KanCare Update

Presentation to the
House Health and Human Services Committee

January 26, 2012
Secretary Robert Moser, M.D.
Kansas Department of Health and Environment

Kansas
Department of Health and Environment

Our Mission: To protect and improve the health and environment of all Kansans.

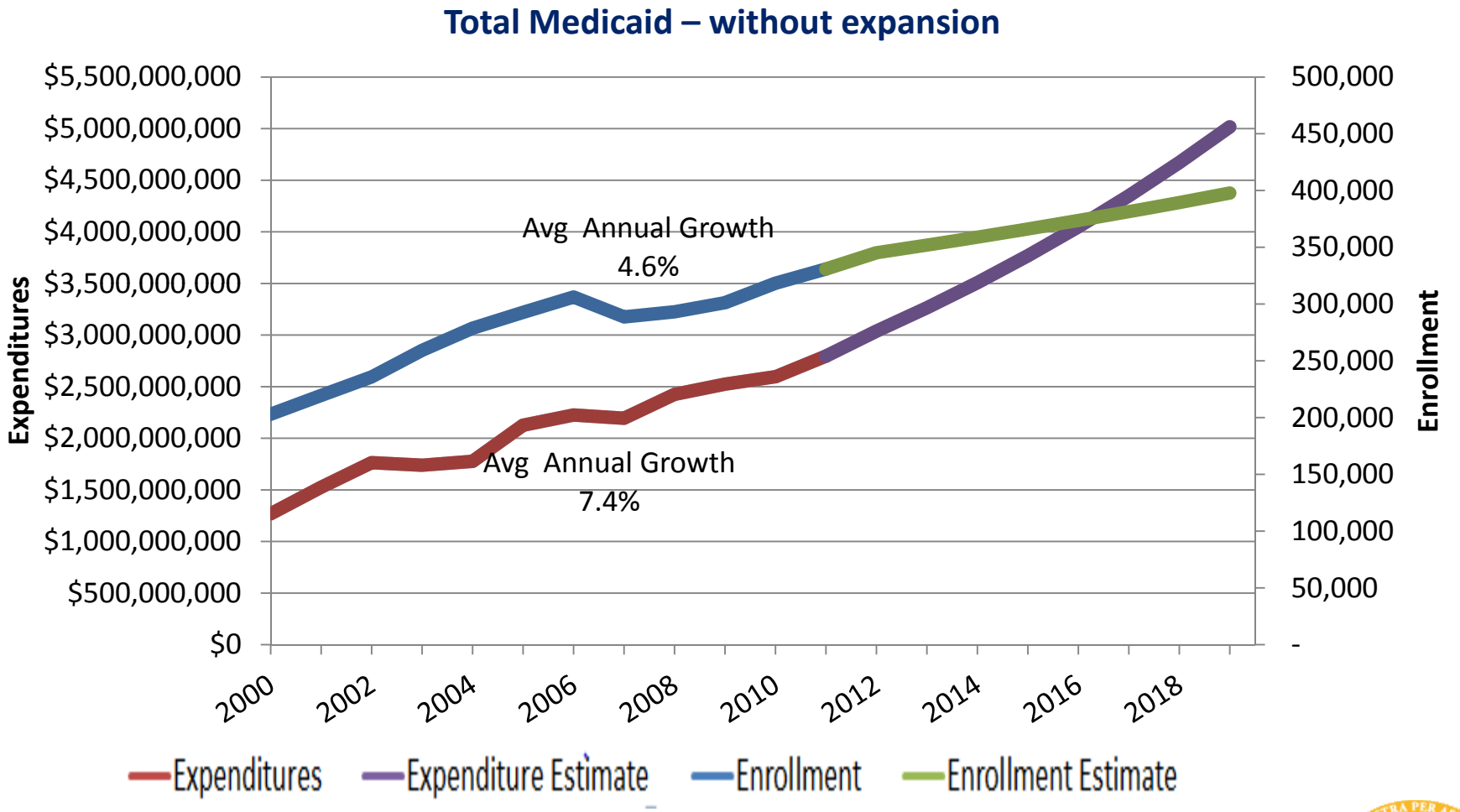
How We Got Here

- **Long-run trends in Medicaid are driven by widespread increases in enrollment and spending per person.**

- **It is not "just the economy" – Kansas is in the midst of a sustained period of accelerated growth as baby boomers reach age of acquired disability.**

