

Approved: 2-18-94
Date

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE

The meeting was called to order by Chair Sandy Praeger at 10:00 a.m. on February 8, 1994 in Room 526-S of the Capitol.

All members were present except:

Committee staff present: Norman Furse, Revisor of Statutes
William Wolff, Legislative Research Department
Jo Ann Buntin, Committee Secretary

Conferees appearing before the committee:
Marlin L. Rein, University of Kansas Medical Center
Cary McClure, Chief Financial Officer, Bethany Medical Center, Kansas City, Kansas
Dr. Dannie M. Thompson, M.D., Kansas City, Kansas

Others attending: See attached list

Hearing on SB 626 - Managed care task force

The Chair noted that after testimony was heard January 26, 1994, on managed care in Wyandotte County from conferees representing the Wyandotte County health department, KUMC, hospitals and providers, it became clear that while it was not intended, there existed a negative perception among the providers in Wyandotte County on managed care because of a directive in what was referred to as a proviso in the 1993 Omnibus Appropriations bill between SRS and KUMC. **SB 626** would amend the situation and designate the secretary of SRS to appoint a managed care task force to study the feasibility of implementing a managed care pilot program for Medicaid eligible residents of Wyandotte County, and members of this task force would include representatives of local hospitals, physicians in private practice, the Wyandotte County Health Department, the University of Kansas Medical Center and other interested community members selected by the secretary of SRS.

Marlin Rein, KUMC, appeared before the Committee and noted the University is very supportive of managed care and would like to be part of any managed care initiative in Wyandotte County in order to provide services to Medicaid eligible residents. (Attachment 1) It was noted by Mr. Rein that it was never the Med Center's perception that the legislature intended KUMC to be advantaged by the pilot project or that the number of recipients be increased to include all Medicaid recipients in Wyandotte County.

Cary McClure, Bethany Medical Center, appeared before the Committee in support of **SB 626** and the formation of a task force which he noted would reverse the exclusionary approach by SRS that has been the subject of much criticism in regard to the Medicaid managed care issue in Wyandotte County. (Attachment 2)

In answer to a member's question if he supports the concept of developing the ability to serve the Medicaid population through a managed care plan, Mr. McClure commented that his hospital supports the plan and would like to have a chance for input. He noted that communication is needed county wide, and a community based project would have the best chance for succeeding.

Dr. Dannie M. Thompson, Kansas City, addressed the Committee and questioned if enactment of **SB 626** would delete the managed care program at the University of Kansas Medical Center which was authorized in the 1993 Omnibus appropriations bill and expressed concern that the secretary of SRS would be legally bound to that directive until other provisions are made. (Attachment 3)

Committee discussion related to whether a proviso can be repealed or an amendment should be drafted. It was pointed out that a proviso is only in effect during the current year's budget and would in this case expire June 30. **SB 626**, if enacted, would be in effect after its publication in the Kansas Register. In answer to a member's question, it was noted that there is currently nothing in state law which would preclude the Secretary of SRS towards developing any managed care program in the state. Dr. Thompson stated he would support the bill and the concept of a community wide plan.

Robert L. Epps, SRS, submitted written testimony and stated that a task force should be established in Wyandotte County to address the concerns of the provider community regarding Medicaid managed care. He noted that members are being solicited from Bethany and Providence Medical Centers, the Wyandotte County and KAW

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE, Room 526-S
Statehouse, at 10:00 a.m. on February 8, 1994.

Valley Medical Societies, the Wyandotte County Health Department and the University of Kansas Medical Center to be on the task force. (Attachment 4) Mr. Epps commented that late in fiscal year 1995 would be the earliest date of having anything of significance in managed care anywhere in the state. The federal waiver would be finalized in late spring or early summer, and they would basically need a detailed managed care project plan description before they apply for a waiver.

Pete McGill, representing Bethany Medical Center and Kansas City, Kansas, expressed concern that **SB 626** would not change anything regarding the Medicaid managed care issue in Wyandotte County. He noted that new legislation should not be necessary to address the problem, but if it is the intent of the Committee and the legislature to rectify the so called provisions in the proviso of 1993, then there should be an amendment to **SB 626** to clarify those concerns expressed by previous conferees, otherwise KUMC and others would be operating under the provisions of that proviso as well as the proposed bill.

Marlin Rein, KUMC, noted that the Medicaid managed care language was an item contained in the subcommittee report on SRS, and that directive to the secretary of SRS had two principles - SRS and the K.U. Medical Center. He hoped that if the Committee is in support of the provisions of **SB 626**, that they pass it in its current form.

