fees:** KHPA is proposing an increase in the state excise tax on tobacco that would increase cigarette taxes by $.75 per pack – from $.79 to $1.54. This is based on findings that show a large amount of health care expense in the United States is directly attributable to smoking. The purpose of the tax is two-fold: to make smoking more expensive, thus encouraging smokers to quit and discouraging non-smokers from ever starting; and to generate revenue to fund expansion of health insurance coverage. The budget impact will add $87.4 million in new revenue for FY 2010.

• **Expanding Access to Affordable Health Care and Public Health:** Using the tobacco user fee as funding, the KPHA is proposing to expand Medicaid to cover all parents and caregivers with incomes below the federal poverty level, as well as other measures aimed at making insurance more affordable to small businesses and young adults, expanding access to cancer screening for low-income Kansans and providing tobacco cessation programs for Medicaid recipients.

KHPA believes we can build from the progress we made in 2008. Beginning with the Medicaid Transformation plan, KHPA intends to reform our Medicaid program to make them more cost-effective while preserving vital services to low income Kansans. Through several innovative initiatives, KHPA is providing more data and information to consumers to empower them to make healthy choices, and we’re providing lawmakers with needed data to inform health policy decisions. Finally, our goal continues to be to advance a health policy agenda that will make health care available to more Kansans and improve the overall health of Kansans. This will help control the growth of health care costs in the future, an increasing important priority for the state.

The KHPA Board has expressed a sincere commitment to work with policymakers to address the difficult financial situation facing our state. The Board and staff stand ready to work with the legislature and the Governor in a collaborative fashion.
STATUTORY HISTORY OF KHPA

The Kansas Health Policy Authority was established in 2005 with passage of S.B. 272 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.

Before 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.

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.

In September, the Board selected Joe Tilghman as its new chairman. He succeeded Connie Hubbell who had chaired the board since June 2006.

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 on Aging (KDOA) and the Kansas Department of Social Rehabilitation Services (SRS). These agencies also set policy for the Medicaid programs under their jurisdiction.

Today, KHPA administers the medical portions of Medicaid, the State Children’s Health Insurance Program (SCHIP), HealthWave, the State Employee Health Plan and the State Self-Insurance Fund (SSIF), which provides workers compensation coverage for state employees. The agency is also charged with gathering and compiling a wide array of Kansas health-related data that is used to guide policy development and inform the public.

KHPA is also 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 Executive Director of KHPA 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 guidelines are derived from House Substitute for Senate Bill No. 272 from the 2005 Session and related Kansas statutes. Those guidelines include:

- Establishing the Kansas Health Policy Authority and KHPA Board, including duties, powers, and responsibilities
- Appointment of an Executive Director subject to senate confirmation as provided by K.S.A. 75-4315b
- Providing general authorization for the Authority to enter into state plans for participation in federal grant programs (K.S.A. Supp. 39-708c)
- Establishing rates for payment of services (K.S.A. Supp. 39-708c(x), amended in the 1990 Kansas Legislature)
- Developing 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. (K.S.A. 38-2001 et. seq.) 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 by adding 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 pays approximately 60 percent of the cost of the program, with the state paying the remaining 40 percent.

**SCHIP:** In 1997, Congress amended the Social Security Act further by adding Title XXI establishing SCHIP – the State 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, SCHIP is a joint federal-state program. However, unlike Medicaid, which is an entitlement program, SCHIP is a block grant program that is subject to federal reauthorization. In 2007 Congress passed a reauthorization bill that expires on March 31, 2009.

In Kansas, the federal government pays approximately 72 percent of SCHIP costs. The state pays the remaining 28 percent as well as any excess above the federal allotment. SCHIP 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 225 percent of the poverty level, subject to the availability of increased federal funding which has not yet been forthcoming.

**HealthWave:** The word “HealthWave” originated as the state of Kansas’ brand name for the SCHIP program in Kansas. In 2001, Kansas blended SCHIP 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. Officially 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 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.

**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. It 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, the State Employee Health Plan 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.

For most of its history, SEHP was administered through the Department of Administration which contracted out with third-party administrators. In 2006, the function was shifted to the newly-created Kansas Health Policy Authority.

**Data Policy and Evaluation:**
The Data Policy and Evaluation Division was established to consolidate data management and analysis with policy evaluation. All program data for Medicaid, SCHIP, and the State Employees Health Plan are available to analysts to assess the impact of proposed policies, forecast utilization and expenditures, and provide information to the KHPA Board, staff, and other stakeholders.

KHPA is charged with the responsibility of collecting a wide range of health and health care information that includes programmatic and administrative data as well as market-generated data. These data come from Medicaid and SCHIP, the 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).

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 further 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.

“On January 1, 2006, the Kansas health policy authority shall assume the functions of the health care data governing board and the functions of the department of social and rehabilitation services under the Kansas business health partnership act, as provided by this act.” (K.S.A. 75-7405(b))
**KHPA Mission**

As expressed in the statute that created the Kansas Health Policy Authority (KSA 75-7401, et seq.) our mission 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.

These vision principles have been used to develop three strategic goals as the basis for the KHPA strategic plan. The KHPA Board provided preliminary approval of the goals at their retreat in June 2008. The final plan document including the goal statements, program and policy objectives, will be submitted to the 2009 legislature and posted on the [KHPA website](#).
Medicaid Transformation

Summary: Since assuming responsibility for the Kansas Medicaid system on July 1, 2006, KHPA has engaged in sweeping process of reviewing all programs and services within Medicaid to improve their efficiency and effectiveness. This process, which we have called “Medicaid Transformation,” seeks to make sure that every dollar is spent wisely and produces the best possible result for Medicaid beneficiaries.