- **Enhanced federal match rate partially – and temporarily – disguised the scale of the deficit.**

Sustained Medicaid Growth



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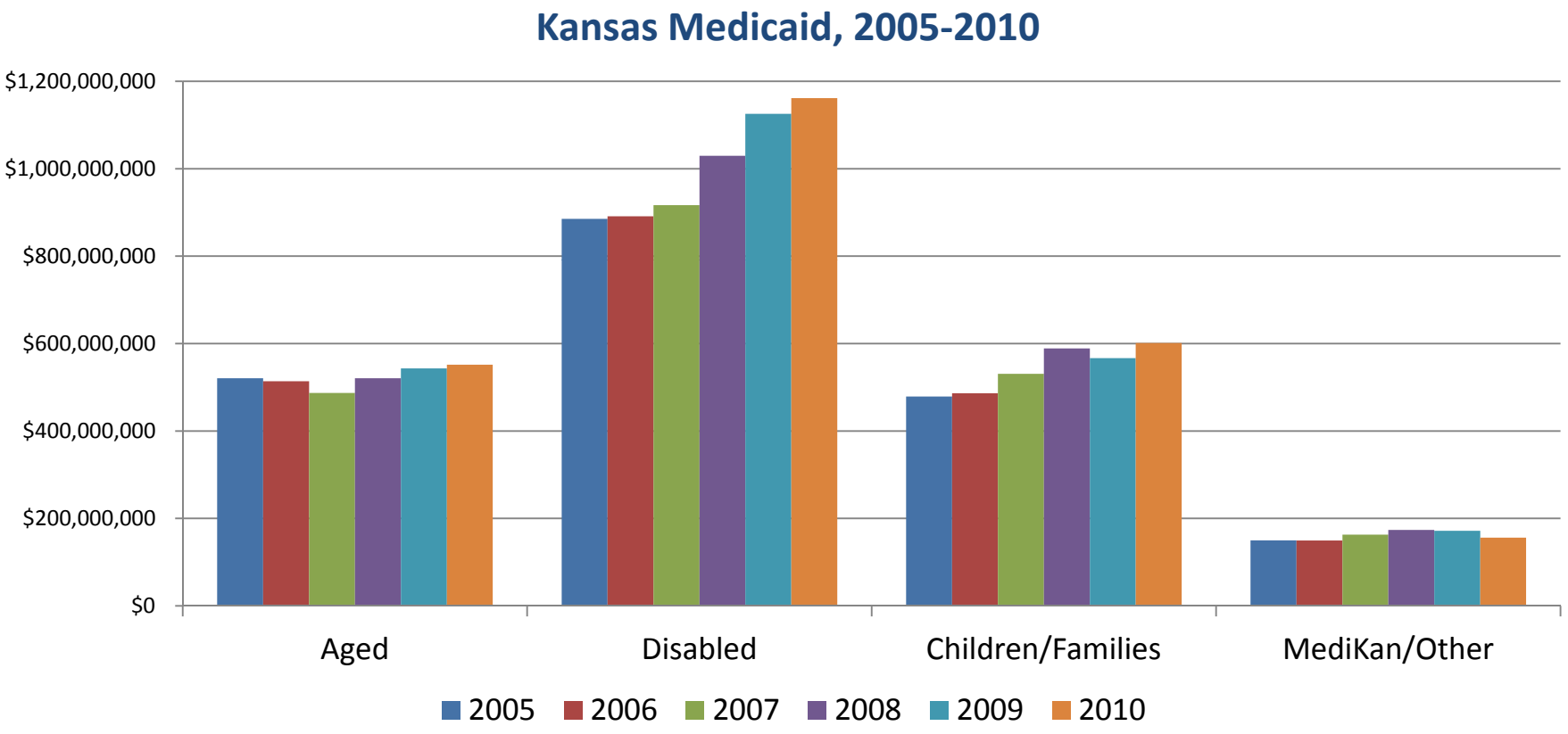
Growth Across Populations

Percent of total growth	Aged Non-Waiver Population	Disabled Non-Waiver Population	Aged and Disabled HCBS Waiver Populations	Children and Families	Foster, MediKan and other populations	TOTAL by Service
Medical and misc. services	1%	14%	7%	22%	4%	48%
HCBS waiver services	0%	0%	25%	0%	0%	25%
Behavioral Health and Substance Abuse	0%	2%	3%	2%	1%	9%
Institutional care/PACE LTC services	11%	6%	1%	0%	0%	18%
TOTAL by Population	13%	22%	36%	24%	5%	100%