During Committee discussion, it was noted that SRS had not entered into any contractual agreement. Staff was then directed to draft language to amend **SB 626** and to identify the Medicaid managed care project as a county wide endeavor. Marlin Rein expressed concern that this type of action would be a first which would repeal an item in the Ways and Means appropriations subcommittee report. He hoped such action would not be interpreted to reflect adversely on KUMC and that the Medical Center would continue to be a partner in managed care in Wyandotte County.

Senator Salisbury made a motion to request language be drafted in **SB 626** that would address the situation of Medicaid managed care in Wyandotte County, seconded by Senator Hardenburger. The motion carried.

The Chair noted that the bill will be brought back to the Committee to work after staff has drafted the amendment.

Hearing on HB 2440 - Payment of claims of medical vendors under Medicaid

Robert L. Epps, SRS, addressed the Committee in support of **HB 2440** and noted that the bill would allow Medicaid/MediKan providers up to 12 months to file claims for services provided to recipients as Medicare and many other private insurance firms allow before an appeal has to be made. (Attachment 5)

There were no opponents to **HB 2440**.

Introduction of bills

Senator Lee requested introduction of a bill that would ask the Kansas Department of Health and Environment to take into consideration the size of a restaurant when setting the fee schedule. Senator Lee made a motion the Committee recommend introduction of the bill request, seconded by Senator Ramirez. After Committee discussion, the motion carried.

The Chair requested introduction of a bill that would repeal the act that created the Kansas Healthy Kids program because the program lacked private funds to continue. Senator Ramirez made a motion the Committee recommend introduction of the bill request, seconded by Senator Jones. The motion carried.

The meeting was adjourned at 11:00 a.m.

The next meeting is scheduled for February 9, 1994.

GUEST LIST

COMMITTEE: SENATE PUBLIC HEALTH & WELFARE

DATE: 2-8-94

NAME	ADDRESS	COMPANY/ORGANIZATION
CARY Mc Clure	5 N. 12th St, K.C.K.S.	Bethany Med Center
Paul H. Bitts	LSOB	ICDHE
Marlene Klein	KC	KUMC
John Aureli	SR5 medical	
SP5	SP5	SP5
HAROLD P. Pitts	TOPEKA	AARP-CCTF
Cheri LaBlanc	Topeka	KARF
Andy Droper	"	Sen. Burke
Stacey Empson	"	KHA
Bob Wunsch	Lawrence	KUMC
Gute McNeil	Topeka	Per. Health Assoc.
Bennett R. Blackthorn	Topeka	Reg. for Networks
Mendell Strom	Topeka	AARP-CCTF
LINDA Mc GILL	"	McGILL & ASSOC.
HARRY SPENC	K.C.	HUMANIA
Rich Pittman	KC	Health Midwest
Joe Turjanic	Topeka	KCA
Kathy Reardon	Kansas City	Monitor-KAMA
Michelle Peterson	Topeka	K. Hrs. Consulting
Jim Hoyt	"	SR5

SENATE BILL 626
SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

February 8, 1994
Marlin L. Rein
University of Kansas Medical Center

Madam Chairman and members of the committee, I am appearing on behalf of the University of Kansas Medical Center in support of Senate Bill 626.

Senate Bill 626 is an expansion of the directive provided by the 1993 Legislature to the Secretary of SRS to establish a managed care pilot program at the University of Kansas Medical Center. This legislation would expand that pilot to cover all Medicaid eligible residents in Wyandotte County and would include other providers including community hospitals, physicians in private practice, the Wyandotte County Health Department, as well as the University of Kansas Medical Center.

The Secretary has already moved to create a community planning group or task force to plan for managed care implementation in Wyandotte County. As we indicated in our previous discussion before this committee a couple of weeks ago, the University is very supportive of managed care and wants to be part of any managed care initiative to provide services to Medicaid eligible residents in northeast Kansas. I would be happy to answer any questions.

Senate PH & W
Attachment #1
2-8-94

BEFORE THE SENATE COMMITTEE ON PUBLIC HEALTH & WELFARE
Senator Sandy Praeger, Chairperson
February 8, 1994

TESTIMONY OF CARY MCCLURE
Chief Financial Office
Bethany Medical Center, Kansas City, Kansas

Senator Praeger and Members of the Committee, Good Morning
and thank you for the opportunity to be heard this morning.

