KANSAS HEALTH INSTITUTE

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House Committee on Health and Human Services

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HB 2573 – Enacting the KanCare Accountability Act

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Healthier Kansans Through Informed Decisions

The Kansas Health Institute is an independent, nonprofit health policy and research organization based in Topeka, Kansas. Established in 1995 with a multi-year grant from the Kansas Health Foundation, the Kansas Health Institute conducts research and policy analysis on issues that affect the health of Kansans.

Members of the House Health and Human Services Committee:

Thank you for the opportunity to offer neutral testimony on HB 2573.

The Kansas Health Institute applauds the Legislature's interest in active oversight of the Medicaid program. Medicaid is a significant factor in the state budget, making up 18.1 percent of total State General Fund spending. It also is an important program to the more than 340,000 Kansans who depend on it for their health care. The proposed implementation of managed care for all Medicaid beneficiaries represents a significant shift in the state's policy approach to Medicaid. Monitoring the implementation of the program, known as KanCare, should be of interest to the Legislature and all Kansans.

The Kansas Health Institute is an independent, nonprofit health policy and research organization that informs policymakers about important issues affecting the health of Kansans. The mission of the institute is to inform policymakers by identifying, producing, analyzing and communicating information that is timely, relevant and objective. As a part of that mission, KHI works to help policymakers understand how the health of Kansans is influenced by a wide range of factors, including socioeconomic status, cultural diversity, lifestyle choices, the quality of communities and the financing, organization and effectiveness of our public health and health care systems.

We do not take positions for or against any legislation, including this bill.

HB 2573 would require the Legislature to contract with KHI to conduct an "independent audit and evaluation" of the KanCare contractors. KHI also would issue an annual report to the Legislative Coordinating Council, Senate Public Health and Welfare Committee, and House Health and Human Services Committee. KHI does program and policy evaluations and has a particular research interest in Medicaid. An audit is a different type of research project, requiring specialized skills and application of professional standards. Although KHI as an organization does not conduct audits, the issues raised by HB 2573 are important and the Legislature should consider approaches to evaluating KanCare and providing meaningful oversight.

Many stakeholders and advocacy groups are concerned about the oversight of KanCare. The groups that KHI has worked with want to understand how contract provisions will be monitored to ensure that the expectations and performance standards set out in the contract are fulfilled. Issues of particular concern include, ensuring that Medicaid beneficiaries do not lose access to services and that providers receive adequate payment from the managed care companies. Based on the stated goals of KanCare, any evaluation should seek to determine if the quality of care received by Medicaid beneficiaries improves over time. For stakeholders, the Legislature and the public in general, there should be an ongoing assessment of whether the state is achieving the efficiencies and cost savings projected at the outset of the program.

Appropriate oversight of KanCare will be vital to its success and should be timely, rigorous and public. The KanCare contract requires a large amount of information to be collected by the managed care companies and submitted to the state. The information will detail progress on indicators used to determine pay for performance incentives, routine operations of the plan compared to the state's expectations, quality of health care measures and federal requirements.

These data should be available to the public to allow for routine assessment of the program and its success in meeting the policy and budget goals established for it. Medicaid beneficiaries will also need this information to plan for the care they require to be healthy and well.

The attached graphic shows possible indicators and program management tools that could be used to provide oversight of KanCare. These are based on examples from other states, federal requirements for Medicaid managed care and specific requirements listed in the state's request for proposals. The indicators are based on key outcomes of KanCare described in the Brownback administration's press release and the 1115 waiver concept paper but are not meant to be an exclusive list. They are provided to give the Committee specific ideas about indicators and potential data sources to provide active oversight of KanCare.

Key Objectives of KanCare

Ensure Access to Medicaid Services -- Improve Health Outcomes -- Savings/Reduced Costs to Kansas -- Improve Quality of Care

Program tools that are required or available in managed care.

Ensure Access to Medicaid Services

- Geomaps of provider networks (primary, specialty and HCBS)
- Provider credentialing process
- Payment rates
- Network development activities
- Provider support activities (call center, provider liaisons, provider meetings or councils)
- Provider handbook/billing policy
- Payment timeliness
- Beneficiary Enrollment and Disenrollment rates
- Survey of consumer attitudes and experiences with access to care

Improve Health Outcomes

- HEDIS measures
- MCO Performance Improvement Plans
- NCQA Accreditation
- Health Home implementation
- Monitor performance measures explicit in the contract.
- Health Literacy
- Coordination of Care

Improve quality of care

- Implementation of Health Homes
- Adoption of Electronic Health Records
- Payment incentives for improved quality
- Performance measures in the contract
- Survey of consumer attitudes and experiences with quality of care
- Appropriate utilization

Savings/Reduced Costs to Kansas

- Identify baseline spending
- Audit administrative costs
- Audit rate setting process
- Audit financial data reported from the plans.
- Beneficiary Enrollment and Disenrollment
- Evaluate Medical Loss Ratio
- Evaluate Pay for Performance evaluations and payouts
- Monitor performance measures explicit in the contract

Risks to effective management

- Integrity of the Encounter Data
- Timeliness of the Encounter Data
- Creating benchmark/baseline measures from existing data
- Audit capacity and resources
- Capacity and resource to gather new data (surveys, other states, other MCO plans)