Projected sources of growth in Medicaid spending FY 2012-2017, without reforms

Growth by Population



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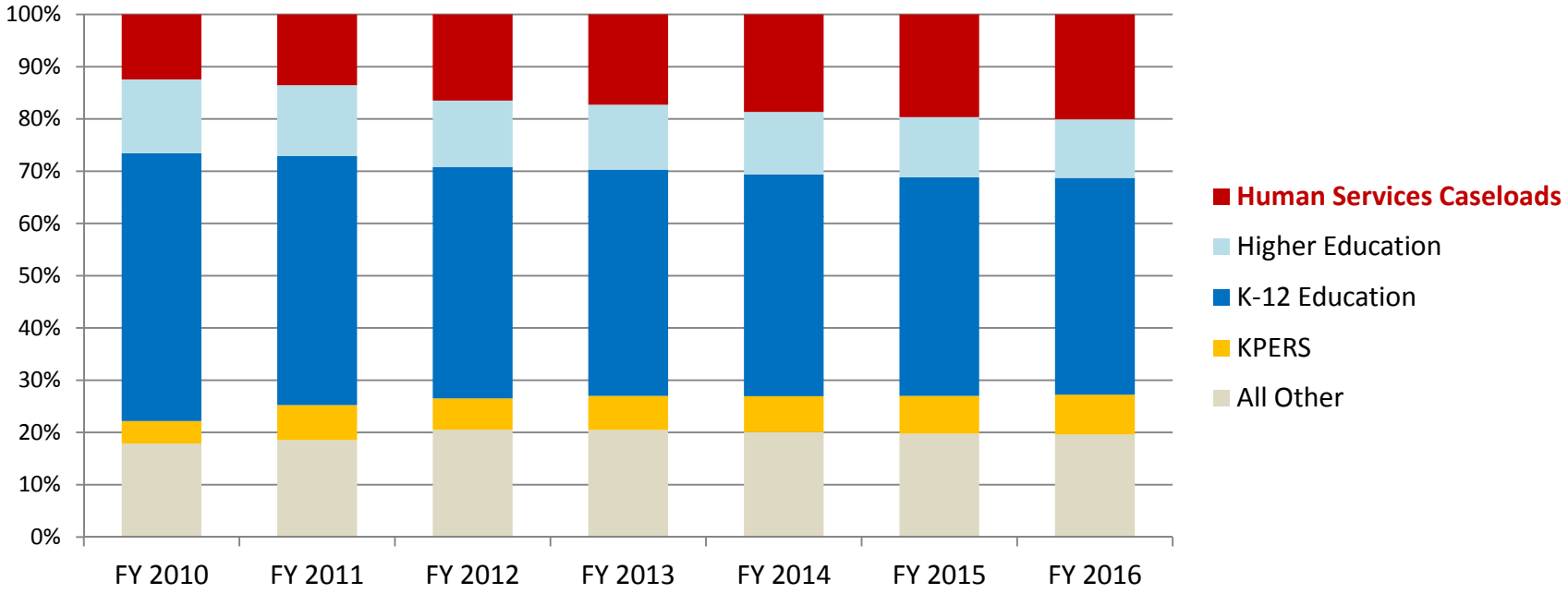
The Crowd-Out Effect

Expenses as % of State General Fund



FY 12-16 projected; illustrates impact on other programs if Medicaid spending growth continues unabated. Assumes projected deficits would be offset in other programs.

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The Challenge

- **Improve Outcomes**
- **Manage Costs**

Stakeholder Involvement

- Solicited ideas for reforms or pilots to curb growth, achieve long-term reform, and improve the quality of services in Medicaid

- 60+ submissions with more than 100 proposals submitted in February 2011

- Three public forums this summer with 1,000 participants and more than 1,600 individual ideas

- Web survey generated about 200 additional responses

- Stakeholder web conferences helped define issues and key concerns with emerging themes

Parallel Initiatives

- Medicaid Reform Data Workgroup
- Caseload/Budget Workgroup
- Pharmacy Services Workgroup

Population Focus/Key Concerns

- **Children, Families and Pregnant Women: mobile population; moves in and out of eligibility**

