

MINUTES

JOINT COMMITTEE ON HEALTH POLICY OVERSIGHT

Room 548-S—Statehouse
October 25, 2011

Members Present

Senator Vicki Schmidt, Chairperson
Representative Brenda Landwehr, Vice-chairperson
Senator Pete Brungardt
Senator David Haley
Senator Laura Kelly
Senator Roger Reitz
Senator Ruth Teichman
Representative Peggy Mast
Representative Susan Mosier
Representative Louis Ruiz
Representative Jim Ward

Staff Present

Iraida Orr, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Jay Hall, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
Renaë Jefferies, Office of the Revisor of Statutes
Katherine McBride, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Gary Deeter, Committee Secretary

Conferees

Barbara Atkinson, MD, Executive Vice Chancellor, University of Kansas Medical Center,
and Executive Dean, University of Kansas School of Medicine
Diane Duffy, Vice President for Finance and Administration, Kansas Board of Regents
Kevin Robertson, Executive Director, Kansas Dental Association
Robert Siedlecki, Secretary, Kansas Department of Social and Rehabilitation Services
Dr. Robert Moser, Secretary, Kansas Department of Health and Environment

Others Attending

See attached list.

Morning Session

The Chairperson called the meeting to order and welcomed Barbara Atkinson, MD, Executive Vice Chancellor, University of Kansas Medical Center, and Executive Dean, University of Kansas School of Medicine (KUMC), who provided an update on the University of Kansas Schools of Medicine in Wichita and Salina and the Smoky Hill Family Medicine Residency program in Salina ([Attachment 1](#)). Dr. Atkinson stated the KUMC School of Medicine is the only medical school in Kansas, and one of the nation's leading institutions for training primary care and rural physicians. The school has now expanded the Wichita campus and opened a new campus in Salina, enabling the school to reach beyond its previous limit of 175 students: 191 students this year and 211 students in 2012. Further, the Legislature added funds to expand the School of Pharmacy, and private gifts and grants of nearly \$5 million have made possible the Salina campus and expansion of the Wichita school. She stated all three schools are connected by interactive television and lectures are podcast as well as video-taped. She noted the Salina campus is the smallest accredited medical education program in the United States (eight students), a fact noted by the national press; it provides a model for other medical schools. The Smoky Hill Family Residency Program in Salina, established by legislative mandate over 30 years ago, has placed 93 percent of its graduates in rural communities and, in the past eight years, has won six awards for excellence in medical education, in addition to receiving various funding grants.

Dr. Atkinson reviewed the status of the school's application to the National Cancer Institute (NCI) for recognition as a national cancer center, a project begun in 2005, to recruit scientists, build state-of-the-art laboratory space, expand research capabilities, and, to date, costing \$350 million. She listed current accomplishments of the application process: formulation of new cancer drugs, development of personalized cancer treatment regimens, advances in preventive and control therapies, new cancer drug clinical trials, and remote cancer treatments by telemedicine. She expressed gratitude for the annual \$5 million from the State General Fund (SGF), for a \$50 million grant from the Kansas Bio-Science Authority, and for the 1/8 cent Johnson County Education and Research Triangle sales tax dedicated to the KU Clinical Research Center scheduled to open early next year in Fairway. She noted \$62 million from hundreds of donors through the KU Endowment Fund, and observed the application process has created 1,123 jobs and has contributed \$453 million to the region's economy. She said the next step is an NCI site visit on February 22, with a decision on the application by May or June.

Dr. Atkinson commented briefly on the student loan program, which provides \$2.6 million per year from the SGF. The program pays for a student's tuition and provides a \$2,000 stipend; the amount is forgiven if the student graduates and practices in an underserved area of Kansas. She noted 60 to 70 percent of the graduates stay in rural Kansas beyond the four year requirement.

Dr. Atkinson responded to members' questions thus:

- Current tuition for medical students ranges from \$35,000 (in-state) to \$45,000 (out-of-state) per semester.
- Funding for the Smoky Hill residency program comes, in part, from the SGF.