The first 14 of those program reviews will be presented to the 2009 legislature. They include

- Medicaid and SCHIP Dental Programs
- Durable Medical Equipment
- Medicaid Fee-for-Service Home Health Benefits
- Hospice Services
- Acute Care Inpatient/Outpatient Hospital Services
- Independent Laboratory and Radiology
- Medicaid Pharmacy Fee-for-Service
- Medicaid Fee-for-Service Transportation
- HealthWave
- HealthConnect Kansas
- Medical Services for the Aged and Disabled
- Emergency Health Care for Undocumented Persons (SOBRA)
- Eligibility Policy and Operations of Public Insurance Programs
- Quality Improvement in KHPA’s Health Care Programs

Key Findings: The program reviews completed provide an overall picture of Medicaid in Kansas. They show that while children and families account for most of Medicaid enrollment, much of the increase in expenditures is driven by the cost of serving elderly and disabled beneficiaries. The reviews show increases in spending for hospital and hospice services, durable medical equipment and pharmaceuticals.

The reviews also indicate that efforts by KHPA to reduce costs are meeting with some success. For example, changes initiated by the agency have resulted in a significant slowdown in the escalation of costs for transportation services. KHPA also has had success in reducing the cost of home health services, saving over $16 million.

Those 14 reviews will be presented separately to the Kansas legislature. An additional 12 program reviews are scheduled for completion in early 2010.
MEDICAID AND HEALTHWAVE

The Medicaid and HealthWave Division develops policies, 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, KHPA 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 and provide certain services (Fig. 1).

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 Children’s Health Insurance Program, or 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

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<th>Figure 1</th>
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<td><strong>Examples of Medicaid Mandatory Populations</strong></td>
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<td>◊ Children age 6 and older below 100% Federal Poverty Level (FPL), or $17,600 a year for a family of 3.</td>
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<tr>
<td>◊ Children under age 6 below 133% FPL ($23,408 a year for a family of 3).</td>
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<td>◊ Parents below the state’s Aid to Families with Dependent Children (AFDC) cutoffs effective July 1996.</td>
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<td>◊ Pregnant women ≤ 150% FPL.</td>
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<td>◊ Elderly and disabled SSI beneficiaries with income ≤ 74% FPL ($6,768 a year for an individual).</td>
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<td>◊ Medicare Buy-In groups (Qualified Medicare Beneficiaries or QMBs, Specified Low Income Medicare Beneficiaries or SLMBs, and Qualifying Individuals or QIs).</td>
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**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.
the federal allotment. Health care services are purchased through both traditional fee-for-service and managed care models as described below.

SCHIP was designed to provide coverage to “targeted low-income children,” meaning those who reside in a family with income below 200 percent of the Federal Poverty level (FPL) or whose family has an income 50 percent higher that the state’s Medicaid eligibility threshold. Kansas provides low-cost health insurance coverage to children who are under the age of 19, do not qualify for Medicaid, have family incomes under the 200 percent of the federal poverty level, and are not covered by state employee health insurance or other private health insurance.

The Medicaid/HealthWave Division is composed of the following sections: Health Resources Management; Eligibility, and Operations.

**Health Resources Management:** The Health Resources Management section (HRM) oversees health care purchasing and delivery for the Medicaid program. KHPA purchases health care through three product lines: capitated managed care, Primary Care Case Management (PCCM), and fee for service. The Managed Care Section of HRM is responsible for managing the contracts with managed care organizations (MCO) – Children’s Mercy Family Health Partners (CMFHP), UniCare Health Plan of Kansas, and Cenpatico Behavioral Health. It also oversees the PCCM program. The Fee for Service Section develops policy, recommends changes to the benefit plan and monitors the delivery of care through Medicaid fee for service. The Pharmacy Section is responsible for directing the Medicaid fee for service pharmacy program.

**Eligibility:** The Eligibility section of the Medicaid Division has three units that oversee different functions.

*The Eligibility Policy Unit* is responsible for overseeing all program, policy, training and outreach activities related to beneficiaries and their enrollment in 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 Eligibility Policy 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* is responsible for administering a number of federal grants and the primary activity of this group of programs is to 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 immediate medical coverage while they wait to be determined eligible by the Social Security Administration (SSA).

**Medicaid Operations:** The Medicaid Operations section is responsible for the procurement, management, oversight and monitoring of all contracts that include Medicaid and SCHIP funding. It oversees more than 150 contracts valued at over $53.5 million. It is also responsible for program integrity and the management of third-party resources and other insurance payments to ensure collections of funds from other sources of insurance coverage and Medicare.

In addition, Medicaid Operations has responsibility for claims processing, resolution and finance, fair hearings and implementation of changes in benefits and federal mandates. Primary responsibility for providers and beneficiaries relations, communication and inquiries about the program are also included in this section.

Finally, in compliance with federal and state law and regulations, the Operations eligibility staff located at the HealthWave clearinghouse complete Medicaid eligibility determinations received and monitor the performance of the contract eligibility determination staff.

**2008 Key Accomplishments include:**

- Developed process to review all new covered services through Indian Health Services to take advantage of 100 percent federal funding for the service
- Unbundled services rendered in schools to reimburse only for services rendered
- Streamlined the financial interface between the Medicaid Management Information System (MMIS) and the Department of Administration’s Statewide Accounting and Reporting System (STARS) by establishing a direct interface between the two systems
- Enhanced the functionality of providers’ secure web site to improve access to information and reduce billing errors
- Improved beneficiary enrollment information to provide better education regarding enrollment of newborns, allowing pregnant women to make more informed decisions
- Created a cross functional team to better manage the coordination of benefits between physical health and mental health Managed Care Organizations
- Successfully completed the competitive procurement of the Data Analytical Interface to coordinate analysis of Medicaid, state employee and private health insurance data
- Successfully completed the implementation of the National Provider Identifier federal mandate
- Successfully completed the program design and implementation plans of the Premium Assistance initiative, but lack of funding prevented implementation

