

Good morning Madam Chairwoman McGinn and members of the committee. I am Jon Hamdorf, Interim Medicaid Director and Director of the Division of Health Care Finance and I am here on behalf of KDHE to provide testimony in opposition of SB 300 as it is currently proposed.

We believe this bill if passed as written will have undesired and unintended negative effects to the Kansas Medicaid System.

The first challenge with the bill is that we have already implemented programs passed by the legislature and signed into law in 2017 that are substantially different than the program was on January 1, 2017 which conflicts with line 15 of the bill. Second, we have already completed 2018 capitation rates to include programmatic changes passed by the legislature in the 2017 session, so even if we were to remove the program changes that we have recently implemented, the MCOs would still get paid for the programs in their rates. We would need to change this date to January 1, 2018 to avoid these two issues.

The second challenge is timing for renewing or extending our current program with the Centers for Medicare and Medicaid Services (CMS). CMS guidelines require states to submit any 1115 renewal or extension at least one year before the year it is to go into effect. Considering this, we reached out to CMS last week to understand our options going forward if this bill was passed as written this session. CMS informed us that if we were to withdraw our current 5-year renewal and try to replace it with a 1 year extension that we would put the state at risk of not getting the extension processed on time because a new application would require the standard public comment period and stakeholder feedback requirements. What CMS recommended is that we keep the current 1115 waiver active and then change / eliminate proposed programs and renewal period based on the legislation once it is passed. This would allow us to remove new eligibility requirements and/or shorten the duration of the waiver from 5 years to what the legislation dictates without having to start the process over from the beginning.

The third challenge is limiting changes to eligibility. The bill could be interpreted that the eligibility process and requirements cannot change as of January 1, 2017 without a bill passed by the legislature. This is problematic because we are evaluating our entire eligibility process and how we process applications. I wouldn't want this bill to not allow us to be able to take action and bring the eligibility determination process back in-house if Maximus doesn't achieve the standards we established in their contract. Additionally, if we can change our eligibility policy to streamline the eligibility process, we would want to implement those changes as soon as possible and not have to wait until the legislature is back in session.

The fourth challenge is in extending contracts for another year and not completing the RFP that was released. We have paid hundreds of thousands of dollars to consultants to help us complete the RFP and 1115 waiver and have committed thousands of hours of staff time to creating and scoring the RFP which will be lost if we do not complete the RFP process. We would then have to experience all these costs and time commitments again if we start this process over again in the near future. There is also risk that MCOs that have bid on this RFP will not bid again if we pull this RFP or worse we could put the state at risk for potential lawsuits on how we ended the

RFP as suggested. Another potential downside to stopping the RFP and instructing the state to contract with the current 3 MCOs is that the state would be put in a disadvantage in the negotiation process which could result in additional costs to the state.

Finally, we would like to communicate that we understand why a bill like this was introduced. However, with the new leadership in place at KDHE, we fully commit to working with you to best serve the citizens of Kansas and the individuals in the KanCare program. Based on some of the successes we have already experienced in the past 2-3 months together, we are committed to continuing to identify issues, develop strategies, and implement solutions together.