2010 Annual Legislative Report

Presented to:
Kansas Legislature

By:
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MESSAGE FROM THE CHAIRMAN AND EXECUTIVE DIRECTOR

To the Kansas Legislature:

Pursuant to K.S.A. 75-7405, we hereby submit the following annual report for your review. This report contains detailed summaries of the Kansas Health Policy Authority's activities in 2009 and our plans for 2010. It also contains our recommendations for a statewide health policy agenda that includes both health care and health promotion components.

Calendar year 2009 was a challenging and difficult time for KHPA, and for the state of Kansas as a whole. The economic downturn that began in 2008 continued throughout the year, causing both increasing demand for medical assistance and a shortage of resources to pay for and administer those services. Those challenges are likely to continue into 2010, and perhaps beyond. Meanwhile, a new administration in Washington and new leadership in Congress have undertaken efforts to pass a national health reform plan which, if enacted, would have profound impacts on the state of Kansas and the programs administered by KHPA.

Throughout this report we have highlighted actions that various divisions within KHPA are taking on a daily basis to adapt to the fiscal and economic realities the state now faces. You will also find a description of the health policies KHPA is recommending, policies aimed at improving health and controlling future growth in the cost of health care while positioning the state for the possibility of national health reform.

As we look forward to 2010, the staff and Board of KHPA remain committed to working with the legislature and administration in addressing the state's historic fiscal challenges. At the same time, we will continue to help lead the discussion about long-term reform of the state's health and health care policies with an eye toward achieving the best care for all Kansans.

Sincerely,

Andrew Allison, Ph.D.
Acting Executive Director

Joe Tilghman
KHPA Board Chairman

Executive Summary

EXECUTIVE SUMMARY

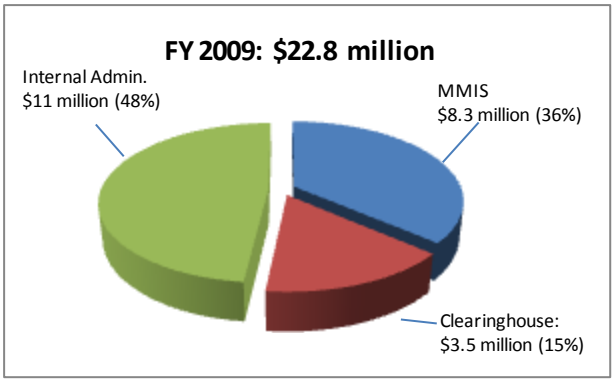
Calendar year 2009 was perhaps the most challenging year KHPA has faced since its inception. The national recession caused a sharp increase in requests for medical services as thousands of Kansans lost their jobs and health coverage. At the same time, the recession also caused a sharp decline in the revenues needed to pay for those services. A temporary infusion of federal stimulus funds enabled the state to avoid direct cuts to eligibility or services in Medicaid and the Children's Health Insurance Program. But that was not enough to completely offset the unprecedented revenue shortfall.

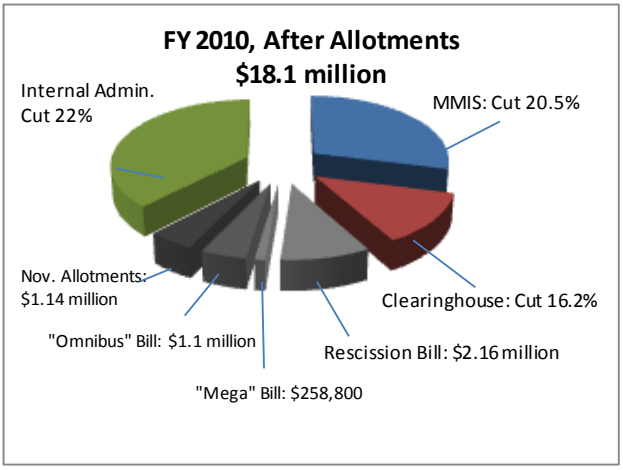
Budget overview: The budget for FY 2010 that was approved by the Kansas Legislature in May 2009 called for a 15.5 percent cut in KHPA's operating budget, but no cuts in eligibility or services provided through Medicaid and CHIP. Subsequent allotment cuts ordered by Governor Mark Parkinson removed another 5 percent from KHPA's operating budget and imposed a 10 percent cut in provider reimbursement rates.

To meet those challenges, KHPA reorganized and downsized its operations to focus available resources on its core programs it operates – Medicaid, CHIP, the State Employee Health Plan, and the State Self Insurance Fund – while, to the extent possible, preserving access to medical assistance programs. To date, major elements of that reorganization and downsizing have included:

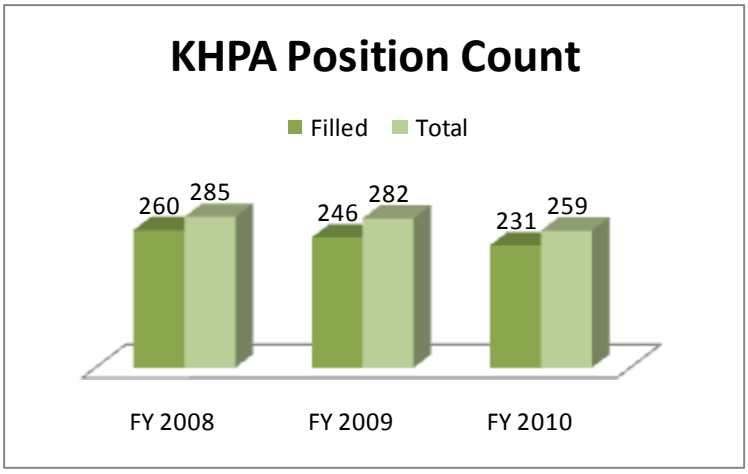
- Eliminating KHPA's Policy Division and reducing the executive team from 5 to 4 persons
- Cutting internal staff by 14 positions, holding more than 40 vacant positions open and reducing internal administrative spending by 22 percent
- Cutting the fiscal agent contract by 20 percent, reducing its provider and beneficiary customer service call centers, and reducing fiscal agent contract staff by approximately 42 positions
- Cutting the clearinghouse contract by 16 percent by reducing staff at its beneficiary call center and amending the scope of the contract
- Amending verification policies for Medicaid and CHIP applications to speed processing time and prevent overwhelming backlogs

KHPA Operating Budget
FY 2009-2010





- Cancelling the contract for Kansas Health Online and transferring management of that website to the University of Kansas Medical Center
- Temporarily suspending efforts to implement a medical home model of delivery for Medicaid
- Implementing a 10 percent, across-the-board cut in provider reimbursement rates, as directed by the governor
- Cancelling implementation of an authorized expansion of Medicaid eligibility for pregnant women
- Eliminating pilot programs providing care management services to high-cost patients and demonstrate the value of electronic access to health care claims by providers
- Discontinuing legal advocacy services for disability applicants
- Withdrawing from participation in a multi-state collaborative to identify cost-effective best practice health care management interventions in pharmacy and medicine



State Employee Health Plan: In addition to the fiscal challenges presented by direct budget cuts, it is important to note the additional challenges facing the State Employee Health Plan, which is funded off-budget through a standard charge to agencies for each participating employee. At the beginning of 2009, SEHP had a fund balance that was more than required to remain actuarially sound. The Kansas Health Care Commission, which establishes premiums and benefits for the plan, had a plan in place to effectively "spend down" that balance over five years by limiting premium increases for plan members and agencies.