- **Aged: higher-than-average proportion of Kansas seniors in institutions**

- **Disabled: fragmented service provision**

Type of Service By Population

SFY 2010, in $millions	Children/ Families	Disabled	Aged	MediKan/ Other	TOTAL
Physical Health	**555 ***	**450 ***	107	76	1187
Behavioral Health	37	102	12	32	184
Substance Abuse	8	7	0	7	22
Nursing Facilities	NA	111	**312 ***	1	424
Home and Community Based Services	NA	**479 ***	121	8	608
TOTAL	**600**	**1149**	**552**	**124**	**2425**

Fragmentation

- **Spending is spread widely across service types, funding streams, state agencies, and providers.**

- **There is no uniform set of outcomes or measures for programs or providers.**

Current DD Population Care

- People with I/DD often have multiple chronic conditions.
- A Medicaid Transformation Grant (MTG) project demonstrated that this population's health care:

  "…was fragmented, poorly coordinated, and they did not consistently receive recommended health screenings for breast, cervical or colorectal cancer" (Kansas Medicaid Transformation Grant Final Report, June 2010).

Current DD Population Care

- **Analysis of data during the MTG period (November 2007 through October 2008) indicated only 55% of adults with I/DD had an HbA1C test in a one-year period.**
- **National HbA1C testing rates in a similar period for Medicaid beneficiaries were 72% (NCQA, 2008).**

Value of Managed Care for DD

- **Although persons with I/DD have had access to targeted case management from the early 1990's, through Medicaid, these case managers are neither trained nor required to coordinate physical health care for their clients.**
- **Coordination and integration of physical and behavioral health care with community supports and services is vital to improving preventive care and management of chronic conditions.**

Value of Managed Care for DD

- **Research has shown that a major barrier to providing integrated medical homes for people with DD is a lack of start up capital.**
- **Medicaid MCOs have the ability to invest resources to transform care provision to this type of model.**

Emerging, Cross-Cutting Themes from Stakeholders

Integrated, whole-person care:

- **Aligning financing around care for whole person**
- **Patient-centered medical homes**
- **Enhancing health literacy and personal stake in care**

Emerging, Cross-Cutting Themes from Stakeholders

Preserving independence/creating a path to independence:

- **Removing barriers to work**
- **Aligning incentives among providers and beneficiaries**
- **Delaying or preventing institutionalization**

Emerging, Cross-Cutting Themes from Stakeholders

Alternative access models:

- Utilizing technology and nontraditional settings
- Thinking creatively about who can deliver care

Implementing the Solution:

KanCare

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Background

On Nov. 8, Governor Sam Brownback announced the plan to reform Medicaid in Kansas.

The plan calls for the implementation of an integrated care system called KanCare.

- **Improve health outcomes**
- **Bend the cost curve down over time**
- **No eligibility or provider cuts**

Global Waiver

Kansas will seek a global waiver from the federal government to maximize flexibility in administering the Medicaid program for the benefit of all Kansans.

The waiver request will mirror the broad flexibility sought by many other states facing challenges similar to Kansas'.

Person-Centered Care Coordination

- The state will leverage private sector innovation to achieve public goals by issuing a Request for Proposal (RFP) targeting three statewide KanCare contracts.

- Population-specific and statewide outcomes measures will be integral to the contracts and will be paired with meaningful financial incentives.

- The reforms explicitly call for creation of health homes, with an initial focus on individuals with a mental illness, diabetes, or both.

Person-Centered Care Coordination

- The KanCare RFP encourages contractors to use established community partners, including hospitals, physicians, community mental health centers (CMHCs), primary care and safety net clinics, centers for independent living (CILs), area agencies on aging (AAAs), and community developmental disability organizations (CDDOs).

- Safeguards for provider reimbursement and quality are included.

Person-Centered Care Coordination

- **The state will create a contractual obligation to maintain existing services and beneficiary protections.**

- **Services for individuals residing in state ICF-MR facilities will continue to be provided outside these contracts.**

Home and Community Based Services

- Kansas currently has the sixth highest percentage of seniors living in nursing homes in the country.
- Includes long-range changes to the delivery system by aiding the transition away from institutional care and toward services that can be provided in individuals' homes and communities.
- Including institutional and long-term care in person-centered care coordination means KanCare contractors will take on the risk and responsibility for ensuring that individuals are receiving services in the most appropriate setting.
- Outcome measures will include lessening reliance on institutional care.
- The reforms also include helping nursing facilities build alternative HCBS capacity.