**Planned activities, 2009:**

- Implement a web site to facilitate beneficiary access to information
• Transition from monthly to permanent medical identification cards
• Expand newborn screening in collaboration with KDHE
• Develop review process of all retroactive eligibility approval for hospice services
• Streamline the tuberculosis coverage process to ensure appropriate level of payment
• Implement the new EPSDT guidelines for 30 month well child visit
• Continue to streamline and improve billing practices
• Implement federal mandates effective in 2009
• Work on the implementation of federal mandates effective 2010 and 2011

**Medicaid Program Integrity**

The Kansas Medicaid program follows a number of program integrity procedures including internal and external auditing and reporting measures required by the federal government. The agencies providing oversight and the processes in place at KHPA to ensure program integrity are detailed below:

**CMS Federal Reporting Requirements**

- Medicaid Eligibility Quality Control (MEQC) is federally mandated to monitor and improve the administration of state Medicaid programs. The MEQC unit performs reviews of Medicaid beneficiaries identified through a statistically reliable statewide sample of cases selected from eligibility files.
- Payment Error Rate Measurement (PERM), which runs parallel to MEQC, is federally mandated and designed to comply with the Improper Payments Information Act of 2002. PERM performs reviews of eligibility determinations and works closely with CMS contractors who review accuracy of claims and measure improper payments in the Medicaid and State Children's Health Insurance Programs

**U.S. Health and Human Services Office Of Inspector General Audits**

- Internal Audit Unit monitors external audits of KHPA and provides assistance to external auditors, conducts audits and targeted reviews of KHPA operations, program and procedures, conducts consultation engagements to improve internal processes and leads the enterprise risk management program.

**Other related activities include KHPA's Management's Medicaid program reviews for 2008 and 2009:**

- Medicaid Management's Information System (MMIS) edits and audits
- Legal Unit counsel related to the collection of third party claims (medical subrogation) and recoupment of long-term care costs from the estates of deceased Medicaid recipients
- Fair Hearing Unit acts as the agency representative in disputes with providers or consumers relating to cases involving Surveillance and Utilization Review Subsystem (SURS) recoupment, claims processing, prior authorizations, provider enrollment and any area where an adverse action has been rendered, refers potentially fraudulent cases to SURS for review
Other State Agencies

- Attorney General's Medicaid Fraud and Control Unit (MFCU), with federal oversight provided by the HHS OIG, investigates and prosecutes Medicaid provider fraud which includes false claims, false statements, kickbacks, bribes, illegal rebates, negligent and intentional failure to maintain records, and destruction of records. Prosecutes abuse and neglect of residents in residential health care facilities that are Medicaid providers, based on referrals from KHPA.
- Legislative Division of Post Audit conducts performance audits, compliance and control audits, and financial compliance audits of Kansas state agencies, programs and activities.

KHPA Activities

- Surveillance and Utilization Review Subsystem (SURS) is federally mandated to monitor providers and consumers of Medicaid services.
- SURS performs post-payment provider reviews consumer reviews, fraud analysis and data analysis to safeguard against unnecessary or inappropriate use of services and against excess payments. SURS assesses quality of services and provides control of the utilization of all services provided. SURS may impose provider sanctions such as education, recoupment, pre-pay review, withholding of payments, termination of provider agreement and federal exclusion. It refers potentially fraudulent cases to MFCU.
- Program Integrity Manager oversees the Kansas Medicaid state plan amendments and regulations and interagency agreements. It serves as a liaison to Social and Rehabilitation Services and Kansas Department of Aging.

Office of Inspector General, an independent oversight body created by the Kansas Legislature in 2007

- Investigates fraud, waste, abuse and illegal acts committed by the KHPA and its agents, employees, vendors, contractors, consumers, clients and health care providers or other providers
- Performs reviews or audits of the KHPA, its employees, contractors, vendors, and health care providers to ensure that appropriate payments are made for services rendered, and to recover overpayments
- Monitors adherence to contract terms between KHPA and claims payment organization
- Networks with MFCU, SURS, the Medicaid Integrity Group (MIG), the regional health care fraud working group, KDOA, and other related groups
- Refers potentially fraudulent cases to MFCU
STATE EMPLOYEE HEALTH BENEFITS PLAN

The State Employees Health Benefits Plan division of KHPA administers two programs: the State Self Insurance Fund (SSIF), which provides workers compensation coverage for state employees, and the State Employees Health Plan (SEHP).

State Employees Self Insurance Fund (SSIF)
The SSIF manages and processes claims for state employee 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 used to review claims for medical appropriateness, nurse case management on complex cases, and pricing. On average 333 accident reports are received monthly. In FY 2008, the SSIF spent over $25.1 million on compensation, with about 59 percent for medical services and 41 percent for indemnity.

State Employee Health Plan (SEHP)
The State Employee Health Plan administers the health insurance contracts for state employees and their dependents. The State Employee Health Plan is overseen by the Kansas State Employees Health Care Commission (HCC), which was statutorily created in 1984 to “develop and provide for the implementation and administration of a state healthcare benefits program.” (K.S.A. 75-6501 et seq.) The statute provides for an Employee Advisory Committee which was implemented in 1995. It consists of 21 members: 18 active employees and 3 retirees serving three-year rolling terms.

Health Plan Enrollment
At the time of budget submission, total plan enrollment in the State Employee Health Plan stood at 53,187 contracts and 92,816 covered lives (Table 1). In the 2008 plan year, 92 percent of the active employees were enrolled. Of those, 55 percent carried single coverage and 45 percent provided coverage for their dependents.

There are 106 non-state entities participating in the plan. Those include 34 school districts; 49 cities, counties or townships; 19 extension offices or libraries; and four public hospitals. The number of participants in the non-state groups range from one to 652. Only five groups have more than 200. Fourteen have between 100 and 200 members.

In addition to the active employees, SEHP provides coverage for nearly 10,000 retirees and former employees living in all states and some abroad.