- The key to meeting the state's expanded medical needs in the next ten years is the medical-student loan program. KUMC is known nationally for producing excellent primary-care physicians. In considering applications, the medical school places emphasis on those students interested in rural and primary care, and interviews all Kansas students who meet the minimum qualifications.
- KUMC retains about 48 percent of its students at the Wichita campus and 45 percent from the Kansas City campus to practice in the state. The medical school presently is producing enough graduates to maintain current physician population (it takes 1.3 physicians to replace one retiring physician), but only by increasing the number of students will the school be able to meet the anticipated increase in demand for medical services.
- Other areas of focus include plans for a new medical education building to replace the present obsolete building, plans to create a school of public health focusing on preventive medicine, and developing individual in-home monitoring services through telemedicine with the anticipation of the Google high-speed internet project in Wyandotte County. Regarding the school of public health, KUMC is working with the Kansas Department of Health and Environment (KDHE) to develop evaluation tools to leverage medical funds more efficiently with the goal of raising health standards state-wide.
- In order to qualify for student-loan forgiveness, a physician must provide primary care in an underserved area of Kansas.
- KUMC has added a nursing Ph.D., a Doctor of Nursing, and a Masters program for nurses. The school is developing a medical-home concept, which provides inter-professional medical education through a team approach, a program designed to service larger regions of the state.
- If the KUMC achieves the National Cancer Designation, the NCI will provide \$1.5 million annually for five years. The school also will be included in a cancer research network and will be able to apply for other grants.
- Maintaining the Kan-ed network is crucial for providing medical services and medical education to underserved areas of the state.

Diane Duffy, Vice President for Finance and Administration, Kansas Board of Regents (KBOR), reviewed the Board's recent decision to create a Kansas Board of Regents Oral Health Task Force ([Attachment 2](#)). She commented on the Board's charge to seek improvements in the delivery of oral health care in Kansas, and she listed the task force members.

Kevin Robertson, Executive Director, Kansas Dental Association (KDA), updated the Committee on dental access in Kansas ([Attachment 3](#)). Referencing the Bureau of Oral Health study "Mapping the Rural Kansas Dental Workforce," he said there are four dental "deserts" in Kansas, and 14 strategically placed dentists could eliminate those voids. To address those and other dental needs, Mr. Robertson said the KDA has outlined several approaches:

- The KDA is working with the Delta Dental Foundation to develop a loan forgiveness program similar to the medical-student loan forgiveness program.

Delta is providing a \$150,000 start up grant; an additional \$50,000 from the state would be helpful;

- The KDA is encouraging dentists to build satellite offices in underserved areas, since a 2009 law now allows a dentist-owner to have a satellite office in counties of less than 10,000 population, without being physically present; this allows an associate dentist to work part-time in a rural office without requiring a supervising dentist;
- One provision of the Health-Care Mega-bill (HB 2182) passed in the 2011 Legislative Session allows dentists to work for hospitals in counties with under 50,000 population;
- The work of the KBOR task force will offer proposals to expand dental services; and
- Wichita State University has completed a residency facility for its new Advanced Education in General Dentistry program, an initiative designed to help retain dentists in Kansas.

Mr. Robertson said Kansas dentists come from neighboring states; since Kansas has no dental school, the state has a formal arrangement with the University of Missouri to allow in-state tuition for 85 dental students and 12 optometry students in exchange for 491 undergraduate architecture design students to attend the University of Kansas or Kansas State University. He stated the KDA also is providing information to encourage Kansas dentists to participate in Medicaid; during the past year the number of Medicaid patients served increased by 14.2 percent.

Mr. Robertson referenced two programs to provide dental care to underserved citizens: the Donated Dental Services program, which provides \$700,000 in free dental care to the elderly and disabled patients annually; and the Kansas Mission of Mercy Dental Project (KMOM), which has provided 19,000 patients across Kansas with about \$10 million of free dental care, to date. Noting that Medicaid addresses dental care only for children, Mr. Robertson recommended that the Legislature consider expanding Medicaid for adult dental services.

Mr. Robertson responded to members' questions:

- The Medicaid reimbursement rate is 56 percent; however, Medicaid does not cover dental services for adults.
- The next KMOM is scheduled for the spring 2012 in Wyandotte County. 87 percent of KMOM patients have no insurance or money for dental services.
- Two barriers limiting dentists participating in Medicaid are the rate of reimbursement and the number of patients who do not show up for appointments.
- The 416 Report is Kansas' Medicaid report to CMS (Center for Medicare and Medicaid Services).

Afternoon Session

The minutes for the September 19, 2011, meeting were approved. (Motion by Representative Ruiz and seconded by Senator Teichman)

Jay Hall, Kansas Legislative Research Department, reviewed the Medicaid Provider rate reduction process, explaining two models are used for rate-payer programs, nationally: a state-determined rate system and a uniform rate-for-services model governed by state guidelines (Attachment 4). In order to contain costs, 25 states or territories have reduced provider payments; 34 states or territories have proposed reducing provider payments in 2012; 15 states froze payments in 2011; and 16 states have proposed a freeze in 2012. In addition, on October 3, 2011, the U.S. Supreme Court heard a consolidated California case dealing with Medicaid cuts. The Court has not announced a decision date.

