

Approved: May 9, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 AM on Tuesday, February 14, 2012 in 548-S of the Capitol.

All members were present.

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
Alan Conroy, Director, Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Conferees appearing before the Committee:

Secretary Robert Moser, Department of Health and Environment
Secretary Shawn Sullivan, Department on Aging
Kari Bruffett, Division of Health Care Finance, Department of Health and Environment

Others in attendance:

See attached list.

Bill introductions:

Senator McGinn moved introduction of 12rs2250 concerning KPERS; Senator Schodorf seconded the motion, which carried on a voice vote.

Senator McGinn moved introduction of 12rs2194 concerning the Kansas housing loan deposit program; Senator Teichman seconded the motion, which carried on a voice vote.

Senator Kelly was recognized and pointed out that the updated Governor's Budget Amendment (GBA) received on February 13 contained an error. On page 2, under Total Voluntary Retirement Incentive Program Adjustments, the "all funds" figure should be \$1,349,533 instead of \$1,343,827. The Governor's Office was requested to revise the GBA and return a copy to the Senate Ways and Means Committee.

CONTINUATION SHEET

Minutes of the SENATE WAYS AND MEANS Committee at 10:30 AM on Tuesday, February 14, in 548-S of the Capitol.

Continued discussion on Managed Care Reform:

Secretary Robert Moser, Kansas Department of Health and Environment, returned to the Committee to discuss managed care reform in Kansas. (Attachment 1) Secretary Moser discussed sustained Medicaid growth costs in Kansas, and the pressure resulting from this growth on other central services such as K-12 education, KPERS, and higher education. He described the three main populations utilizing Medicaid services and discussed the current fragmentation in services, which resulted in the KanCare solution (managed care). Secretary Moser discussed the process of implementing the KanCare, which includes stakeholder involvement, coordinating person-centered care, including Home and Community Based Services (HCBS) waivers, using a pay-for-performance model tied to improved outcomes, and engaging consumers in evaluating the KanCare model as it is implemented. Secretary Moser indicated a contract is anticipated to be awarded during the summer of 2012.

In response to a concern as to the length of time from the due date for KanCare financial bids (February 22) and the contract award, Secretary Moser indicated the technical bids are being reviewed at the current time; once the financial bids are received, contract negotiations will occur for the payment rates, evaluation will occur to ensure networks are developed and adequate as well as scrutiny and evaluation of all contractual requirements. Secretary Moser confirmed this is a classic bidding process.

Chairperson McGinn called attention to the handout, "Anatomy of a Negotiated Procurement," which was submitted by the Kansas Department of Administration. (Attachment 2) This document describes the bidding process for the KanCare project.

A committee member expressed concern regarding the impact of the implementation of KanCare on nursing homes, assisted living facilities, and hospitals in rural areas. Shawn Sullivan, Secretary of the Department on Aging, was recognized and described the stakeholder involvement, which consisted of collaboration with Area Agencies on Aging and others to develop a lengthy list of suggestions and concerns of which many were incorporated into the KanCare Request for Proposal (RFP). Secretary Sullivan indicated he had seen written testimony in other legislative committees which described their position as it relates to the KanCare implementation.

A committee member referenced the "Anatomy of a Negotiated Procurement" handout, and asked at what point the bids will become known to the public. Secretary Moser responded that will be known at the time the contract is awarded. With regard to the savings the state could see and whether the savings will be redirected or designated, Secretary Moser indicated there has been some preliminary discussion on the savings; however no firm decision has been made at this time.

CONTINUATION SHEET

Minutes of the SENATE WAYS AND MEANS Committee at 10:30 AM on Tuesday, February 14, in 548-S of the Capitol.

A committee member inquired whether the advisory council (consumers) would provide ongoing counsel through the negotiations or following contractual award, and what specific issues would be addressed by the advisory council. Secretary Moser responded that the council would be appointed before the summer, and their purpose would be to receive feedback from stakeholders and consumers.

Concern was expressed regarding the projected KanCare savings, and whether any state savings will remain in light of the federal government's budget projection that approximately \$692 billion (nationally) would be eliminated from Medicare and Medicaid programs. Secretary Moser indicated that with the projection of the federal medical assistance program (FMAP) decrease, impact would be seen at the state level resulting in the potential for reduced state KanCare savings.

