

Coordinating health & health care
for a thriving Kansas



Legislative Pulse

1-16-09

KHPA Activity

Agency updates
focused on KHPA
stakeholders.

Save the Dates:

KHPA Advisory Councils:

Provider Council:

Date: Thursday, Feb. 12

Time: 10-noon

Location: Landon State
Office Building Room 9E/F

Consumer Council:

Date: Friday, Feb. 13

Time: 10-noon

Location: Landon State

At-Large Council:

Date: Monday, Feb. 16

Time: 3–5 pm

Location: Curtis State Of-
fice Building, Room 530

Purchaser Council:

Date: Friday, Feb. 20

Time: 10-noon

Location: :Landon State
Office Building Room 9E/F

NEW!

To view KHPA tes-
timony, please
visit our website.

Testimony is typi-
cally posted on
the same day
hearings are held.

Session Begins; Sebelius Unveils Budget Proposal

The 2009 session of the Kansas legislature opened this week against the backdrop of a steadily worsening economy and declining state revenues. That was evident Tuesday when Gov. Kathleen Sebelius unveiled her budget proposal to the legislature. That proposal calls for significant cuts in State General Fund spending for most agencies, both in the current fiscal year and in Fiscal Year 2010, which begins July 1.

For the Kansas Health Policy Authority, the governor's budget does not recommend eliminating programs for beneficiaries or reducing provider reimbursements. However, it reduces the estimate of Medicaid costs by \$32.6 million, including \$17.1 million in State General Fund (SGF) dollars.

In FY 2009, the governor recommends \$1.8 billion in total funding, including \$503.2 million in SGF dollars. That's actually a slight increase from what the legislature approved last spring, but that increase is due entirely to growth in mandatory Medicaid spending. Within that total is a 6.6 percent cut in administrative spending.

For FY 2010, the governor recommends \$1.9 billion in total funding, including \$515 million from SGF. Again, the increase is due to growth in Medicaid costs. That total also reflects a 12.3-percent cut in administrative costs.

Many of those administrative savings are recommendations from KHPA that resulted from our "Medicaid Transformation" process. (See related story on next page.) The governor is also recommending additional cuts, including \$1.2 million in salaries and wages in both years, or more than a 10-percent reduction in the agency's workforce.

Cuts in contractual services total \$5.7 million in Fiscal Year 2009 and \$5.5 million in 2010. KHPA has already begun notifying contractors of the need to cancel or renegotiate contract terms.

Given that only six months of the current fiscal year remain, achieving the \$5.7 million savings would mean harsher-than-anticipated reductions across the agency. **GOVERNOR'S BUDGET: [FACT SHEET](#)**

Lawmakers get first look at “Medicaid Transformation” - *KHPA Outlines Project*

The Kansas Health Policy Authority will propose budget initiatives this year that will produce an estimated \$11.7 million in savings over five years. The agency is also taking administrative actions that will yield an estimated \$16.6 million in additional savings.

Those are the result of KHPA’s “Medicaid Transformation” project, a continuous process of reviewing each program and service within Medicaid to identify what drives the cost of those programs, where the state can find savings and how to improve those programs to make them more effective for the individuals and families who rely on public insurance programs for their health coverage.

“These are comprehensive, written, data-driven reviews of our programs,” said Dr. Andrew Allison Allison, deputy director at KHPA and the state Medicaid director.

Allison presented a summary of the Medicaid Transformation report to the Kansas Senate Public Health and Welfare Committee. The full report is over 350 pages and will be available Jan. 20 online at www.khpa.ks.gov. The KHPA Board, which has been reviewing the Medicaid Transformation process, will be approving the plan at its Jan. 20 meeting.

Additional budget initiatives include improved pharmacy management and increased Medicare payments for those “dually eligible” for both Medicare and Medicaid. The administrative actions involve outsourcing transportation services, restructuring and limiting home health services and reforming payments for new medical equipment.

Marcia Nielsen, Executive Director of KHPA added: “The Kansas Health Policy Authority recognizes the state’s serious budget situation. We’ve made a sincere commitment to working with lawmakers and the administration to cut costs and improve the efficiency of our programs. But we also need to make sure the individuals and families who rely on these programs continue getting the quality, affordable health care they need. Medicaid Transformation gives us the roadmap to do just that.”

Sen. Wysong Introduces Clean Indoor Air Bill

State Sen. David Wysong (R-Shawnee Mission) introduced a bill this week to enact a statewide clean indoor air law. Wysong is a member of the Senate Public Health and Welfare Committee. He introduced the bill during the committee’s first meeting Tuesday, Jan. 13.

The bill would ban smoking in all indoor workplaces and public establishments, including bars and restaurants. The bill would not apply to private homes or residences. According to the Kansas Department of Health and Environment, a statewide ban in Kansas would result in 2,160 fewer heart attacks per year and save \$21 million a year in health care costs.

KHPA Executive Direct Marcia Nielsen and Board Chairman Joe Tilghman expressed strong support for the bill. Enacting a statewide clean indoor air law is among KHPA’s top legislative priorities for 2009.

KHPA Pulse is a publication by the KHPA Communications Team distributed weekly during the legislative session. If you have questions or comments, contact the Public Information Officer Peter Hancock at 785/296.5603 or peter.hancock@khpa.ks.gov