However, during the 2009 session, as revenues continued to decline that excess fund balance was used to help balance the FY 2009 budget. With passage of S.B. 23, commonly known as the "rescission bill," the legislature provided a seven pay-period moratorium on employer contributions to the plan. That reduced revenues for the plan by $60 million during the fiscal year, which more than erased the excess fund balance and left the plan in a condition that is no longer actuarially sound.

Even with the premium rate increases that went into effect for Plan Year 2010, projections now show that without a substantial increase in contributions this calendar year, the plan will have a negative balance by the beginning of Plan Year 2011. That deficit will have to be made up with a combination of reduced benefits and additional increases in employee and agency premiums.

Accomplishments: Despite the budget challenges, KHPA was able to make substantial progress during 2009 in advancing the statutory mission of the agency, which is 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." Many of those achievements were built on findings and recommendations from program evaluations that were detailed in the 2009 Medicaid Transformation report.

Key achievements include:

Effective purchasing and administration of health care:

- Worked with other states to assess the impact of the American Recovery and Reinvestment Act (ARRA) on Kansas Medicaid and promote changes that added millions in supplemental recession payments to the state
- Finalized and began implementing a three-year strategic plan that aligns units and functions within the agency to measurable goals and objectives
- Outsourced management of non-emergency medical transportation services
- Secured $40.3 million grant for technology and outreach to increase participation in Medicaid and CHIP
- Implemented eligibility expansion of CHIP to 250 percent of the 2008 Federal Poverty Level
- Implemented reasonable pricing requirements for durable medical equipment
- Developed diabetes management initiative for home health workers
- Published performance and quality data to improve health care purchasing

Health promotion oriented public health strategies:

- Provided incentives for preventive dental care in the State Employee Health Plan

Data Driven Health Policy:

KHPA also made significant progress advancing data-driven health policy with the development of a new Data Analytic Interface (DAI). With deployment in early 2010, the DAI is able to integrate data from the Medicaid Management Information System (MMIS), the State Employee Health Benefits Plan (SEHBP) and the Kansas Health Insurance Information System (KHIIS). The breadth and depth of information contained in these previously independent datasets presents an unprecedented opportunity to document, describe, analyze and diagnose the state of health care in Kansas. The new system's ease of use will make this comparative data accessible to most KHPA staff, enabling a more comprehensive focus on managing and coordinating KHPA's health care programs.

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Another important development in 2009 was the effort by Congress and the new administration to develop a national health reform policy. As of this writing, it remains uncertain whether those efforts will be successful or, if they are, what shape that reform will take. During that process KHPA has, and will continue to monitor the various proposals being put forth so we can inform the legislature about their potential impact on Kansas and position the state to get the most benefit from any national reform plan that may pass.

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 includes recommendations and long-term goals focused on promoting public health improving the efficiency of Kansas medical assistance programs and controlling costs. That agenda is organized around the agency's six vision principles:

Quality and Efficiency in Health Care:

Recommendations:
- Engage in management of mental health pharmacy program
- Streamline prior authorization

Long-term Goals:
- Achieve meaningful use of Health Information Technology and Health Information Exchange

(HIT/HIE) among providers serving Medicaid beneficiaries and the uninsured
- Achieve coordinated management for improved outcomes in disabled and aged populations

Affordable and Sustainable Health Care:

Recommendations:
- Level Medicaid reimbursement rates at an average of 84 percent of Medicare rates, with exceptions for services previously designated as high priority
- Promote workforce planning and policies to assure an adequate health care workforce in Kansas, including policies to ensure success of the graduate medical education program in Wichita

Promoting Health and Wellness:

Recommendations:
- Enact a statewide clean indoor air law
- Enact regulations on vending machines in schools to require healthy food options
- Expansion of early detection program of breast and cervical, colorectal and prostate cancer
- Increase funding for Kansas Coordinated School Health (KCSH) Program

Long-term Goals:
- Reduce tobacco use in Kansas
- Reduce rates of obesity and overweight in Kansas
- Improve screening and preventive treatment

Stewardship:

Recommendations:
- Prepare options to meet budget targets
- Reduce spending by promoting health improvement through sound policies that prevent the onset of chronic disease
- Positioning the state for possible federal health reform
- Increase tobacco user fees to reduce smoking rates

Long-term Goals:
- Align payment methodologies with best practices in Medicare or other benchmarks
- Develop the capacity of KHPA's workforce through promotion, training, teamwork and recruitment

Education and Engagement of the Public:

Long-term Goals:
- Develop constructive relationships with policymakers
- Serve as a consistent source of facts, insight, ideas and sound advice

Access to Care:

Recommendations:
- No recommendations at this time. Expansions are inconsistent with the budget situation and would duplicate federal reform efforts.

Long-term Goals:
- Explore options for insurance coverage for school district employees

Our History

STATUTORY HISTORY OF KHPA

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

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

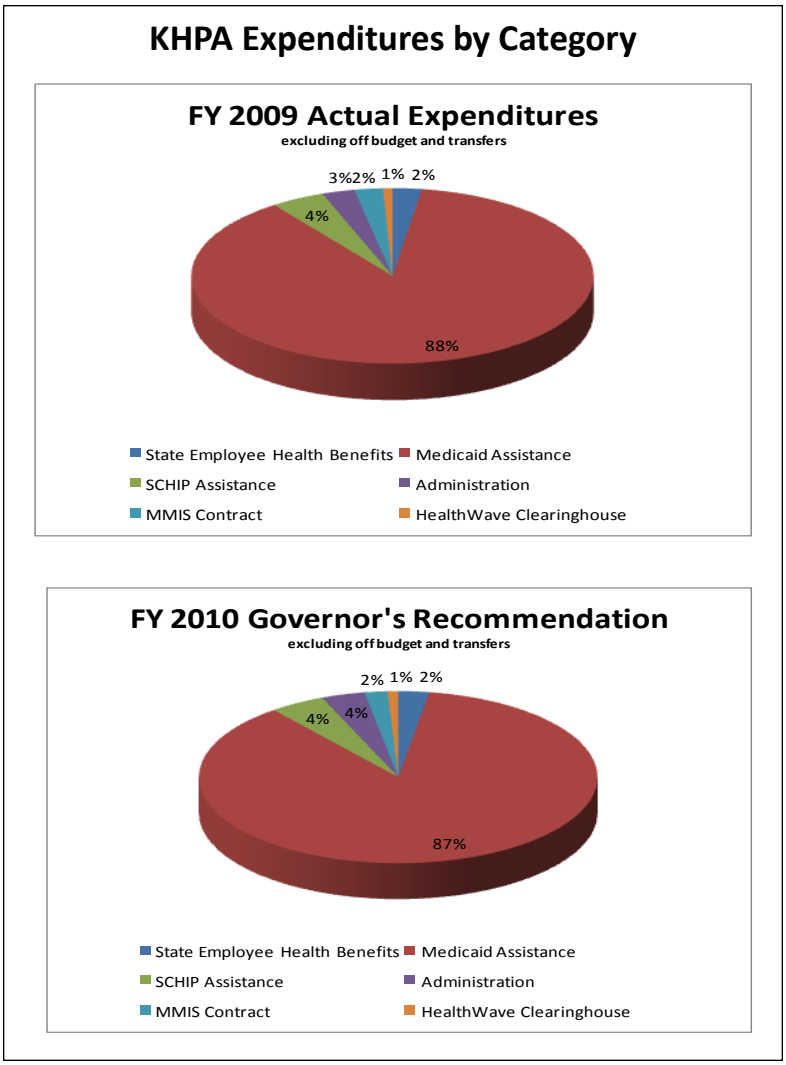
Because the two main programs brought together by the legislation—state employee health care and Medicaid—cannot literally be combined, and because Medicaid's market leverage is limited by low payment rates, this leverage was to be applied in other ways, such as coordinated policies and comparative data-driven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