(Other opening amenities, if any:)

I appear here today on behalf of Bethany Medical Center which is a community hospital located in Kansas City, Kansas. Our hospital has served the health care needs of citizens of Kansas City, Kansas for 101 years, irrespective of their ability to pay. I, along with other Bethany representatives, was present on January 26, 1994 at this Committee's earlier hearing on the Medicaid Managed Care Pilot Program for Wyandotte County and want to again reaffirm and restate Bethany's support of the position set forth by Dr. Dannie M. Thompson, Ed Beasley of the Wyandotte County Health Department, and Sister Ann Marita Loosen.

Today, however, I want to speak briefly with respect to Senate Bill No. 626. Bethany Medical Center, as a local provider, views this Bill with enthusiasm. We understand this Bill will change the

*Senate PH&W
Attachment #2
2-8-9*

direction of SRS from implementing an existing plan being developed by that agency to formation of a County Task Force that includes all of the providers within Wyandotte County. We also understand that not until the Task Force meets and submits findings and recommendations will there be further consideration of a Managed Care Pilot Project in Wyandotte County.

Formation of a Task Force reverses the exclusionary approach by SRS that has been the subject of much criticism. Bethany commends this Committee for opening up the process to those who have, for generations, supported the Medicaid Program. Bethany, like the other hospital and physician providers in Kansas City, Kansas and Wyandotte County, will be pleased to support this Committee's activities and the development of recommendations for consideration by the Legislature. We think we have a lot to offer.

I would be pleased to respond to any questions Members of the Committee might have.

SENATE BILL No. 626

By Committee on Public Health and Welfare

1-28

8 AN ACT directing the secretary of social and rehabilitation services
9 to appoint a managed care task force to study the feasibility of
10 implementing a pilot managed care program for medicaid eligible
11 residents in Wyandotte county.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. (a) The secretary of social and rehabilitation services
15 shall appoint a managed care task force which shall study the feasibility of implementing a pilot managed care program covering all
16 medicaid eligible residents in Wyandotte county. The secretary shall
17 submit the findings and recommendations of the task force to the
18 legislature on or before the commencement of the 1995 legislative
19 session. Members of the task force shall not be paid compensation,
20 subsistence allowance, mileage or other expenses for attending meetings of the task force.

21
22 (b) The task force appointed pursuant to subsection (a) shall include representatives of local hospitals, physicians in private practice,
23 the Wyandotte county health department, university of Kansas medical center and may include other interested community groups as
24 deemed necessary by the secretary.

25
26 Sec. 2. This act shall take effect and be in force from and after
27 its publication in the Kansas register.
28
29



KANSAS MEDICAL SOCIETY

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Chip Wheelen
Director of Public Affairs

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913/321-3355

February 8, 1994

Public Health and Welfare
Re: SB 626

I speak in favor of SB 626, if by its enactment, the Managed Care Program at the University of Kansas Medical Center, that was authorized by the Proviso of the 1993's HB 2047 and SB 437, be deleted as a 3rd Pilot Project for Managed Care in the State of Kansas.

Acquisition from Section 2 of SB 626 - At what time in the process of a bill is it published in the Kansas Register?


Dannie Thompson M.D.

Senate PH#6
Attachment #3
2-8-94

KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Donna L. Whiteman, Secretary

Senate Public Health and Welfare Committee
Testimony on SB 626 pertaining to the development of a task force to determine
the feasibility of implementing a pilot managed care program
for medicaid eligible residents in Wyandotte County

February 8, 1994

The SRS Mission Statement:
"The Kansas Department of Social and Rehabilitation Services empowers
individuals and families to achieve and sustain independence and to participate
in the rights, responsibilities and benefits of full citizenship by creating
conditions and opportunities for change, by advocating for human dignity and
worth, and by providing care, safety and support in collaboration with others."

Madam Chairman and members of the committee, thank you for the opportunity to
present you with this testimony.

The Department of Social and Rehabilitation Services agrees that a task force
should be established in Wyandotte County to address the issues of managed care,
especially in light of the community's concerns. While the department does not
think that legislation is necessary because a task force is already being
formed, the department would cooperate if such legislation were passed.

On December 2, 1993 the department conducted a meeting in Kansas City to discuss
a managed care pilot project. Present at that meeting were representatives from
the Wyandotte County Health Department, area hospitals and the KAW Valley
Medical Society. (Attached is a list of the people who attended that meeting).
This group has expressed concerns that contracting only with the University of
Kansas Medical Center for managed care would not ensure adequate access to
medical care for the medicaid recipients in the county.