<table>
<thead>
<tr>
<th>Table 1: State Employee Health Benefits Plan Enrollment - 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active State of Kansas Employees</td>
</tr>
<tr>
<td>Active Non-State Entities (Education and Local Units)</td>
</tr>
<tr>
<td>Direct Bill/Retiree Participants</td>
</tr>
<tr>
<td>COBRA Participants</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>
**Health Plan Design**

*Medical:* All participants have a choice of three different preferred provider organizations (PPOs). For Plan Year 2008, 98.3 percent of active participants selected Plan A; 1.2 percent selected Plan B and 0.5 percent selected Plan C (the qualified high deductible health plan with health savings account).

Retirees who are Medicare-eligible also can enroll either in Kansas Senior Plan C, a self-funded Medicare Supplement Plan, or two Medicare Advantage Plans. About $102 million (All Funds) was spent in Plan Year 2007 on medical claims for the self funded plans and about $131 million in premiums for the fully insured plans.

* Prescription Drugs:* Prescription Drugs are carved out of the health plan and are administered separately by a Pharmacy Benefits Manager (PBM), currently Caremark. The plan design includes a tiered coinsurance program with a separate copayment for special case medications. Members also have access to discounts on drugs not offered by the plan.

The plan design continues to encourage members to make smart purchasing decisions. Using generic drugs when available is the most cost effective choice and the plan members understanding of this is reflected in an increase in the generic dispensing rate which is now over 65 percent. The Generic Dispensing Rate is the number of generic prescriptions divided by the number of all prescriptions dispensed. More than 63 percent of the prescription drugs dispensed under SEHP are generics. Claims cost for Plan Year 2007 was $58.0 million. The average cost per-member per-month for Plan Year 2007 was $72.58.

*Dental:* The dental component is provided by the employer for employees at no cost, and it is optional for dependents. In Plan Year 2008, more than $22 million was spent on dental claims. The average cost to the plan per active employee in Plan Year 2007 was $132.93.

*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. There are 33,079 participants.

**Employee Health and Wellness**

HealthQuest was instituted in 1988 to provide wellness programs to SEHP members, with the goal of improving employee health and reducing health care costs. In Plan Year 2008 a wide variety of new programs were added making HealthQuest a truly comprehensive health and wellness program. Program offerings include an annual Personal Health Assessment (PHA) and health screening, health coaching, web-based lifestyle programs, online health resources, condition and disease management programs, employee assistance counseling and referrals, life coaching, a wellness newsletter, a blog, and wellness presentations for employee groups across Kansas. In Plan Year 2008, a $50 gift certificate was awarded to eligible participants who completed the online PHA. In Plan Year 2009, the $50 gift card will be available to members who complete both the PHA and health screening.

A significant component of the program is health coaching. HealthQuest health coaches provide health care information and support to individuals to help them manage their chronic medical
conditions and make health care decisions. Health coaches offer support and information for many medical conditions. When appropriate, they mail participants a video/DVD program on topics such as treatment choices for their conditions. The Dialog Center web portal provides articles on thousands of health topics, an online self-care decision tool, online health surveys, symptom diaries, medication lists and an email interface with their personal health coach.

As part of the HealthQuest organizational strategy to build a culture of health, a comprehensive plan is being developed to engage all levels of state and KHPA leaders, agency heads and directors, wellness coordinators, employees, retirees and other plan members. HealthQuest is implementing a comprehensive feedback process that will include management and employee surveys and focus groups. Other feedback loops are being built into the telephonic and web-based programs.

There are also disease management programs offered by the SEHP through the contracted health and prescription drug plans and include coronary artery disease, diabetes, asthma and COPD. Participation and results are tracked and monitored by the health plan and results are reported to the contract management team.

The Kansas Health Policy Authority significantly expanded the focus on prevention and health and wellness policies within the State Employee Health Plan (SEHP) for the 2008 and 2009 Plan Years with the goal of improving health and decreasing overall health costs.

**Planned activities, 2009**

In 2009, a network of Wellness Coordinators will be put in place and will play a vital role in our long-range wellness education and communication strategy to enhance visibility, support, utilization, and evaluation of HealthQuest programs. Wellness coordinators and committees at
each agency will provide onsite wellness programming such as brown bag lunch presentations, walking clubs, fitness events and health fairs. Coordinators will be supported in providing wellness programming on a quarterly basis and will be provided with the educational and promotional materials to do so. These wellness coordinators will also be invited to be site coordinators for the health screening program.

**Cost Control Measures:**

- Working with the Department of Administration to develop a web portal for use by the employees of non-state entities and direct bill members. This will reduce the number of paper enrollment forms that must be ordered and manually entered into the system.
- Working to expand the active state employee web portal to allow members to enroll in the HealthyKids program online. HealthyKids is a pilot program to assist with low-income employees with pay for their children’s health insurance premiums. This change will reduce the number of HealthyKids applications that must be ordered.
- Discontinued advertising Requests for Proposals (RFPs) in trade publications and, instead, began working with partners to determine who might provide needed services. Electronic version of the RFP are sent to those organizations, saving KHPA $1,500-$2,000 per RFP.
- The SEHP Health Plan Operations team is currently holding open a position for a contractor manager for the third party administrators of the SEHP medical plans.
- The SEHP Membership team is currently holding open position for a benefits consultant.
- Beginning with Plan Year 2009, the SEHP has non-sedating antihistamine products to the discount only coverage tier. This was done due to the number of quality over-the-counter (OTC) non-sedating antihistamine products now available. Both Claritin and Zyrtec are both available OTC. This change is estimated to save the plan $1.2 million this year.
- To enhance member safely and the quality of care, biological and specialty products covered under the pharmacy program were moved to the Caremark Specialty mail service. Caremark will assign staffed trained in the disease state being treated to work with the member to ensure the medication is being received timely, used properly and side effects understood to improve adherence to care. This move also allowed us to obtain a deeper discount on these products.
- In July 2008, SEHP had Caremark sent a mailing out to members using the brand name cholesterol lowering medication Lipitor to educate them about the cost saving opportunity of moving to a generic cholesterol medication. In third quarter 2008, our usage of Lipitor dropped 7 percent resulting in plan savings estimated at $250,000.
- Several plan design changes were implemented for Plan Year 2009 which will reduce plan cost. One of the goals of the plan changes was to improve the enrollment in Plan B and Plan C. Plan enhancements were done to encourage members to consider these as viable options to finance their health care. As part of the overall funding projections, it was necessary to increase enrollment in Plan B to a total of 3 percent of the enrollment population. As of publication of this report, the goal has been met, with 4.5 percent of the total population enrolled in Plan B. A small increase in enrollment in Plan C also occurred. The following table outlines each of the plan changes and impact to the overall plan:
<table>
<thead>
<tr>
<th>Effect</th>
<th>Dollar Amount</th>
<th>Benefit Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.66%</td>
<td>($2,081,000)</td>
<td>Add a $50 per person, $100 per family deductible per year</td>
</tr>
<tr>
<td>-1.43%</td>
<td>($4,500,000)</td>
<td>Increase the member coinsurance from 10 percent to 20 percent.</td>
</tr>
<tr>
<td>-0.11%</td>
<td>($333,000)</td>
<td>Increase the coinsurance maximum to $1,100 per person, $2,200 per family.</td>
</tr>
<tr>
<td>-1.15%</td>
<td>($4,600,000)</td>
<td>Increase the employee premium by 5%</td>
</tr>
</tbody>
</table>

