

Testimony on HB 2457
House Health and Human Services Committee
Submitted 3/12/2012

Good afternoon Chairwoman Landwehr and members of the House Health and Human Services Committee. I am Mark Bitter, a business owner, community developer, and concerned citizen, from Great Bend.

I appear before you today in support of HB 2457.

The issues with including MR/DD in KanCare are many, the devastating effects it can have on service providers, our communities, and Kansas are enormous and must be considered.

Issues:

- MR/DD is a program that covers perpetual, chronically ill individuals, MR/DD services have not been successfully included in the Managed Care Program of any state, and have produced negative results when attempted.
- Administration tells providers there will be no change in rates, no change in benefits, and that those with long term care issues will not have the medical model applied to them. This means there are no savings by including MR/DD in KanCare. If additional health screenings can create long term health savings in this population, these simply could be included as part of the annual service provider contract that is already in place.
- If MR/DD is included in KanCare, the timing of billing and payments has to be absolutely brought to current standards, with no exception, or KanCare will cause Kansas service providers to fail.

We must calculate the cost of this program, not just the savings. Using the process of economic input/output modeling, lets address some of the possibilities created by including MR/DD in KanCare, considering economic impact from the direct, indirect, and induced effects of financially damaging service providers.

Facts:

- There are nearly 300 service providers in Kansas, many are among the largest employers in their communities. These companies are vital to their communities and to Kansas. They receive *imported* dollars, the majority of these dollars are imported from the Federal level so they are new not only to the communities, but to Kansas as well. These dollars add greater value than dollars that are simply traded among businesses in a community, and with over 80 percent of the providers income being spent on payroll and another portion spent on local services, there is very little leakage of these dollars from the community or state. We cannot afford to lose these new dollars to other states.
- Employment is close to a 1 to 1 ratio of staff vs client. This means there are over 8000 employees in this sector.

- MR/DD is approximately 320 million of the 2.9 billion dollar KanCare budget. 100 percent of the MR/DD service providers income would come from this program, in comparison to our local hospital that would have 11 percent of their income and only 2 percent of their profit coming from KanCare. This creates the billing/payment timing issue.

Effects:

- Insurance companies will not provide managed care at no charge, their profit and administrative fees will be removed from our state and service providers, and moved elsewhere. If these fees are conservatively 20 percent, we have handed a 64 million dollar loss to our state and providers, but when you add the indirect, and induced effects you are speaking of over **150 million dollars of negative effect to our local and state economy**. Service providers, their clients, their communities, and Kansas....all lose.
- If it causes a 20 percent reduction in employment, we are talking about 1600 jobs at the provider level, and when adding the indirect and induced effects to this, we are speaking of nearly 3000 jobs that would be lost state wide. This has a negative effect on our state unemployment fund, sales tax revenues, and withholding taxes revenues.
- If we cause failure of our service providers to a point they are purchased by large out of state providers, we lose even more, as these providers then carry any of their profits out of state, not reinvesting monies in the communities being served.

We cannot create enough savings to offset the cost to our communities, our state, and our businesses. We have tough financial choices to make as a state, lets not make them even more difficult by choosing to ruin a program that is not broken, replacing it with a business model that has not worked anywhere else.

MR/DD represents only about 8100 of the 380,000 people that will be covered by KanCare. It makes sense to remove this small portion. The savings are not there, the risk is to great.

Thank you for this opportunity to appear before you, and Chairwoman Landwehr I will stand for any questions.