

## MINUTES

### JOINT COMMITTEE ON HEALTH POLICY OVERSIGHT

August 23, 2006  
Room 514-S—Statehouse

#### Members Present

Representative Melvin Neufeld, Chairman  
Senator James Barnett, Vice-Chairman  
Senator Laura Kelly  
Senator Roger Reitz  
Senator Vicki Schmidt  
Senator Susan Wagle  
Representative Bill Feuerborn  
Representative Brenda Landwehr  
Representative Peggy Mast  
Representative Louis Ruiz

#### Members Absent

Senator David Haley  
Representative Bob Bethell

#### Staff Present

Terri Weber, Kansas Legislative Research Department  
Melissa Calderwood, Kansas Legislative Research Department  
Emalene Correll, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Jim Wilson, Revisor of Statutes Office  
Renaë Jefferies, Revisor of Statutes Office  
Nikki Feuerborn, Administrative Assistant  
Shirley Jepson, Committee Secretary

#### Others attending

See attached list.

The meeting was called to order by Chairman Neufeld at 9:00 a.m.

*Representative Feuerborn moved to approve the minutes of March 1 and April 28, as written. The motion was seconded by Representative Ruiz. Motion carried.*

## **Overview of Health Care Authority Activity**

The Chairman recognized Connie Hubbell, Chairman, Kansas Health Policy Authority, who presented an update on the activities of the Authority (Attachment 1). Ms. Hubbell's written testimony includes a list of standing committee members, and the Legislative and External Communications and Conflict of Interest policies adopted by the Authority.

Ms. Hubbell indicated the Authority has made significant progress on a number of activities as well as proposed legislative and budget initiatives. These activities include:

- Continued work on formulating policies and procedures to ensure an effective focus on improving the health and health care of Kansans;
- Formation of several key committees, including a Finance and Audit Committee, a Human Capital and Compensation Committee; and a Governance and Nominating Committee;
- Development of a conflict of interest policy for Board members and a policy regarding legislative and external communication;
- Proceeding with the process of coordinating with other health agencies in regard to legislative and budget activities;
- Preparing recommendations for funding for additional staffing and infrastructure resources in FY 2007 and FY 2008; and
- Setting criteria to be considered to determine funding priorities, including:
  - Initiatives need to be of relevance to the health and health care of Kansans;
  - Initiatives that increase health care access, improve health quality, increase health and wellness, or improve affordability and efficiency need to be balanced;
  - Potential support for each initiative from the Governor, Legislature, and stakeholders needs to be considered; and
  - The administrative feasibility of implementation of any initiative needs to be determined.

In response to a Committee question concerning a comprehensive plan for the health of Kansans, Ms. Hubbell stated it is the ultimate goal of the Authority to put together a comprehensive plan; however, it will take a year or two to pull the pieces of a plan together. In the interim, Ms.

Hubbell feels it is important to promote quality programs as necessary until the plan is developed and in place.

### **Report From The Interim Executive Director**

The Chairman recognized Dr. Marcia Nielsen, Interim Executive Director, Kansas Health Policy Authority, who provided an update on progress relating to legislative and budget considerations in the upcoming 2007 Session (Attachment 2). The initiatives include:

- Expanding children's access to health care;
- Increasing transparency in health care purchasing;
- Developing a long-term care partnership program;
- Creating incentives for the purchase of long-term care insurance;
- Developing detailed and coordinated plans to implement E-prescribing;
- Increasing health and wellness emphasis in the State Employee Health Benefit Plan; and
- Developing a community-based focus on health care workforce shortages in rural and underserved urban Kansas.

Dr. Nielsen stated the Kansas Health Policy Authority will work with the Department of Health and Environment, Department of Social and Rehabilitation Services, Department on Aging, and Juvenile Justice Authority to form an integrated partnership to study, design, and propose a model for Medicaid reform and to ensure compliance with the Centers for Medicare and Medicaid Services requirements and policies. Dr. Nielsen reminded the Committee the Authority is not only charged with considering innovative ways to improve health policy in the state, but with operating programs crucial to the health of many Kansans, including Medicaid, the Children's Health Insurance Program (HealthWave), and the State Employee Health Benefits Program. Dr. Nielsen's written testimony includes proposed recommendations for FY 2008 and studies to be completed during FY 2008.

Responding to questions from the Committee, Dr. Nielsen stated it is important to take time to develop a comprehensive plan, noting the problems with a plan proposed early in the Clinton Administration were – too much, too fast, and too complicated. Dr. Nielsen feels it is necessary to study a recently passed Massachusetts health initiative, but stated she feels the plan is not right for Kansas. She further noted there are some elements in the Massachusetts legislation that perhaps could be useful. It is necessary to have all the pieces fit together and to work to pull all aspects of health and health care together into the plan. Committee members indicated they are eager to see progress in developing a comprehensive plan.

With regard to the Business Health Partnership, Dr. Nielsen noted many small businesses in Kansas cannot afford health insurance for employees. The Authority is continuing to work to improve the proposed plan, knowing it is important to provide affordable health insurance and to promote health as well as health insurance. Perhaps there are some aspects of the Massachusetts

legislation that can be incorporated into helping small businesses. Several Committee members expressed the belief that it is important to work toward a solution to the availability of health insurance for small businesses.

Dr. Nielsen stated the Authority is using four criteria in the development of a comprehensive plan – affordability, health and wellness, quality, and access. It is necessary to bring all stakeholders to the table and to proceed with caution on a comprehensive plan.