**Plan B**

<table>
<thead>
<tr>
<th>Effect</th>
<th>Dollar Amount</th>
<th>Benefit Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.58%</td>
<td>($97,000)</td>
<td>Add a $50 per person, $100 per family deductible per year</td>
</tr>
<tr>
<td>0.10%</td>
<td>$16,000</td>
<td>Decrease the office visit copay for dependent child under 18 to $10 for primary care providers and $25 for specialists office visits.</td>
</tr>
<tr>
<td>0.67%</td>
<td>$112,000</td>
<td>Reduce the member network coinsurance from 35 percent to 30 percent.</td>
</tr>
<tr>
<td>4.75%</td>
<td>$800,000</td>
<td>Realign the premium/benefit relationship with Plan A.</td>
</tr>
</tbody>
</table>

**Plan C**

<table>
<thead>
<tr>
<th>Effect</th>
<th>Dollar Amount</th>
<th>Benefit Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.50%</td>
<td>$8,000</td>
<td>Cover network preventive care services at 100 percent.</td>
</tr>
<tr>
<td>1.00%</td>
<td>$15,000</td>
<td>Reduce the network coinsurance maximum to $3,000 for single and $6,000 for family.</td>
</tr>
<tr>
<td>0.45%</td>
<td>$7,000</td>
<td>Reduce the non network coinsurance maximum to $3,650 for single and $7,300 for family.</td>
</tr>
<tr>
<td>-0.05%</td>
<td>($1,000)</td>
<td>Increase the member non network coinsurance from 40 percent to 50 percent.</td>
</tr>
<tr>
<td>0.00%</td>
<td>$0</td>
<td>Make the lifetime maximum unlimited.</td>
</tr>
</tbody>
</table>
EXECUTIVE DIRECTOR’S OFFICE

The Executive Director’s Office oversees the operations and administrative responsibilities of the agency, as well as its statutory obligations. The office is responsible for coordinating all programs established to assist with the mission and vision of the agency.

The office includes the Executive Director, Deputy Director, Policy Director, Director of Executive Operations, Public Relations Director/PIO, Human Resources Director, Chief Legal Counsel and a Manager of Board Relations and Special Projects.

Policy Division: KHPA is charged with developing and maintaining a coordinated health policy agenda to improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services and public health programs. The Policy Division encompasses two units; Governmental Affairs and Policy Analysis. Governmental Affairs is comprised of a Legislative Liaison, a Legislative Analyst and a Policy Researcher. The Policy Analysis Unit responds to research questions posed by the Executive Director and, at KHPA Board direction, monitors updates and changes in health policy and public health research, and coordinates training sessions for KHPA staff. These two units are jointly responsible for the full range of activities within the KHPA policy continuum including policy research, development, analysis and dissemination.

Communications: The Communications Team includes the Director of Public Relations/PIO, the Communications Director, the Communications Assistant, and the KHPA Webmaster. The team works with the Policy Division and KHPA program staff to build a coordinated message and communications strategy through the board and legislative agenda in collaboration with the agency’s mission. They also engage in comprehensive, ongoing public outreach to provide information to health consumers, community partners, stakeholders and policymakers, as well as seeking input into the health reform development process.

Human Resources: The Human Resources team delivers a full range of human resource services for the agency. In addition to daily personnel and position administration, the team drives recruitment and hiring processes, coordinates training, handles employee relations issues and provides support to employees, supervisors and management.

Legal Services and General Counsel: The KHPA Legal Section provides advice, research and representation for all functions of the agency. The Legal Section provides representation and advice to the Medicaid program, State Employee Health Benefits program, State Self-Insurance Fund, KHPA Policy, and KHPA Finance and Operations. The Legal Section is also responsible for federally mandated Medicaid recoveries through medical subrogation (recoveries from third party claims and tort-feasors) and estate recovery (recoveries from estates and property of Medicaid recipients by direct action or by management of a contractor and recovery agents). The goal of the Legal Section is to provide timely and effective legal support for the agency.

2008 Key Accomplishments include:

During 2008 the office of Legal Services and General Counsel was officially realigned to report directly to the Executive Director. Before, it had been organized within the Finance and Opera-
Also during 2008, KHPA created a new position of Director of Public Relations/PIO to lead the Communications Team and supervise all aspects of the agency’s external communications, including media relations, community outreach, publications and web development.

Other Highlights:

- **Developed 2009 Health Reform Recommendations:** Led by the KHPA Board, the agency built upon its 2008 reform plan by prioritizing recommendations that would save lives, reduce health care costs, provide access to affordable health insurance and offer strong support for wellness among Kansans.