Inclusiveness

- **Services for Kansans with developmental disabilities will continue to utilize the statutory role of CDDOs, but their inclusion in KanCare means the benefits of care coordination will be available to them.**
- **Contractors will be accountable for functional as well as physical and behavioral health outcomes.**
- **The medical model of care will not be placed on top of the long term care system for the DD population. DD Reform Act will continue to govern DD service provision.**
- **Providing Kansans with developmental disabilities enhanced care coordination will improve access to health services and continue to reduce disparities in life expectancy while preserving services that improve quality of life.**

Consumer Voice

- **Because these reforms were driven by Kansans, the Administration also proposes to form an advisory group of persons with disabilities, seniors, advocates, providers and other interested Kansans to provide ongoing counsel on implementation of KanCare.**

- **Additionally, managed care organizations will be required to:**
  - **create member advisory committee to receive regular feedback,**
  - **include stakeholders on the required Quality Assessment and Performance Improvement Committee, and**
  - **have member advocates to assist other members who have complaints or grievances.**

Pay for Performance: P4P

- **This program identifies 6 operational measures in the first contract year, and 15 quality of care measures in years 2 and 3 which are tied to monetary incentives.**

- **State will withhold 3 to 5 percent of the total capitation payments to MCOs until certain quality thresholds are met. Quality thresholds will increase each year to encourage continuous quality improvement.**

- **The measures chosen for the P4P program will allow the State to place new emphasis on key areas, such as life expectancy improvements for people with disabilities, encouraging nursing facilities to meet person-centered care standards, and shifting resources to community-based care and services.**

Pay for Performance: P4P

- **The P4P program also adds new performance goals for certain quality indicators that were previously measured, such as the National Outcomes Measures for behavioral health.**

- **The State has also included measures in the P4P program which will strengthen performance expectations for employment opportunities for people with disabilities.**

Savings

Based on a conservative baseline of 6.6% growth in Medicaid without reforms (the actual historic growth rate over the past decade was 7.4%), the outcomes-focused, person-centered care coordination model executed under the RFP is expected to achieve savings of $853 million (all funds) over the next five years.

Savings	FY 13	FY 14	FY 15	FY 16	FY 17	5-year Total
All Funds	29,060,260	113,513,129	198,041,997	235,439,877	277,004,864	853,060,127
SGF	12,522,066	48,912,807	85,336,296	101,451,043	119,361,396	367,583,609

Strategic Realignment

To better coordinate services in the updated landscape of KanCare, the Administration has proposed a realignment of the state's health and human services agencies.

Agencies Impacted:

- **Kansas Department on Aging (DOA),**
- **Department of Health and Environment (KDHE)**
- **Department of Social and Rehabilitation Services (SRS)**

Key Points

- The goal is to align and sustain programs.
- The realignment addresses inefficiencies.
- This realignment will decrease the number of agencies dealing with Medicaid, thus increasing administrative coordination and streamlining Kansans' interaction with state government.
- This purpose is not to reduce staff or funding.
- The reorganization will foster an environment in which each agency can more clearly focus on its mission and improve coordination across services and programs.

Realignment Proposal:
Aging and Disability Services

The reorganization plan proposes that the Department on Aging add disability services to its mission. This reorganized agency will gain oversight of all Medicaid waivers and be responsible for mental health, substance abuse and state hospitals.

Programs slated to move from SRS to this new agency:

- **Medicaid Waivers**
- **Mental Health and Substance Abuse**
- **State Hospitals/Institutions**

Realignment Proposal: Department for Children and Families

- With waiver services moving to the Department for Aging and Disability Services, the plan calls for a reorganized SRS to transform into an agency focus solely on services for children and family issues.
- The Kansas Department of Social and Rehabilitation Services will be reorganized renamed the Department for Children and Families.

Realignment Proposal: Health Care Finance

- KDHE's Division of Health Care Finance has been charged with KanCare finance and oversight.
- Core public health and environmental regulatory functions will remain at KDHE.
- Programs moving from KDHE to Aging and Disability Services:
  - Adult Care Home Administrator licensure
  - Dietician licensure
  - Certified Nurse Aide
  - Certified Home Health Aide
  - Certified Medication Aide
  - Nurse Aide Registry
  - Criminal background checks

Realignment Proposal: EROs

The Administration continues to work on the details of the reorganization, and agency leaders will be coordinating efforts through the new state fiscal year. We will keep this a transparent process and will work with our employees and community partners to make all programs a continued success.