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

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

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

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



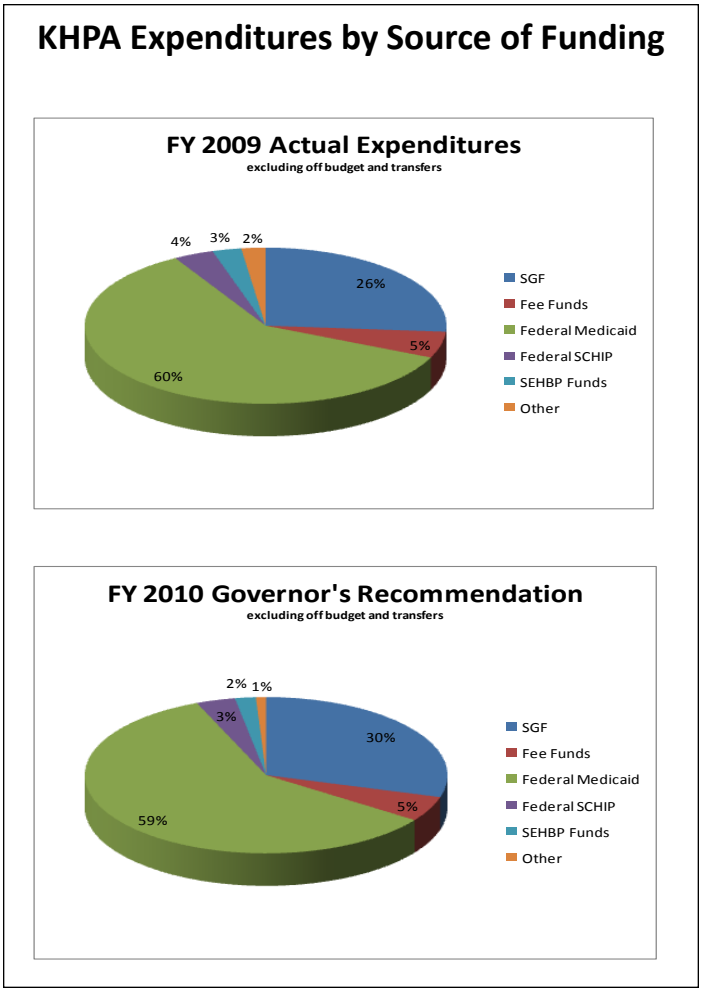
The KHPA Board was established in 2005 to provide independent oversight and policy making decisions for the management and operations of KHPA. Membership of the Board is made up of nine voting members who have been appointed by the Governor and House and Senate leadership, and eight non-voting (ex-officio)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

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

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

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

- Establishing the Kansas Health Policy Authority and KHPA Board; including duties, powers, and responsibilities.



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

STATUTORY HISTORY OF PROGRAMS:

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

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

In Kansas, the federal government pays approximately 72 percent of CHIP costs. The state pays the remaining 28 percent as well as any excess above the federal allotment. CHIP is administered by the state within federal guidelines. Currently, the Kansas program insures children in families with income below 200 percent of the federal poverty level. In 2008, the legislature approved expanding eligibility up to 250 percent of the 2008 poverty level, subject to the avail-

ability of increased federal funding. With federal reauthorization of CHIP in January 2009, and state funding for the expansion in May 2009, KHPA implemented the expansion on January 1, 2010.

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

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

State Employee Health Benefits Plan: As an employer, the state of Kansas offers health coverage benefits to its employees and their dependents. In 1984 the legislature established the Kansas State Employees Health Care Commission (HCC) to, "develop and provide for the implementation and administration of a state healthcare benefits program." (K.S.A. 75-6501.) The HCC is chaired by the Secretary of Administration and determines the benefits provided under the plan and the allocation of costs between the employer and employee. The HCC receives input from a 21-member Employee Advisory Committee that was established in 1995.

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

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

Mission and Vision Principles

KHPA Mission

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

Vision Principles

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

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

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

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

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

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

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

Program Summaries

EXECUTIVE DIRECTOR'S OFFICE

The Executive Director's Office oversees the operations and administrative responsibilities of the agency, and is responsible for ensuring the agency's compliance with statutory obligations. This office is responsible for coordinating all programs established to assist with the mission and vision of the agency. This office includes the Executive Director and the Board Operations Manager.

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

OFFICE OF INSPECTOR GENERAL

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

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

The OIG carries out its mission through performance reviews, audits and investigations that are conducted in accordance with appropriate professional standards. Any evidence of potential fraud or other illegal acts that might be uncovered are forwarded to appropriate law enforcement agencies in the State.

PROGRAM INFORMATICS AND CONTINUING IMPROVEMENT

In July 2009, the former Data Policy and Evaluation Division was reorganized and renamed as the Program Informatics and Continuing Improvement (PI&CI) Division. Its purpose is to integrate, manage, analyze and report informative data to provide decision support for data-driven policy setting, implementation and continuous improvement of KHPA programs.

KHPA is charged with the responsibility for collecting a wide range of health and health care information that includes programmatic and administrative data as well as market-generated data. These data include Medicaid and SCHIP, State Employees' Health Benefits Plan, State Workers' Compensation Self-insurance Fund, inpatient hospital claims information, heath 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 charged with using and reporting those data to increase the quality, efficiency and effectiveness of health services and public health programs. KHPA is required specifically to adopt health indicators and include baseline and trend data on health costs and indicators in each annual report submitted to the Kansas Legislature.