Secretary Sullivan reviewed the "KanCare Consumer Frequently Asked Questions" (FAQs) with committee members ([Attachment 3](#)). He indicated that a letter to all families and guardians of individuals on HCBS waivers will be sent from the Lieutenant Governor's office; the letter describes the process and includes the FAQs reviewed.

With regard to the FAQs previously discussed, under bullet point two, a committee member requested further clarification on how people unnecessarily are placed into institutional settings and whether this is a Procurement Negotiating Committee (PNC) item. Secretary Sullivan responded that the technical bids included preventative services and value added services within the RFP. With regard to premature or unnecessarily institutional placement, data is reviewed quarterly. Current information reveals 18 percent of those living in institutions have low care needs and could be living in their homes or assisted living facilities, if reimbursement were appropriately aligned. The reimbursement structure would be different to incentivize access in other places and consumers would continue to have choice. Additional clarification was requested concerning value added services contained in the RFP.

Kari Bruffett, Division of Health Care Finance at the Department of Health and Environment, discussed value added services (contained in the RFP), which are provided at no additional cost to the state. Such services include preventive care, models for Health Opportunity Accounts, and other similar value added services.

A committee member emphasized the importance of consumer education and interaction, particularly for vulnerable populations, who will be required to decide among 3 managed care organizations (MCOs) for provider services. Secretary Moser commented the care coordination component within KanCare is critical to allaying fears and uncertainty. He agreed the term "managed care" could be replaced by "care coordinator for the integrated care company" as a means to eliminate uncertainty.

CONTINUATION SHEET

Minutes of the SENATE WAYS AND MEANS Committee at 10:30 AM on Tuesday, February 14, in 548-S of the Capitol.

Clarification was requested on the reimbursement rates for nursing homes or assisted living facilities, Secretary Sullivan stated reimbursement rates (skilled facility or assisted living facility) would be at or above the current rates.

A committee member requested additional information concerning the “auto-enroll” element. Secretary Moser reported that the “auto-enroll” feature is intended to distribute all populations and services equally among the three MCOs. Initially, the consumer has 45 days to decide whether or not the MCO to which he/she has been assigned will be the designated provider. Should the consumer select another provider, he/she is assigned to that provider. Secretary Sullivan reported that an RFP is scheduled for release later in the month to Aging and Disability Resource Centers (ADRCs) for providing options counseling for individuals on the traumatic brain injury waiver, the physical disability waiver, and technology assistance and autism clients; in Kansas, statute mandates that all developmentally disabled clients go through a “gatekeeper,” Community Developmental Disability Organization (CDDO), for services. Secretary Sullivan indicated the ADRCs would work with the CDDOs during the MCO enrollment options/choice stage.

In response to a question as to whether implementation of a managed care model would eliminate waiting lists for services, Secretary Moser indicated that reductions in waiting lists are impacted by the costs to provide service and the FMAP. If savings are realized from the implementation of a MCO model, the state can begin to move towards reducing the waiting list due to employment or utilization of savings that would expand the number of available slots. Secretary Moser further noted that it would a great deal of funding to achieve waiting list reductions.

A committee member asked what assurances the state has that MCOs chosen to provide services in Kansas and who assume responsibility for managing the risk of unknown future health care costs of clients and operational costs do not function in a manner that results in a non-viable model, and whether or not appropriate claw-back provisions are included in the RFP. Secretary Moser responded that provisions exist concerning unmet client outcomes and goals and the withholding of payment; to reach improvements required for substantial savings, change must incorporate increasing health care literacy, engaging in health care decisions, and early interventions.

A committee member inquired why the KanCare plan did not carve out individuals on DD waivers and how the managed care organization plans to balance issues beyond health care for this population. Secretary Moser responded that the integration of all care across all aspects of service: psychosocial, emotional, and physical well being of consumers is necessary for the providers to achieve profitability. The plan is a motivator to eliminate health care silos.

CONTINUATION SHEET

Minutes of the SENATE WAYS AND MEANS Committee at 10:30 AM on Tuesday, February 14, in 548-S of the Capitol.

The meeting was adjourned at 11:55 a.m.