- **Continued Health Reform Outreach to Kansans:** In 2008, KHPA staff members talked with over 1,000 Kansans about the status of health reform in Kansas. During the fall, agency representatives embarked on a series of 54 meetings in 11 cities across the state. Staff members met with a variety of stakeholders including Chambers of Commerce, public health departments and non-profit organizations. Each day’s visit ended with a public meeting that was advertised in a variety of ways, including local newspapers. Following the public meetings, KHPA staff members videotaped members of the community telling their health stories. During the course of the year, KHPA staff members have also made frequent health reform presentations statewide, talked with countless Kansas health consumers and engaged in a continuing conversation with advocates and partners across the state.

- **Implemented the E-Health Advisory Council:** Together with Gov. Sebelius, KHPA made appointments to the E-Health Advisory Council which will advise the governor and the KHPA Board. It will explore options and make recommendations to promote the use of health information technology and health information exchange.

- **Published and circulated the KHPA Newsletter:** KHPA began producing *The Pulse* newsletter in December 2007 as a part of its strategic outreach plan. *The Pulse* is published once a week during the legislative session and once a month when the legislature is out of session. It provides Kansas health partners with the most current information about legislative and agency events and initiatives. The newsletter is distributed to over nearly 6,000 Kansans, including health consumers, agency partners, stakeholders, health care professionals and policymakers.

- **Expanded Outreach Efforts to the KHPA Website:** Since its inception, KHPA has understood the importance of sharing as much information as possible about the agency with consumers. In the pursuit of transparency, the agency posts all public documents related to agency programs and operations, KHPA Board activities, consumer relations and legislative processes on its website as soon as they are available.

- **Agency Culture Initiative:** During 2008, KHPA began a focused process to engage staff in communicating their ideas and recommendations related to the agency’s current values, goals, and practices. The goal of the initiative is to develop a culture within the agency focused on professionalism, teamwork, and leadership. KHPA staff participated in a number of focus group sessions to provide feedback related to the current agency culture and to develop recommendations for those areas needing to be modified or improved. Plans are being made to implement specific recommendations beginning early 2009.

- **Recovered Funds:** During FY 2008 the Estate Recovery Unit within the Legal Services Division.
division recouped $7,176,770 from 2,303 recoveries and the Medical Subrogation Unit recouped $2,454,706 from 752 recoveries. The Estate Recovery Unit has collected over $43 million in the period of FY 2001 through FY 2008.

**Cost-Saving Measures:** The KHPA Legal Division participated with program staff and attorneys from KHPA, Kansas Insurance Department, Kansas Department of Social and Rehabilitation Services and Kansas Department on Aging to develop and implement a program involving Long Term Care Partnership insurance policies as a way to shift nursing home costs from Medicaid.
FINANCE AND OPERATIONS

Under the Direction of the Chief Financial Officer, the Finance and Operations Divisions provide 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 units include a variety of support services needed to maintain and improve the efficient and effective operation of KHPA.

- The Audits 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.
- Facilities and Purchasing provides for the space and equipment needs of the policy areas within KHPA.
- Information Technology manages the computer and telecommunications infrastructure, information security, and technology projects for KHPA and direct desktop support is provided to KHPA through arrangements with the Department of Administration, with policy direction from the Senior Manager for Information Systems.
- 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.

2008 Key Accomplishments include:

- **Information Technology was Upgraded:** New software was upgraded. A document imaging system contract was awarded and the program was upgraded for existing program areas and designed for implementation in 2009. The KHPA intranet was used to provide policy and internal information to agency employees. KHPA began conversion to Microsoft Office 2007 products. Failover operations were established at the KHPA Offsite Data Center. The redundant file server located at the Offsite Data Center was made functional. KHPA upgraded the PIX firewalls to the more current ASA models. ACL Audit and ARC/GIS software was installed for the Inspector General’s office. Software was installed to reduce the amount of storage space needed to operate the KHPA server environment. KHPA initiated the implementation of SharePoint.
- **Operating Systems were Enhanced:** A process was implemented to speed up the entering payment vouchers. Program level expenditure reporting was automated and made available to KHPA staff members. Travel payment and planning coordination was cen-
tralized. The central timekeeping application was launched. Internal mail handling was centralized. KHPA office space was expanded into the Mills Building.

- **Agency Policies and Procedures were Enhanced:** KHPA reviewed and published new internal policies on information technology security, privacy and operational procedures. The agency also coordinated training for all agency managers on policies and procedures, HIPAA privacy and security and human resources policies. KHPA received approval for its Medicaid Cost Allocation Plan.

**Planned Activities, 2009**
- Implement document management system including document imaging agencywide.
- Develop centralized billing and accounts receivable system
- Redesign payment, accounting, and reporting systems to interface with the statewide Financial Management System project

**Cost Control Measures**
- Froze additional purchases of information technology equipment except for replacements for broken equipment
- Reduced number of planned audit projects
- Reduced communication expenditures, including returning half of the agency cellular phones
DATA POLICY AND EVALUATION

The Data Policy and Evaluation Unit is composed of three departments:

The Data Analysis Unit is responsible for computing the fiscal impact of proposed policies, forecasting caseloads, providing analytical support to program managers and program reviews, responding to ad hoc analytical requests related to the MMIS from stakeholders within and outside of KHPA.

The Institutional Reimbursement and Public Financing 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 Data Management Unit is responsible for management of health care professional licensure data received from eight licensing boards, hospital discharge data received from the Kansas Hospital Association (KHA) and private insurance carrier data required by the Commissioner of Insurance in KHIIS. Fees are collected from insurance carriers to defray the cost of accepting, storing, managing, and analyzing the KHIIS data. This unit will also manage the vendor contract for the DAI.

2008 Key Accomplishments include:

- **Data Consortium**: Health and health care indicators and measures were finalized for 2009 reporting based on recommendations from the multi-stakeholder Data Consortium and its four workgroups on Access to Care, Quality and Efficiency, Affordability and Sustainability, and Health and Wellness.