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

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

To allow KHPA staff and stakeholders to access KHPA-managed data more easily and quickly, a Data Analytic Interface (DAI) that incorporates data from the Medicaid Management Information System (MMIS), the State Employees' Health Benefits Plan (SEHBP) system and Kansas Health Insurance Information System (KHIIS) was procured and is in the final stages of implementation. The breadth and depth of information contained in these previously independent datasets presents an unprecedented opportunity to document, describe, analyze and diagnose the state of health care in Kansas.

The data integrated through the DAI includes:

- Medical claims data for Medicaid and SCHIP consumers representing nearly 400,000 Kansans each year

- Medical coverage and workers compensation claims, medical services, lab results, drug and dental claims data and member eligibility data for approximately 90,000 Kansans through the State Employees' Health Plan (SEHP)

- Detailed claims, enrollment and health plan information from 20 to 30 private insurance carriers representing over 700,000 Kansans

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

The KHIIS database is managed by KHPA on behalf of the Kansas Insurance Department on a contractual basis. Its potential uses include analysis of financial data, benefit designs, analyses of provider information, analysis of utilization data and other claims-based epidemiological studies, as approved by the Insurance Commissioner. Public sharing of aggregated information from the KHIIS reports (including comparisons with Medicaid and SEHP) commenced in March 2009, as a routine component of the Data Consortium's advisory role and is expected to continue.

PI&CI comprises three sub-units:

Data Management: Provides usable data, management tools and analytics to facilitate decision-making in KHPA programs, initiatives and health care in general. This team administers the KHIIS, Health Professional Licensure and the Hospital Inpatient Discharge databases and helps with the design and implementation of the Data Analytic Interface.

Program Improvement: Provides tools, training, and organizational leadership to support continuous improvement of KHPA programs and processes. The current focus is on the completion of the 2009 Medicaid Transformation Program Review process and the extension of this initiative into an agency-wide system of program evaluation.

Reporting: Helps design, implement, maintain and automate dashboards and reports employing state-of-the art best practices in data visualization/presentation to enhance decision-making by KHPA staff and other health industry stakeholders. Primarily supports the Data Consortium and the Data Analytic Interface.

FINANCE AND OPERATIONS

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

Finance. The Finance Unit is charged with the fiscal management and accurate financial reporting for KHPA's programs. Key finance activities include: managing the budget submission and adjustment processes; accurately reporting expenditures and revenues to the federal government; prudently managing cash balances; and managing receipts and receivables. The Account-

ing section manages all payables processing, including reconciliation of contractor pay tapes for provider payments, managing contract encumbrances and developing management reports to guide decision making.

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

- Risk Management tracks and provides assistance with resolution of external audits, provides management consultation to improve internal processes, validates program integrity and leads the enterprise risk management program.

- Operations and Purchasing provides for the space and equipment needs of the policy areas within KHPA, guidance and reports for purchasing items on and off State contract, maintains mail support throughout KHPA and customer service through the front desk receptionist to help guide consumers to the appropriate agency staff member.

- Information Systems and Project Management manages the computer and telecommunications infrastructure, information security and technology projects for KHPA. Direct desktop, server and network support are provided to KHPA through arrangements with the Department of Administration, with policy direction from the Chief Financial Officer.

- Medicaid Eligibility Quality Control (MEQC) reviews KHPA and SRS compliance with regulations and policy governing eligibility for Medicaid benefits and how eligibility determinations are made. MEQC also is responsible for oversight of the federally mandated Payment Error Rate Measurement (PERM) project to calculate an aggregate rate of payment errors based on the accuracy of eligibility determinations and claims processing.

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

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

Key projects for the Finance and Operations division during FY 2009 included:

- **American Recovery and Reinvestment Act (ARRA)**
  This was an unexpected and time-critical project to bring current and retroactive federal relief funds into the State's cash flow stream as quickly as possible and with the accuracy to withstand the scrutiny of high profile federal level audits. It required the creation of new accounting structure elements and processes for integrating ARRA funds into the Medicaid Management Information System's automated payment and reporting functions. Additional application development was needed to build the tools for analyzing the payment results and reporting ARRA funds separately from other federal funds. The money was made available in mid-February 2009 and Kansas was making routine payments with ARRA by March. In FY 2009, KHPA injected ARRA funding of more than $123.0 million into the budget during a critical time in the State's budget development.

- **Statewide Management and Reporting Tool (SMART)**
  The SMART project's stated goals are to improve efficiency, management decision-making, transparency and customer service for the State of Kansas through the purchase and implementation of a new financial management system that will integrate the State's workforce, business processes and technology investment. Each agency has a share of the project's management, development and implementation. KHPA's SMART team consists primarily of finance, project management and technical personnel who are responsible for the structure and functionality of the agency's new automated enterprise accounting system. When brought on line July 1, 2010, the SMART system will provide a central tool for payments, purchasing, budgeting, receiving, grant and project tracking, labor distribution, reconciliation and reporting. It will integrate with legacy automated systems such as the Medicaid Management Information System, Riskmaster and SHaRP.

- **Medicaid Budget and Expenditure System (MBES)**
  The Center for Medicare and Medicaid Services has greatly expanded the detail required in the filing of federal reports. KHPA is expected to complete preliminary filing under the new requirements in October 2009. This necessitates an overhaul of our Medical Assistance Reports which form the basis for Medicaid and Children's Health Insurance federal reporting. The project team is comprised of Federal Reporting, Internal Reporting and Project Management personnel as well as managers and software engineers at Electronic Data Systems.

- **Document Imaging**
  During FY 2009, KHPA implemented a document management and imaging system. The system is administered within the Information Systems Unit and DISC to support imaging across KHPA program areas. The first groups to implement the system were the State Employees' Health Plan, Workers' Compensation and the Finance/Accounting units. The system allows access to documents in imaged form which reduces the need for paper files and automates workflows within and across programs. The same imaging system is being implemented to support the new Eligibility Clearinghouse contract.

Other Finance and Operations accomplishments include:

- Implemented Office 2007 across KHPA.
- Implemented remote access server.
- Redundant backups at a remote location.
- Centralized mail distribution and pickup to prevent HIPAA related disclosures.
- Streamlined purchasing to research prices and comparison shop.
- Budget reporting to all program areas with flexibility to track specific expenditures.
- COOP plan passed review by statewide contractor.
- Transitioned to new EDS locations with full connectivity.
- Fixed many HR processes and established new procedures.
- Red Carpet *on boarding* process.
- Completed Board requested financial review.

