



WRITTEN TESTIMONY FOR STANDING COMMITTEE ON HEALTH AND HUMAN SERVICES

March 12, 2012, 1:30 PM

To: Representative Brenda Landwehr, Chair; Members, House Standing Committee on Health and Human Services

From: Brenda Sherwood, President of Quest Services, Inc.

Re: "KanCare" Managed Care for People with Intellectual and developmental disabilities

Thank you Madam Chair and members of the Committee for allowing me to provide written testimony on behalf of Quest Services, Inc., a Kansas not for Profit Corporation serving Kansans with intellectual and developmental disabilities for over 40 years.

Kansas services to people with intellectual and developmental disabilities have always been a model to the rest of the nation. With managed care, we will be turning our reputation over to out of state insurance companies, whose goal it will be to make a profit off of Kansas taxpayers, not to maintain our reputation and not to improve the lives of the most fragile people of Kansas.

I have nearly 30 years of experience in services for people with intellectual and developmental disabilities and I have grave concerns about the effect that managed care will have on these people. Medicaid revenues comprise nearly 100% of the I/DD service provider's income so with average payment delays of 6 months and with average claim denials as high as 47%, many providers will not be able to continue to serve the most fragile citizens of Kansas.

Several other providers (who do not rely on Medicaid funds to survive) such as pharmacists, dentists, doctors and even morticians will simply discontinue service to Medicaid recipients, because it will be too arduous to comply with 3 MCO's billing systems, documentation requirements, claim denials and payment delays.

The facts show that the I/DD population is in better health and is living longer in Kansas than ever before, so the reality is that no savings to taxpayers will result from MCO's taking over Medicaid services for this population. How will Kansas take care of its most fragile population and how will MCO's improve the services to people with I/DD, if there are no I/DD service providers available?

There are things the state of Kansas can do for the I/DD population that would decrease medical costs. Most people with intellectual and developmental disabilities don't have the resources to pay privately for dental insurance or services and are often forced to repeatedly utilize emergency room care for dental emergencies. Providers would be happy to collaborate with the state to continue to improve services and reduce expenses and find inefficiencies in the current system that could reduce reliance on emergency room and hospital services.



The argument that KanCare must be implemented now or providers will face rate cuts does not make any sense! The state has indicated they will continue to pay MCO's the same rate and that the MCO's will be required to pay providers the same rate for at least 3 years, providing no savings to the state of Kansas. Why would Kansas leaders be willing to pay providers less for services than they will pay MCO's?

Too much has changed already for this system to take on the additional burden of Managed care. With all the recent staff changes and the impending reorganization of SRS, there have been and will be even more challenges and adjustments facing I/DD service providers.

Quest is in the midst of one of KMAP's record reviews and because of the new interpretations of record keeping rules being applied; we may be facing over a million dollars in recouped funds. Our records have been reviewed by KMAP, the Department of Health and Environment, and CDDO committees, numerous times in the past for compliance and were found to be adequate, but now KMAP says they aren't. There was no advance notice to providers that KMAP record reviews were going to be interpreting the requirements differently than they had in the past. KMAP has acknowledged that the services have been provided and have no issue with the quality of the service; this is merely changes in the interpretation of documentation requirements. QSI is a nonprofit provider, Medicaid funds comprise more than 95% of our revenue; if SRS allows this to recoupment, this huge financial hit will take its toll on the resources we need to provide services and will make it even more unlikely that we can continue to serve the people who rely upon us for their care and wellbeing.

MCO's utilize the same tactics KMAP is now using and have an arsenal of others they use to deny claims and recoup funds paid. With 3 MCO's documentation and billing requirements (that will continually change, without notice to providers), it is likely that even those providers who have enough reserves to continue operations, will have to hire additional staff for record keeping and billing, taking even more available funds away from service to people with I/DD. That's where the savings come from; it has nothing to do with improving care.

"Managed care, on the other hand, commonly spends over 30% of health care money on administration and profit and pays its executives more than any comparable sized industry. In mental health, managed care creates administration and profit expenses that consume over 50% of the money that was previously available for treatment. When money is entrusted to a managed care company's control, it is not ethical to divert large portions of the funds on the company's own administration and profit. It is even worse that this financial irresponsibility leads to some patients being prematurely discharged from hospitals and other patients having their treatment ended before they have healed." Excerpt by Ivan Miller, Ph.D., from one of several great MCO articles on this web site: www.thenationalcoalition.org

Please reconsider KanCare and carve services to people with I/DD out; don't let them down!



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