- **Data Analytic Interface (DAI)**: Contract was awarded to Thomson Reuters; pre-JAD meetings have been held and requirements gathering process is nearly complete.

- **Kansas Health Online Consumer Transparency Portal** ([www.kansashealthonline.org](http://www.kansashealthonline.org)): Launched in January 2008 dedicated to informing health consumers by empowering them with resources to stay healthy, manage their medical conditions, navigate the health system, health literacy, purchase health care, compare provider quality, and understand health policy. Currently gathering consumer feedback based on focus groups conducted in different regions of Kansas.

- **State Quality Improvement Institute**: Successfully applied for and selected as one of nine states to participate in this Commonwealth/AcademyHealth initiative, with medical homes and preventing readmissions as the two areas of focus.

- **AHRQ Workshop on Administrative Data and State Policy Questions**: Successfully applied for and selected as one of six states for this competitive, all-expense paid workshop dedicated to leveraging administrative data and AHRQ tools (prevention quality indicators, Geo-spatial mapping tool, Healthcare Cost and Utilization Program national and state inpatient databases, etc.) for informed policymaking at the state level.

- **Licensure Database**: Moved from Access to SQL format (completed April 2008) and data from the boards has been put into the system. Will be meeting with KDHE to explore Health Professional Workforce data collection.

- **Community Health Record Sedgwick Medicaid Pilot**: Increased the number of sites participating in the pilot from the original 20 sites, with a target of 40 sites. Also working on enhancements to the functionality (e-Forms, multi-level practitioner e-
prescriptions, MCO data).

- **Timekeeping System**: Major changes that have been requested have been completed; one outstanding change is to allocate overtime to specific projects.

- **Federally Qualified Health Center/Rural Health Clinic (FQHC/RHC)**: Database converted from Clipper to SQL; a tedious process was completed to get clean data from providers; annual reports have been created from the new system. Potential outsourcing of the maintenance being pursued.

- **Kansas Health Insurance Information System (KHIIS)**: Data for 1999 through 2007 has been loaded into the system; an insurance carriers meeting was held, at which workgroups were formed to develop data standards and reports; assessment notices for 2009 have been generated by the system.

- **Hospital Discharge Data**: Kansas Hospital Association data from 2002-2007 was received and loaded. Development of queries and Crystal reports has begun.

- **Specialty Hospital**: A meeting has been scheduled with representatives of 21 facilities to begin the process of collecting data from them.

- **Caseload Projection**: Process was improved by adopting a proactive approach involving more frequent routine meetings of caseload analysts with program staff.

- **Federally Qualified Health Center/Rural Health Center Wrap Payment Program**: SPA changes were submitted in April 2008; response to CMS’ questions was sent Aug. 8, 2008; SPA approval was received in late September.

- **Disproportionate Share Hospital (DSH) Reform**: DSH formula and CAH cost reimbursement SPAs, submitted to CMS in October 2007; the CAH SPA was approved mid-March, effective Oct. 5, 2007; second SPA was approved May 16, 2008. The 2009 DSH SPA was submitted to CMS in July 2008. The 2009 DSH pool SPA was prepared, but due to notification from CMS concerning a change to the state DSH allocations, it is being held pending revision to reflect the updated allocation.

- **KU Hospital OP Reimbursement**: State Plan Amendment was submitted to CMS in February 2008 to change reimbursement and effectively eliminate the hospital from DSH program. Following responses to questions, CMS approval was received in September.

- **Provider Tax and Health Care Assessment Improvement Panel**: HCAIP accepted KHPA’s reconciliation of the provider assessment fund in March 2008; assessment tax letters began being mailed in April; Julie reported that all of the 2008 taxes had been paid in full by the end of September.

- **Graduate Medical Education (GME)**: A GME SPA has been prepared, but has not been submitted due to a moratorium, which was extended until April 1, 2009.

- **Medicare Severity-Diagnostic Related Groups (MS-DRGs)**: Policy was drafted for transitioning to MS-DRGs and submitted to Ad Staff in May 2008; implementation is planned for Jan. 23, 2009.
One of the statutory responsibilities of the Kansas Health Policy Authority is to gather, analyze and distribute a wide range of health-related data about Kansas (KSA 75-7405). Eventually this will enable KHPA and state policymakers to evaluate the performance of existing programs, accurately assess the overall health status of Kansas, identify important trends in health status and, ultimately, make informed health policy decisions that will address the state’s most critical needs while making the best use of taxpayer dollars.

In 2008, the KHPA Board adopted a list of nearly 90 different measures which are divided into four categories aligned with the KHPA Board’s vision principles: Access to Care; Health and Wellness; Quality and Efficiency; and Affordability and Sustainability. These measures are presented as concise graphics and tables that show baseline and historical trends along with benchmark information for comparison to national and peer state data. In addition, statistical indicators are included which provide intuitive alerts signaling either the achievement of policy objectives or the need for policy intervention.

The full 2008 Kansas Health Indicators report can be viewed on the [KHPA website](#):

The information being gathered includes data about programs under KHPA’s management – including Medicaid, SCHIP and the State Employee Health Plan – as well as more general data about health care in Kansas and the overall health of Kansas residents.

The unit within KHPA responsible for carrying out that function is the Data Policy and Evaluation division. This division, created to consolidate data management and analysis with policy evaluation, currently oversees two key initiatives to help with its functions:

**Data Analytic Interface (DAI):** This ambitious technology infrastructure development initiative aims to consolidate and manage health care data for several state programs managed by KHPA, including the Medicaid Management Information System, the State Employee Health Benefit Program, and the Kansas Health Insurance Information System, and allow analysis of health care based on episodes of treatment, disease management, predictive modeling, and the measure of cost and outcome effectiveness. This web-based tool is being designed to use public and private data to compare the health care service and utilization patterns, identify trends and areas for focus and improvement.