MEDICAID AND HEALTHWAVE

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

Medicaid is a federal-state program that provides health and long-term care services to people with low incomes. All states currently participate in the Medicaid program and federal matching funds are available for the costs of these services. As a condition of state participation, each state must agree to cover certain populations (e.g., elderly poor receiving Social Security Income) and certain services (e.g., physician services). These eligibility groups and services are referred to as "mandatory" and account for just under half (45 percent) of Medicaid expenditures in Kansas. They include:

Mandatory Populations

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

Mandatory Acute Care Benefits

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

- Certified pediatric and family nurse practitioner services

Mandatory Long-Term Care Benefits

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

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

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

CHIP is a federal/state partnership similar to Medicaid. The program was designed to provide coverage to "targeted low-income children." A "targeted low-income child" is one who resides in a family with income below 200 percent of the Federal Poverty level (FPL) or whose family has an income 50 percent higher than the state's Medicaid eligibility threshold. The 2009 Legislature approved and funded an expansion of CHIP to children in families up to 250 percent of the 2008 FPL, effective January 1, 2010. Kansas provides free or low cost health insurance coverage to children who:

- Are under the age of 19
- Do not qualify for Medicaid
- Have family incomes under 250 percent of the 2008 federal poverty level (effective in January 2010)
- Are not covered by State Employees' Health Insurance or other private health insurance

In FY 2009, KHPA spent over $1.3 billion purchasing health care for more than 360,000 persons through the Medicaid and HealthWave programs. It is the third largest purchaser of health care services and the largest purchaser of children's health care services in Kansas. About 64 percent of the people served were low-income children and families, although spending for these populations comprises less than half of total spending on medical care. Disabled and aging populations comprise the majority. Medicaid pays for about 40 percent of the births in Kansas.

The Medicaid/HealthWave Division is composed of the following sections: Health Resources Management; Eligibility; Operations; Medicaid Planning, Coordination and Projection and Institutional Reimbursement and Finance.

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 and fee-for-service. The Managed Care Section of HRM is responsible for managing the contracts with our managed care organizations (MCO) – Children's Mercy Family Health Partners (CMFHP), UniCare Health Plan of Kansas (UC), Cenpatico Behavioral Health (CBH) and Medical Transportation Management (MTM). The Physician and Non-institutional care team develops policy, recommends changes to the benefit plan, monitors the delivery of care through Medicaid fee-for-service and oversees our PCCM program - HealthConnect Kansas (HCK). The Pharmacy Section is responsible for directing the Medicaid fee-for-service pharmacy program.

Eligibility. The Eligibility section of the Medicaid Division has four units that oversee all aspects of Medicaid eligibility.

The Eligibility Policy Unit is responsible for overseeing all program, policy, training and outreach activities related to beneficiaries and their enrollment into the program. This unit interprets federal and State laws and regulations, issues policies about who is eligible and how eligibility is determined, coordinates issues related to the customer experience and actively works with community partners to develop strategies for enrolling eligible beneficiaries. The unit is also responsible for developing a statewide training strategy for eligibility workers in SRS and KHPA as well as community partners who assist with application preparation. Members of this unit ensure that automated systems support policy and are included in program integrity activities.

The *Working Healthy* Unit manages the *Working Healthy* program, including education, outreach and program promotion, facilitating enrollment, premium oversight and the *Working Healthy* supplemental personal assistance program, *Work Opportunities Reward Kansans (WORK)*. The unit is also responsible for administering a number of federal grants that encourage, support and sustain employment of people with disabilities.

The Presumptive Medical Disability Team (PMDT) works to examine disability claims for people who are seeking medical coverage but have yet to be determined eligible by the Social Security Administration (SSA).

Finally, in compliance with federal and state laws and regulations, the Eligibility Clearinghouse staff at the HealthWave clearinghouse complete all Medicaid eligibility determinations received and monitor the performance of the contract eligibility determination staff.

As a result of KHPA's successful application for a $40 million to expand outreach and build a new eligibility system, the Eligibility section is expanding in FY 2010. The federal grant will support additional outreach workers, managerial and training staff, and project management personnel to oversee the design and construction of the new eligibility system.

Medicaid Operations. The Medicaid Operations section is responsible for the procurement, management, and oversight of all contracts that include Medicaid and SCHIP funding. It over-

sees more than 150 contracts valued in excess of $500 million. It is also responsible for program integrity and the management of third-party liability collections from primary insurance carriers and Medicare.

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

Institutional Reimbursement and Finance. The Institutional Reimbursement and Public Financing Unit is responsible for establishing reimbursement rates, upper payment limits and establishing diagnosis-related groups (DRGs) for Medicaid inpatient services. The unit also conducts reviews of cost reports and financial data to determine appropriate payments for providers eligible for cost-based reimbursement, such as Federally Qualified Health Centers.

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

Key Accomplishments during FY 2009 include:

- Successfully contracted with a private company to better manage and control costs of the non-emergent medical transportation providers
- Posted key quality indicators relating to the HealthWave MCOs for public consumption
- Developed joint MCO performance improvement project to improve the treatment and outcomes of HealthWave MCO diabetic members
- Collaborated with the SRS Substance Abuse and Mental Health contractors as well as the KHPA HealthWave MCOs to increase the care coordination for substance abusing pregnant mothers and incorporating improved coordination of mental and physical health benefits
- Implemented permanent Health Insurance ID cards following National standards and elimination of monthly cards
- Began manual implementation of an automated prior authorization process for certain drugs
- Implemented a web-based access to drug rebate invoices for drug manufacturers
- Completed re-procurement of services for the HealthWave Clearinghouse
- Partnered with the Kansas Health Foundation and Kansas Action for Children to win a competitive grant from the Health Resources Services Administration (HRSA) to develop a new Medicaid eligibility system and place eligibility workers in health care provider offices. The grant will expand the capabilities of KHPA to identify and enroll children and families eligible for Medicaid and CHIP.

STATE EMPLOYEES' HEALTH BENEFITS PROGRAM

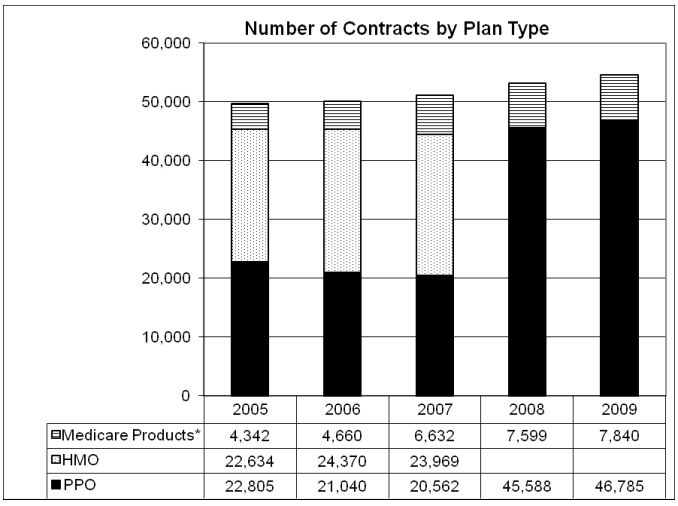
The State Employees' Health Benefits Plan (SEHBP) division administers the State Employees' Health Plan on behalf of the Health Care Commission (HCC). The statute also provides for an Employee Advisory Committee which was implemented in 1995. That committee consists of 21 members: 18 active employees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

Covered members in the SEHP include state employees and their dependents, retired and disabled state employees and their dependents, people on leave without pay, elected officials and blind vending facility operators. Over the years, the number of contracts and the types of eligible groups covered by the SEHP have expanded. In 1999, the Commission established administrative procedures and eligibility requirements (K.A.R. 108-1-3) to allow "non-State" groups including unified school districts, community colleges, technical colleges and vocational technical schools into the state plan. Beginning in 2000, the commission established administrative procedures and eligibility requirements (K.A.R. 108-1-4) to allow for inclusion of cities, counties, townships, libraries, public hospitals, extension councils and certain other public entities. During Plan Year 2009 the HCC voted to include the Kansas Guardianship Program, public housing authorities, public local environmental protection programs, city-county, county, or multicounty health boards or agencies and nonprofit independent living centers. As a result, the Plan has seen an increase in the number of inquiries from eligible groups about joining the SEHP plan. During Plan Year 2009, 22 new public employers joined the SEHP. The cost to administer the non-State portion of the program is reflected in the premiums charged to these groups; therefore, the non-State entities do pay a different composite rate and employee premiums than state agencies. Groups joining the SEHP follow the underwriting guidelines set out in K.S.A. 75-6506.