The Department is in the process of establishing a community task force to study
the feasibility of implementing a pilot managed care program in Wyandotte county
in light of the conference committee report on HB 2047 passed during the 1993
session. That report provided that a pilot managed care project be conducted
with the University of Kansas Medical Center. Recommendations for potential
Wyandotte County task force members are being solicited from Bethany and
Providence Medical Centers, the Wyandotte County and KAW Valley Medical
Societies, the Wyandotte County Health Department and the University of Kansas
Medical Center.

Robert L. Epps
Commissioner
Income Support/Medical Services
(913) 296-6750

Senate PH&W
Attachment #4
2-8-94

Wyandotte County Community Meeting

The following individuals were present at the December 2, 1993 meeting with SRS:

Dennis Miller, M.D.	600 Nebraska, Suite 102
Elaine Standish	Associates in Family Medicine
Frank Creeden	Providence Medical Center
Sylvia Maher	Bethany Medical Center
Mary Jane Smith	Providence
Sharon Moore	Providence
Scott Hilt	Providence
Margaret Daly	Wyandotte Co. Health Department
BJ Sheppard	Wyandotte Co. Health Department
Kim Brown	Wyandotte Co. Health Department
Jonnie Overcash	WCHD/Bethany
Lynne Mattison	Bethany
Steve Schaum, M.D.	Pediatric Associates, Chartered
Dylane Cornelius	Pediatric Associates, Chartered
Roxanne Marquess	Bethany
Catherine Knight	Bethany
Linda Lucas	Bethany
C.E. Quinn, M.D.	OB/GYN Associates
Stevana Case	Providence
Judie Wikin	Providence
Cary McCluse	Bethany
Reid Holbrook	Bethany
Gordon Criswell	Douglas Clinic
Jean Nelson	United Way Volunteer Center
L.E. Wynn	Wyandotte Co. Health Department
David M. Porter, M.D.	Pediatric Associates, Chartered
Michael Samms	Health Midwest
Denise M. Maxwell	DW Miller, M.D.
Marian Crimpton	DW Miller, M.D.
Pat Higgins Pettey	KS House of Representatives
Ed Beasley	Wyandotte Co. Health Department
Lydia Moore, M.D.	Family Health Service
Tom Bruns	KS House of Representatives

KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Donna L. Whiteman, Secretary
Senate Committee on Public Health and Welfare
Testimony on HB 2440, pertaining to the payment of claims to
medical vendors under Medicaid
February 8, 1994

The SRS Mission statement:

"The Kansas Department of Social and Rehabilitation Services empowers individuals and families to achieve and sustain independence and to participate in the rights, responsibilities and benefits of full citizenship by creating conditions and opportunities for change, by advocating for human dignity and worth, and by providing care, safety and support in collaboration with others.

Madam Chairman, Members of the Committee, I thank you for the opportunity to present you with this testimony.

The Department is in favor of this amendment which allows Medicaid/MediKan providers the same period of time to file claims for services provided to Medicaid/MediKan recipients as Medicare and many other private insurance firms allow.

Under the current law, providers have an initial 6 month period after the date of service with which to file their claims. This amendment will allow providers an initial 12 month period to file their claims.

The Medicaid/MediKan time limits are unique to insurance entities in Kansas. Medicare and most private insurance firms allow providers 12 months after the date of service to file their claims. With the Medicaid/MediKan requirements being unique, there are providers who render services to our recipients and receive no payments because they become confused with the different timely filing requirement. We are trying to eliminate many of the problems that providers have with our reimbursement system and this is one step in the right direction. We hope that this action will help maintain a solid provider base for our recipients.

With the passage of this amendment, we may spend an additional \$86,000 per year on claims that would have been denied for timely filing. We, however, expect some savings in staff time and resources. Many claims that are denied due to their being filed beyond 6 months from the date of service have to be researched by Division of Medical Services or fiscal agent staff because the provider challenges the denial. Sometimes the timely filing denial is overridden due to unique circumstances. The reduction in the amount of claims research will speed the claims resolution process for more major concerns and thus improve relations with our providers. With the passage of this amendment, we also expect to have fewer Fair Hearing appeals of claim denials due to timely filing issues.

Senate PH&W
Attachment #5
2-8-94

In summary, the Department of Social and Rehabilitation Services expects to gain several benefits from the passage of HB 2440. The most prominent are the improvement of the provider base by becoming consistent with the rest of the insurance industry, improving the effectiveness of Claims Resolution activities and reducing the number of Fair Hearings appeals.

Robert L. Epps
Commissioner
Income Support/Medical Services
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