With reference to fraud, Dr. Nielsen indicated the Centers for Medicare and Medicaid Services is focused on eliminating fraud in the Medicaid system with new regulations being put in place at the federal level. She plans to meet with the new Inspector General in the Attorney General's Office in the near future and will discuss fraud pertaining to Medicaid and the State Employees Health Group. She is continuing to study the State Employee Health Plan to find ways to control costs.

### **Medical Assistance Program**

Chairman Neufeld recognized Scott Brunner, Director of the Kansas Medical Assistance Program, who presented testimony regarding increased staffing and infrastructure to accommodate the needs of the Authority (Attachment 3). Mr. Brunner's written statement includes copies of a memorandum regarding policy changes relating to citizenship and identify verification, a memorandum regarding transition in the dental program, and a memorandum regarding the presumptive eligibility pilot project.

Staffing and funding requests include:

- Twenty-two additional staff in FY 2007 (\$536, 300 State General Fund); and
- Twenty additional staff in FY 2008 (\$567,000 State General Fund).

Mr. Brunner stated staffing levels, particularly in the Finance and Accounting and Operations areas, fall short of meeting the agency's full potential and are vital to protecting the financial integrity of the programs administered by the Authority. Mr. Brunner indicated the original estimates of staff and budget were too conservative. In addition, the Department of Administration provided infrastructure support to the Division of Health Policy and Finance until July 1, 2006. Information technology, human resources, and legal services were all provided by the Department of Administration which continues to provide a limited number of administrative services through a memorandum of agreement.

Mr. Brunner noted in the transition of the Medical Program to the Authority, it was necessary to take funds from some vacant positions to fill positions whose importance became apparent in the transition. With reference to the requested additional staffing for FY 2007, some necessary accounting positions were not transferred and these positions are needed to process and maintain the credibility of the Medicaid program. It is possible funding for expansion of HealthWave could come from Medicaid as opposed to the Children's Health Insurance Program which has not been re-authorized at the federal level as yet. If this is necessary, it will also be necessary to have sufficient State General Funds for the match.

A Committee member noted there are numerous programs funded by the state for children age 0 to 5, and voiced concern about the state getting into a costly health insurance program for

children. The member requested the Committee have further discussion on this subject at a future meeting.

Responding to a question concerning fraudulent claims in HealthWave, Mr. Brunner noted steps are being taken to verify claims and eligibility, using better tools and being better able to use those tools.

## **Health Data**

Dr. Andy Allison, Deputy Director, Kansas Health Policy Authority, testified that one responsibility of the Authority is to create a mechanism to make available data accessible and usable by those who need it to make better decisions about health and health care. Some usable data is being transferred to the Authority, specifically, hospital inpatient discharge data, licensure data for health care providers, and Kansas health insurance information. Some sub-contracting will be done to analyze the data as well as acquiring staff to carry out data-related functions.

## **Health System Reform and Blue Sky Initiative**

Chairman Neufeld recognized Dr. Robert St. Peter, President of the Kansas Health Institute, who presented testimony on Rethinking Health System Reform and the Blue Sky Initiative ([Attachment 4](#)). Dr. St. Peter discussed:

- The complexity of reforming the current health care system.
- The focus of the Blue Sky Initiative on health as opposed to insurance coverage or cost containment, emphasizing that health is determined by many things in addition to medical care and a focus on interventions that improve health over a lifespan as opposed to the Massachusetts reform initiative which focuses on how to cover more people with health insurance and how to put more money into the health system.
- Following the Blue Sky concept would require re-conceptualizing the health system; making structural changes in the system; aligning incentives, integrating policy decisions and resource allocations across public health, population health, social services, and medical care; overcoming problems with vested interest groups that have large financial incentives in the current system; and capitalizing on technological capacity, information technology, and accountability systems.
- The recent Blue Sky Midwest Conference involved the states of Arkansas, Colorado, Kansas, Ohio, and Oklahoma with observers from Missouri and Louisiana. The conference was motivated by the belief that states have primary roles as innovators in health policy and state action will eventually move a national agency.

Dr. St. Peter observed, in regard to the future of the Kansas Health Policy Authority, that it presents an enormous opportunity to look at health care; that it needs support from the Governor and Legislature; that it can provide a linkage between health and health care; that interaction with other agencies is critical; that clarification of the legislation creating the Authority is necessary in

determining how it interacts with other agencies; that there is a need to look at Medicaid as a whole; and that consideration needs to be given to the cost of not improving the system. He identified as challenges for the Authority maintaining a clear vision and focus, avoiding pitfalls, recruiting and staffing, accountability, and data driven decisions, as well as supporting and fostering innovation.

Chairman Neufeld reminded the members that the Committee's responsibility is the oversight of the Kansas Health Policy Authority. The Chairman noted the move toward healthier citizens involves changing the focus from health care for Kansans to a broader focus on the health of Kansans, supporting primary preventive care, thinking in broader terms, and considering how we get to the desired goal. It is known the best state education dollars are spent on pre-natal care and reducing stress in the home during a child's first eighteen months of life. It is important for the state to look at all factors affecting health and find a way to bring all the pieces together.

The Committee requested additional information on:

- A five-year history of full-time equivalency staff in place for the Authority's functions before the move to the Authority;
- An organizational chart, including where the additional staff requested will be used; and
- The cost of implementing presumptive eligibility and what funds will be used.

The meeting was adjourned at 12:00 noon. The next meeting will be held on "Call of the Chair."

Prepared by Shirley Jepson  
Edited by Emalene Correll

Approved by Committee on:

October 16, 2006  
(date)