Based upon action taken during the 2009 legislative session, state agencies did not contribute the agency contribution for employee health coverage for seven pay periods during fiscal year 2009. The resulting revenue reduction required the SEHP to use plan reserves to cover this revenue reduction of over $60 million dollars. Based upon staff projections and the opinion of the SEHP actuaries, the SEHP fund should have sufficient funds to pay the health care expenses for 2010; however, plan reserves are now below an actuarially sound level for a self-funded plan covering approximately 96,000 members. The plan will face shortfalls beginning in PY 2011 without rate increases, benefit reductions, or some combination thereof.

Health Plan Enrollment. Total enrollment numbers in the SEHP include active employees, retirees, employees receiving long-term disability payments, employees on leave without pay, non-State public employer groups, qualified beneficiaries on COBRA, and other individuals identified in K.A.R 108-1-1, K.A.R. 108-1-3 and K.A.R. 108-1-4. As of June 2009**,** the total Plan enrollment in the State Employees' Health Plan was 54,625 contracts and 96,694 covered lives. In Plan Year 2009, 94 percent of active State employees are enrolled. Of those, 54 percent are enrolled in single coverage and 46 percent provide coverage for their dependents. In addition to the active employees, SEHP provides coverage for 10,638 retirees and former employees living in all 50 states and some foreign countries.

There are 127 non-State public employers participating in the SEHP. The non-State public employers include 34 school districts; 59 cities, counties or townships; 22 extension offices or libraries and 12 public hospitals. The number of members in the non-State groups range from one to 652. Only five groups have more than 200, and 17 have between 100 and 200 members.



	2005	2006	2007	2008	2009
Medicare Products*	4,342	4,660	6,632	7,599	7,840
HMO	22,634	24,370	23,969		
PPO	22,805	21,040	20,562	45,588	46,785

The contracts included:

Active State of Kansas Employees	36,718
Active Non-State Entities (Education and Local Units)	7,069
Direct Bill/Retiree Participants	10,638
COBRA Participants	200

Health Plan Design.
Medical. All participants have a choice of three different preferred provider organizations (PPOs). For plan year 2009, 93 percent of active participants selected Plan A, 6 percent selected Plan B and 0.1% selected Plan C (the qualified high deductible health plan with a health savings account). About $243.0 million was spent in Plan Year 2008 on medical claims for the self-funded plans.

Prescription Drugs. Prescription Drugs are carved out of the health plan and administered separately by a Pharmacy Benefits Manager (PBM). The plan design includes a tiered coinsurance program with a separate copayment for special case medications. Certain prescription drugs are not covered by the Plan, but can be purchased at a discount by the employee through the PBM. The generic dispensing rate for SEHP is over 67 percent. Claims costs for Plan Year 2008 were $56.0 million. The average claim cost per member per month for Plan Year 2008 was $71.56.

Dental. The dental component is provided by the employer for employees at no cost, and it is optional for dependents. In Plan Year 2008, $23.3 million was paid in claims. The average cost per active employee claim in Plan Year 2008 was $135.75.

Vision. The Employee Advisory Committee (EAC) requested that a voluntary vision plan be offered. It provides two benefit levels and is completely funded by participants. For Plan Year 2009, there are 35,899 participants enrolled in the vision plan. Enrollment in the basic plan is 11,121 and 24,778 have elected the enhanced plan.

Direct Bill Medicare programs. Direct bill members who are Medicare eligible can enroll in Kansas Senior Plan C, a Medicare supplement plan, or four Medicare Advantage plan options. The Plan paid about $539,000 in premiums for the fully insured Medicare health plans. In Plan

Year 2009, there were 7,222 participants in the Medicare Supplement Plan and 616 in the Medicare Advantage Plans.

Direct bill members with Medicare may also elect to enroll in a fully-insured Medicare Part D prescription drug plan through SilverScript. The plan paid $6.4 million in premiums for the SilverScript Part D prescription drug coverage. In Plan Year 2009, there were 4,681 participants enrolled in the Part D prescription drug coverage.

COBRA Administration. The health plan uses a third-party administrator for administration of COBRA continuation benefits, record keeping, premium collection and the new administrative and accounting responsibilities added by the American Recovery and Reinvestment Act (ARRA). As of June 2009, there are 200 members participating in COBRA through the State Employee Health Plan.

Health Plan Ancillary Services.
Flexible Spending Accounts. The flexible spending account (FSA) programs are administered through a third-party administrator. The FSA programs are offered to active State of Kansas employees and include a health care FSA to help employees pay with pre-tax dollars expenses not covered by their health, dental and vision plans and a dependent care FSA to help employees pay day care expenses for their dependents under age 13 or elder care. Currently there are over 9,200 active State employees that participate in these programs.

Premium Billing Administration. The premium billing administrative services are provided for the non-State public employers and direct bill programs offered through the State Employees' Health Plan. The administrator provides invoices to the members, collects premiums and remits premiums back to the State. There are 17,707 members participating in these two programs.

Employee Health and Wellness. HealthQuest was instituted in 1988 to provide wellness programs 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 online health assessment 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 2009, a $50 gift certificate was awarded to eligible participants who completed the online health assessment and health screening. In Plan Year 2010, the $50 gift card will be available to members who complete both the online health assessment and health screening.

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

prostate cancer. When appropriate, they mail participants a DVD on topics such as treatment choices for knee osteoarthritis, back pain, prostate cancer, breast cancer and many other conditions. During 2009, the Dialog Center web portal provided articles on thousands of health topics, online self-care decision tools, online health surveys, symptom diaries, medication lists and an email interface with their personal health coach. Also during the year, a new contractor, Alere, was selected to provide health coaching services, effective January 1, 2010.

As part of the HealthQuest organizational strategy to build a culture of health, a comprehensive plan is being further developed to engage all employees, retirees and other plan members in taking an active role in their health. HealthQuest is implementing telephonic and web-based programs to encourage members to manage their health and wellness and to provide resources for them to do so.