Robert Siedlecki, Secretary, Kansas Department of Social and Rehabilitation Services (SRS), appeared before the Committee in response to previous member questions (Attachment 5). He stated SRS will not cut Medicaid provider rates for the current fiscal year, even with reductions in agency appropriations and the limited options governed by federal restrictions.

Regarding managed care, Mr. Siedlecki noted SRS currently is evaluating a variety of options to contain health care costs, including managed care; an announcement on health-care policy reforms by Lieutenant Governor Colyer is scheduled for November. Any present decision by SRS regarding health-care reform would be premature.

Mr. Siedlecki replied to members' questions:

- SRS will consider cost-cutting measures that do not compromise services to citizens.
- SRS has no plans to cut reimbursement rates for the remainder of this fiscal year.
- The Fire Marshall has ordered safety upgrades for the Rainbow Mental Health facility in Kansas City; the work will require six to eight months to complete. Most residents will be transferred to a vacant facility in Osawatomie. SRS has no plans to close Rainbow.
- The Medicaid contract is not yet complete, so it cannot be said whether or not the contract stipulates there will be no cuts in Medicaid reimbursement rates.
- The Governor transferred funds from the Transportation Trust Fund in order to protect Medicaid from reimbursement reductions.

A member expressed concern that any reductions in physician reimbursement rates will cause many doctors to opt out of Medicaid services.

Dr. Robert Moser, Secretary, Kansas Department of Health and Environment, also reviewed Medicaid provider rates and the potential effects of managed care on providers (Attachment 6). He explained cutting reimbursement rates provides only a short-term fix during a budget crisis, but Medicaid reform cannot be accomplished by reducing reimbursements to

providers. He noted a reform package will be presented by the Lieutenant Governor in November. The package will not cut critical programs or cut provider reimbursement deeply, nor will it eliminate eligible citizens or wipe out benefits.

Answering questions, Dr. Moser replied:

- If all KDHE does is expose fraud, cut rates and services, and rely on managed care, it will not alter the growth rate of health care. Kansas needs a paradigm shift focusing on education and monitoring—more time on preventive care; such an approach takes more time, but ultimately will produce the kinds of savings that will lower the growth rate of health care.
- In developing a reform package, KDHE will not take any service off the table, but provider cuts will be the last choice.
- An increase in primary-care rates is being considered as part of the reform package.
- Electronic records could help stabilize the fluctuations in health care costs.
- The Governor is required to sign off on any managed care contract.

A Committee member positively noted the reform efforts will include incentives for individuals to improve their health. Another member commented, while the Legislature has no initial input in a managed-care contract, members will be able to examine the contract when funds are requested to implement it. The member also noted an audit resulting in punitive actions for minor infractions only creates ill-will and, rather than saving money, fritters away funds.

Renaë Jefferies, Office of the Revisor of Statutes, reminded members the existence of the Committee expires on July 1, 2013 ([Attachment 7](#)). She said the Committee may wish to do nothing, amend the statutes to restrict or expand the authority of the Committee, or extend or shorten the expiration date. She noted the Committee has the power to authorize legislation.

A motion was made to create a trailer bill to accompany proposed legislation intended to reflect an agency change, during the 2012 Legislative Session: the Kansas Health Policy Authority became the Division of Health Care Finance under the Kansas Department of Health and Environment. (Motion by Representative Mast, seconded by Senator Reitz) The motion passed with one member voting no.

Members discussed an agenda for the November meeting:

- Revisor's report on the ramifications of ERO No. 38, a proposed trailer bill, and options for statutory amendments;
- Details on the Medicaid Reform Plan;
- EROs planned to reorganize SRS and other agencies;

- Information from SRS on office closures, including details on contracts with local government entities to keep local SRS offices open;
- Update from the Insurance Commissioner on the health insurance exchange;
- Update from KDHE on KEES (Kansas Eligibility Enforcement System), including information on what part of the funding for KEES is in the SRS budget; and
- Committee recommendations for Report to the 2012 Legislature.

Included in members' packets was information submitted after the September 19 Committee meeting (Attachment 8) and responses to Committee requests (Attachments 9, 10, and 11).

The next Joint Committee on Health Policy Oversight meeting is scheduled for November 15, 2011.

Prepared by Gary Deeter
Edited by Iraida Orr

Approved by the Committee on:

November 15, 2011
(Date)