**Health Data Consortium:** This multi-stakeholder advisory committee is convened, facilitated, and supported by the Data Policy and Evaluation division. It consists of key government agencies, hospitals, physicians, insurers, purchasers, and consumers. Divided into four workgroups,
the consortium is in the process of creating a state dashboard of health measures for public reporting to leverage the state’s data for health reform via data-driven policy. While the DAI has an internal focus on increasing staff productivity and integrating databases managed directly by the KHPA, the Data Consortium’s focus is broader, encompassing Kansas health data managed by partner organizations as well. The Data Consortium’s charge is to advise the development of policies and bring recommendations to the KHPA Board regarding:

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

Through these initiatives, the long-range objective of this division is to develop a comprehensive and easily accessible collection of health data related to Kansas that serves the needs of policymakers, researchers and analysts, health care providers, insurance carriers and the general public. Toward that end, the Data Policy and Evaluation division, along with the Data Consortium, has charted a roadmap for developing that collection.

Sources of Data: The data sources tapped by the DAI and Data Consortium to generate reports will include both internal and external databases. All publicly-reported data will be stripped of any personal identifiable information and Private Health Information (PHI) that is protected under the federal Health Information Protection and Accountability Act (HIPAA), 42 U.S.C. Sec. 1320d, et seq. These sources include, but are not limited to:

- Medicaid Management Information System (MMIS), which includes medical claims data for about 350,000 Medicaid and SCHIP consumers in Kansas each year.
- State Employees Health Benefits Plan (SEHBP) system, which has medical coverage and workers compensation claims, medical services lab results, drug and dental claims data and member eligibility data for approximately 90,000 Kansans throughout the State Employee Health Plan.
- Kansas Health Insurance Information System (KHIIS), which provides detailed claims, enrollment and health plan information from 20 to 30 private insurance carriers representing several hundred thousand Kansans. KHIIS 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, as approved by the Insurance Commissioner.
- Hospital Inpatient Claims database, which includes discharge data from the Kansas Hospital Association.
- Licensure data, including health care professional data from eight licensure boards.
- External data sources, such as data that is managed by partner organizations or is available in the public domain from national organizations. Examples include Behavioral Risk Factor Surveillance System (BRFSS), Vital Statistics, Hospital Cost and Utilization Project (HCUP) database, Medical Expenditure Panel Survey (MEPS), Current
Population Survey (CPS), Cancer and other registries, and National Health Expenditure Accounts.

**Timeline:**

**Data Consortium:** The measures needed to build the health indicator dashboard have been divided into three tiers, based on their availability and level of validation currently available. The process of building the dashboard has been divided into three phases corresponding to each tier of data:

- **Tier 1:** Data that are already collected and computed routinely and are believed to have a high degree of integrity. These measures are currently publically reported and are deemed acceptable by industry standards. This tier was the primary focus for the Data Consortium in 2008.
- **Tier 2:** Data that are collected routinely as a part of a database but are not checked for integrity and are not publically reported at this time. This type of data may require further analysis prior to public reporting. This will be a focus beginning in 2009.
- **Tier 3:** Data that are required for measure but are not routinely collected at the present time. These measures may or may not be available, or are not consistently available. This tier will be addressed beginning in 2009 or 2010.

**Data Analytic Interface:** The Legislature provided full funding for the DAI project in FY 2008, including funds for additional staff and procurement of the system. On June 4, 2008, the Centers for Medicare and Medicaid Services (CMS) approved a request for enhanced (90 percent) Federal Financial Participation for the Medicaid portion of the DAI Project Implementation.

Following high level and detailed technical evaluations of the bids received, vendor presentations, negotiations, and reference checks, the DAI contract was awarded in July 2008 to Thomson Reuters (formerly Medstat) after receiving approval from CMS and the Kansas Information Technology Office (KITO).

A steering committee, a core project management team and workgroups have been formed and are now meeting regularly to implement the system. The project plan was approved by KITO on September 4, 2008. Preliminary meetings have been completed with key stakeholder groups. The anticipated availability date for the fully-tested MMIS and SEHP data reports is October 2009, with KHIIS following in December 2009. Once live, the DAI will not only support KHPA’s program management, but will also help with the Data Consortium health indicator reporting initiative.
2009 Health Reform Recommendations

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

This package builds on the recommendations KHPA first brought forward in 2008, focusing on those items that either did not pass or that passed but were not funded. It also prioritizes the requests by emphasizing those actions that will have the broadest and most meaningful impact on the largest number of Kansans. The recommendations for 2009 include:

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

**Budget Impact:** None.

II. Increase Tobacco User Fees: KHPA is proposing an increase in the state excise tax on tobacco. That would increase cigarette taxes by $.75 per pack – from $.79 to $1.54. This is based on findings that show a large amount of health care expense in the United States is directly attributable to smoking. The purpose of the tax is twofold: to make smoking more expensive, thus encouraging smokers to quit and discouraging non-smokers from ever starting; and to generate revenue to fund expansion of health insurance coverage.

**Budget Impact:** Add $87.4 million in new revenue for FY 2010.

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

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

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

**Budget Impact:** To be determined.
V. Improve Tobacco Cessation in Medicaid. KHPA estimates 66,560 Kansas Medicaid beneficiaries currently smoke. This program would expand reimbursement for smoking cessation treatment for Medicaid beneficiaries to include counseling in an individual and/or group setting. The expansion would be consistent with recent changes in the State Employee Health Plan (SEHP) which covers pharmaceuticals as well as specific smoking cessation programs.

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

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

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

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

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

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

**Budget Impact:** $936,000 (SGF)

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

**Budget Impact:** $100,000 (SGF)
<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2007 Actual</th>
<th>FY 2008 Actual</th>
<th>FY 2009 Approved</th>
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<tbody>
<tr>
<td><strong>Medicaid and HealthWave Assistance</strong></td>
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<tr>
<td>Title XIX - Medicaid</td>
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<td>MIG &amp; DMIE - (Ticket to Work)</td>
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<td><strong>Subtotal</strong></td>
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<td><strong>Total Funding</strong></td>
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