The following list represents services offered during 2009 through this program.

HealthQuest Programs

- Health Coaching
- Disease and Chronic Condition Management
- Online Personal Health Assessment
- Health Screening (78 locations in 2009)
- Healthy Lifestyle programs for tobacco, weight and stress management
- Dialog Center- – Web Portal for Health Resources
- Audio Library
- Video/DVDs Mailed to Participants
- Onsite Wellness Programs--offered via the HQ Coordinator Network
- Online Wellness Newsletter
- Wellness Blog
- Health & Wellness Presentations
- Condition and Disease Management Programs
- LIFELINE Employee Assistance Program (EAP)
    - ◊ Short-term Counseling
    - ◊ Other Direct Services (Legal, Financial, Child Care, Elder Care, etc.)
    - ◊ Life Coaching (Building sound relationships, Improving self- esteem, Strengthening your career, Stress Management)
    - ◊ Special Agency Services (presentations, promotional materials)
    - ◊ Fitness-for-Duty and Critical Incident Stress Debriefing (managed by Division of Personnel Services)

KHPA significantly expanded the focus on prevention and health and wellness policies within the State Employees' Health Plan (SEHP) for the 2009 and 2010 plan years with the goal of improving health and decreasing overall health costs. In 2009, a non-tobacco user discount was offered to all employees and those using tobacco products were offered an opportunity to participate in a tobacco cessation program in order to receive a $40 per month premium discount. As of July 2009, 4,479 employees have participated in the tobacco cessation coaching program. A similar participation rate is expected for 2010. A request for proposal was released

in May 2009 for a vendor to provide the health and wellness services for Plan Year 2010.

Disease management programs have also been offered by the SEHP through the contracted health and prescription drug plans and include coronary artery disease, diabetes, asthma and COPD. Participation and results have been tracked and monitored by the health plan and results have been reported to the contract management team. In 2010, all disease management efforts will be handled through the health and wellness contract in order to reduce confusion caused by employees being contacted by both the health and wellness vendor and the health plan for the same condition.

State Self-Insurance Fund (State Workers' Compensation). The Workers' Compensation Program for State employees is called the State Self-Insurance Fund (SSIF). The SSIF was implemented through legislation in 1974 and consolidated into the Division of Personnel Services in 1988. The SSIF was transferred to the Division of Health Policy and Finance in 2005 and was consolidated into KHPA in 2006. It is a self-insured, self-administered program with 18 staff members to administer the program. The SSIF is funded by agency rates based on experience rating. The rates are developed by an actuarial service using claims experience, payroll history and caps on expenses. Rates are currently approved by the Department of Administration and published by the Division of Budget.

The SSIF manages and processes claims for injuries that arise out of and in the course of employment. Medical compensation to treat the employee's injury does not have a cap. Medical payments to providers are based on a fee schedule developed by the Workers' Compensation Division of the Kansas Department of Labor. Additionally, compensation is paid for loss of time, permanent impairment or death. A medical review service is utilized to review claims for medical appropriateness, nurse case management on complex cases and pricing. On average, 324 accident reports are received monthly. In FY 2009, the SSIF spent over $21.6 million on compensation, with about 58 percent for medical services and 42 percent for indemnity.

Kansas Health Policy Authority FY 2009 - 2010 Expenditure Report			
Program	Actuals FY 2009	Approved FY 2010, incl. Allotments	% Change
Medicaid and HealthWave Assistance			
Title XIX - Medicaid	1,232,883,351	1,170,898,949	-5.0%
Title XIX - ARRA	60,922,667	109,705,579	80.1%
Title XXI - CHIP	64,322,537	66,477,889	3.4%
MIG & DIME - (Ticket to Work)	3,425,407	952,100	-72.2%
Subtotal	1,361,553,982	1,348,034,517	-1.0%
Administration			
Salaries	12,608,203	12,861,652	2.0%
Other Operating Expenditures	1,672,880	2,022,326	20.9%
Contracts	55,499,547	62,886,219	13.3%
Commodities	98,267	2,609,764	2555.8%
Subtotal	69,878,897	75,160,433	7.6%
Medicaid, HealthWave, Admin Total	**1,431,432,879**	**1,423,194,950**	**-0.6%**
State Emp. Health Benefits Plan			
Salaries	2,250,531	2,362,239	5.0%
Other Operating Expenditures	325,880	240,400	-26.2%
Contracts	8,317,681	10,331,905	24.2%
Commodities	40,578	65,250	60.8%
Worker's Comp. Claims	21,647,565	24,000,000	10.9%
State Emp. Health Benefits Plan	**32,582,235**	**35,999,794**	10.5%
Total Reportable Expenditures	**1,464,015,114**	**1,460,194,744**	**-0.3%**
SEHBP Transfers			
Flexible spending	14,983,788	15,919,000	6.2%
Self-Funded Claims	393,644,582	409,255,506	4.0%
SEHBP Transfers	**408,628,370**	**425,174,506**	**4.0%**
Medicaid Transfers* to State Agencies			
* Transfer Amounts Including ARRA funds			
SRS	502,287,561	523,969,068	4.3%
KDOA	297,733,653	313,840,503	5.4%
KDHE	206,457	112,500	-45.5%
JJA	4,563,710	6,973,468	52.8%
Med. Education Transfers	400,000	425,000	6.3%
Medicaid Transfers Total	**805,191,381**	**845,320,539**	5.0%
Total Expenditures and Transfers	**2,677,834,865**	**2,730,689,789**	**2.0%**
Funding			
State General Funds	433,758,768	387,459,860	-10.7%
Medical Programs Fee Fund	35,244,129	40,567,543	15.1%
Health Care Access Improvement Fund	33,674,556	37,390,236	11.0%
Title XIX	1,547,143,421	1,521,799,450	-1.6%
Title XIX - ARRA	123,301,539	208,469,426	69.1%
Title XXI	51,081,934	52,883,125	3.5%
Children's Initiative	5,320,710	0	-100.0%
KATCH		1,568,903	
Other Federal Grants (MIG-DIME, Ryan White)	4,311,678	14,578,775	238.1%
SEHBP Funds	416,676,560	435,724,016	4.6%
State Workers Comp Fund	25,056,706	27,711,660	10.6%
Other Fee Funds	2,264,864	2,536,795	12.0%
Total Funding	**2,677,834,865**	**2,730,689,789**	**2.0%**

Strategic Plan

AGENCY GOALS AND PERFORMANCE MEASURES

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

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

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

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

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

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

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

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

	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
Data analysis and research measures:						
Number of Health indicators monitored through Data Consortium Dashboard						
Access to Care	19	39	40	40	40	40
Health and Wellness	33	38	40	40	40	40
Quality and Efficiency	23	23	25	25	25	25
Affordability and Sustainability	17	19	20	20	20	20
County-level geographic maps	n/a	47	80	80	80	80

	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
		** NOTE: Emphasis will be on adding detailed drill-downs (county-level geo-maps, demographic stratification) rather than increasing the number of indicators tracked. To prevent information overload, monthly web-usage statistics on individual indicators are being used to match the indicators monitored to user needs.*				
Data Analytic Interface utilization measures:						
Number of integrated data sets	n/a	2	3	3	3	3
Number of DAI users	n/a	24	150	150	150	150
Number of reports	n/a	30	99	200	200	200
Number of reports from the licensure database	n/a	63	60	60	60	60
Number of reports from KHIIS	n/a	14	20	20	20	20
Number of reports from the Hospital Discharge database	n/a	8	10	10	10	10
Public engagement measures:						
Advisory Councils	160	160	160	160	160	160
Community Dialogue	497					
Other public forums	640					
Medical advisory councils	n/a					
Special project working groups	104					
Total	**1401**	**160**	**160**	**160**	**160**	**160**
Agency internal and external communication measures:						
With limited exceptions, all media, consumer and stakeholder inquiries will receive an initial acknowledgement before the end of the business day in which they are received.	unknown	unknown	90%	95%	95%	95%
Unless special circumstances dictate otherwise, all questions and requests for information from the media, consumers and stakeholders will be answered within three business days, or we will provide an explanation as to why the question or request is taking longer to resolve.	unknown	unknown	90%	95%	95%	95%
KHPA will write and produce the "Annual Report to the Legislature" before the start of the legislative session.	unknown	Done - Jan. 12	Jan. 1 deadline	Jan. 1 deadline	Jan. 1 deadline	Jan. 1 deadline

	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
News releases, reports and documents released to the public shall be posted on the website no later than 24 hours after their release.	unknown	unknown	95%	99%	99%	99%
Whenever possible, all KHPA Board agendas and related materials related to those agendas will be made available on the website by the time of the Board meeting.	unknown	unknown	90%	90%	90%	90%
Agency performance reporting and operational efficiency measures:						
Number of internal audits performed. (calendar year)	n/a	4	1	1	1	1
Number of external audits started. (calendar year)	n/a	4	4	4	4	4
Number of lines of transactions	1,295,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000
Number of miscellaneous payments	8,000	12,000	15,000	18,000	20,000	20,000
Number of MMIS & Workers Compensation payments	280,000	290,000	300,000	310,000	320,000	320,000
Number of duplicate payments	4	2	1	0	0	0
Number of late payments	25	15	6	2	0	0
Percentage of errors for miscellaneous payments	0.3625%	0.1417%	0.0467%	0.0111%	0.0000%	0.0000%
Number of measures of performance indicators tracked on KHPA website.	n/a	119	125	125	125	125

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

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

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

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

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

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

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

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

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

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

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

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

	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
Strategic plan development measures:						
Number of objectives developed for each year of five-year plan	15	21	18	18	21	21
Number of additional objectives added to strategic plan	n/a	n/a	0	0	3	3
Interagency collaboration measures:						
Number of signed interagency agreements	3	3	4	4	4	4
Number of interagency collaborations/projects		2	2	2	2	2

	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
Data driven program review and evaluation measures:						
Number of annual program reviews completed	14	12	10	10	10	10
Number of policy changes recommended	30	20	20	20		
State Employees' Health Benefits Program measures:						
Wellness programs will have a participation rate of 30%	N	Y	40%	50%	60%	70%
Enrollment in the State Employees' Health Plan (by plan year)						
Number of employees	36,142	36,183	36,183	36,183	36,183	36,183
Number of dependents	32,737	34,409	34,409	34,409	34,409	34,409
Number of individuals in non-State groups	12,017	14,048	15,706	17,146	18,586	20,026
SEHP financial measures ***(by plan year)***						
Cost per capita	$4,596	$4,894	$5,001	$5,212	$5,436	$5,674
Average insurance premium for singles	$389	$407	$457	$491	$528	$568
Average insurance premium for families	$1,090	$1,141	$1,281	$1,377	$1,480	$1,591
Administrative cost ratio for SEHP	6.20%	5.91%	5.84%	5.51%	5.20%	4.90%
Medicaid and HealthWave Program measures:						
Enrollment Medicaid or HealthWave						
Average Number of children enrolled	191,605	197,072	203,820	210,954		
Number of Income Eligible Children	227,605	233,072	239,820	246,954		
Average Number of pregnant women enrolled	6,910	6,533	6,622	6,843		

	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
Average No. of disabled individuals enrolled	51,581	54,132	56,360	58,554		
Number of elderly individuals enrolled	32,646	33,355	34,022	34,675		
Number of individuals enrolled in MediKan	3,146	3,175	3,273	3,366		
Medicaid/HealthWave financial measures (health care spending only or regular Medicaid only; long term care costs in SRS, KDOA, and waiver program budgets)						
Spending on children per capita	$3,614	$3,791	$3,862	$3,948	$3,990	$4,110
Spending on pregnant women per capita	$11,557	$10,788	$11,070	$11,394	$11,514	$11,860
Spending on disabled individuals per capita	$8,044	$8,301	$8,236	$8,540	$8,630	$8,889
Spending on elderly individuals per capita	$2,934	$2,873	$2,959	$3,069	$3,102	$3,195
Spending on individuals in MediKan per capita	$5,966	$5,701	$5,724	$5,953	$6,016	$6,196
Admin. Cost ratio for Medicaid/ HealthWave	6.22%	5.34%	5.17%	5.57%	5.57%	5.57%
Workers Compensation financial measures						
Number of cases processed	4,915	4,743	3,743	3,743	3,743	3,743
Number of cases closed	3,122	2,952	3,271	3,271	3,271	3,271
Administrative Costs	$4,000,721	$3,409,142	$3,611,658	$3,725,998	$5,052,461	$5,052,461
Admin cost ratio for Workers Comp	15.96%	13.61%	13.08%	13.44%	17.39%	17.39%
Claims Cost	$21,067,799	$21,647,565	$24,000,000	$24,000,000	$24,000,000	$24,000,000
Claims as % Cost	84.00%	86.39%	86.92%	86.56%	82.61%	82.61%
Information technology and business integration measures:						
Number of user support calls and project requests handled by DISC.	9,000	10,400	11,000	12,000	13,000	13,500
Number of users added to the document management system.	0	127	100	250	100	250

	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate
Number of hits on the website	775,000	851,886	950,000	975,000	1,000,000	1,050,000
Office of the Inspector General measures:						
Number of audits, reviews and investigations completed	0	13	16	16	20	20
Number of audit, review and investigation related trainings attended by OIG staff	9	15	20	20	25	25
Number of program integrity related meetings and conferences attended by OIG staff.	49	25	47	53	55	55
Human resources and culture measures:						
Staff leadership and development measures						
KHPA employee Separations	11%	8%	14%	9%	9%	9%
KHPA employee Retirements	4%	2%	3%	3%	5%	5%
Number of KHPA employees promoted	31	17	10	10	15	15
KHPA sponsored training – employees attended	998	750	800	800	800	800
KHPA overall turnover rate		13%	18%	13%	13%	13%