



**KanCare Update: Robert G. (Bob) Bethell KanCare Oversight
November 2-3, 2022**

Agenda

Sarah Fertig, State Medicaid Director

- KanCare Updates
 - Health Care Access Improvement Program (HCAIP) Update
 - Postpartum Extension
 - Support and Training to Employ People Successfully (STEPS) Program
 - Working Healthy Program
 - Public Health Emergency (PHE) Update
 - Corrected MCO Financials Information
 - Public Information Sessions on the KanCare 1115 Waiver
 - KanCare 1115 Waiver, 1915(b) Waiver, and State Plan Managed Care Authority

LaTonya Palmer, Director of Eligibility

- Eligibility Updates
 - KanCare Clearinghouse Update
 - PHE Unwinding Preparation

Health Care Access Improvement Program (HCAIP) Update

Background:

- The HCAIP is a program created by K.S.A. 65-6207 *et seq.* It imposes an assessment on inpatient revenues for most Kansas hospitals and those funds are used to draw down federal matching dollars to help improve access to medical care. Legislation passed in 2020 increased the provider assessment and expanded the scope of the assessment to include outpatient services. Those statutory changes could not take effect unless approved by CMS.

Update:

- **All required approvals from CMS have been received.** The final approval was received on October 20, 2022. Governor Kelly and Senators Roger Marshall and Jerry Moran were instrumental in efforts to gain approval. The four Kansas United States Representatives also assisted in these efforts.
- KDHE is working with the KHA, the MCOs and hospitals to implement the new program. There will be a period of adjustment as hospitals and the state adapt to the new process.
 - KDHE is working with hospitals on the first round of assessment collection to help avoid cash flow concerns under the new, higher assessment rate.
 - KDHE continues to meet with the KHA and hospitals weekly to work through any issues that arise in implementation.

Medicaid Postpartum Extension Update

- Approved by the 2022 Legislature. Allows Medicaid to continue coverage through 12 months postpartum, rather than cutting off Medicaid eligibility around 60 days postpartum.
- Three state plan amendments (SPAs) necessary to implement this policy change were approved by early August, each with an effective date of April 1, 2022.
- KDHE's Medicaid and Public Health divisions are working together to leverage the additional 10 months of Medicaid coverage to help improve health outcomes for mothers and babies. Recent initiatives include:
 - Removing the limit on the number of maternal depression screenings Medicaid can pay for.
 - Identifying partnership opportunities for Medicaid and Title V programs, with the goal of helping both programs operate more efficiently.

Next steps:

- Identifying potential service enhancements to reduce maternal mortality rates and help support vulnerable new moms.

Support and Training to Employ People Successfully (STEPS) Program

Background:

- Kansas included this voluntary pilot program for up to 500 eligible KanCare members in our KanCare 2.0 1115 waiver.
- Pilot participants have access to Benefits Specialists so that they are aware of any impact participation in the pilot may have on benefits.
- STEPS launched on July 1, 2021.

Update:

- 38 individuals are currently enrolled in the program, up from 36 in September, 28 in April, and 14 in February. Of those 38:
 - 24 are on the I/DD waiver wait list.
 - Two are on the Physical Disability (PD) waiver wait list.
 - Twelve are in the behavioral health population.
- A total of 181 referrals to the program so far. Outreach efforts continue to identify potential participants.
- More information about STEPS can be found at this [link](#).

Working Healthy Program Update

- Working Healthy is Kansas’ “Medicaid Buy-In” program. It allows individuals with disabilities to keep their Medicaid coverage while on the job. Working Healthy (WH) participants can earn up to 300% of the FPL and keep Medicaid coverage. In a typical month, around 1,250 KanCare members participate in WH.
- WH members earning at least 100% of the FPL pay monthly premiums. The premiums vary depending on income and range from \$55/month to \$152/month for a one-person household.
- Information about Working Health eligibility, benefits and FAQs can be found at this [link](#).
- After the 2021 increase to the HCBS protected income level, some WH participants on HCBS waiver waiting lists were considering moving to a waiver because they would have a \$0 client obligation under a waiver versus a monthly WH premium of \$55 - \$83. In some cases, choosing WH over an HCBS waiver is more expensive for the member.
- KDHE is reviewing a potential change to current WH premium rules that would help keep employment an attractive option. The change being considered would increase the income threshold at which premiums are required, with the goal of encouraging WH members who would meet HCBS waiver financial eligibility standards to stay employed.
- This change would require a change in the Medicaid State Plan and [K.A.R. 129-6-88](#). There would also be a fiscal impact. KDHE’s review is ongoing.

Public Health Emergency (PHE) Update

- The federally-declared PHE that was set to expire on October 13, 2022, has been renewed for another 90-day period. It is now set to expire on January 11, 2023.
- While the PHE is in place, Kansas Medicaid may not terminate Medicaid eligibility unless (1) the beneficiary moves away from Kansas; (2) the beneficiary dies; or (3) the beneficiary asks to terminate coverage. This means the number of Kansans receiving Medicaid benefits has increased significantly since March 2020:
 - In February 2020, **405,716** individuals were enrolled in Kansas medical assistance programs.
 - In September 2022, **528,088** individuals were enrolled in Kansas medical assistance programs.

If this is the last PHE renewal:

- The 60-day advance notice of the end of the PHE would be issued on **November 12, 2022**.
- The PHE would end on **January 11, 2023**.
- The Medicaid continuous enrollment requirement would expire on **January 31, 2023**, and the first date on which a Medicaid coverage termination could be made effective is **February 1, 2023**.
- The 6.2 percentage point FMAP enhancement will extend through **March 31, 2023**.

Aetna

MCO Profit and Loss per NAIC Filings

Q3 2021 - Q2 2022

	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Total</u>
Total Revenues	\$839,035,347	\$1,133,121,973	\$332,127,474	\$664,742,814	\$2,969,027,608
Total hospital and medical	\$694,893,113	\$941,139,226	\$288,188,412	\$558,274,699	\$2,482,495,450
Claims adjustments, General Admin., Increase in reserves	\$112,242,409	\$152,102,726	\$42,179,156	\$86,455,624	\$392,979,915
Net underwriting gain or (loss)	\$31,899,825	\$39,880,021	\$1,759,906	\$20,012,491	\$93,552,243
Net income or (loss) (after capital gains tax and before fed taxes)	\$36,265,202	\$45,769,454	\$3,205,794	\$22,718,133	\$107,958,583
Federal and foreign income tax/(benefit)	\$6,221,098	\$7,485,291	\$227,922	\$3,909,753	\$17,844,064
Add Back Change to Reserves					
Adjusted Net income (loss)	\$30,044,104	\$38,284,163	\$2,977,872	\$18,808,380	\$90,114,519
GP before income tax	4.3%	4.0%	1.0%	3.4%	3.6%

*Per NAIC filings, which do not necessarily reflect how program is priced. **Quarterly reported financials, per NAIC statements, are reflective of full year-to-date results (i.e., Q2 2022 includes the cumulative results for Q1 and Q2).**

Sunflower

MCO Profit and Loss per NAIC Filings

Q3 2021 - Q2 2022

	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Total</u>
Total Revenues	\$1,340,584,925	\$1,809,045,622	\$406,714,127	\$799,626,642	\$4,355,971,316
Total hospital and medical	\$1,095,722,422	\$1,473,082,621	\$321,230,228	\$649,616,697	\$3,539,651,968
Claims adjustments, General Admin., Increase in reserves	\$211,847,514	\$288,328,396	\$60,854,781	\$119,198,344	\$680,229,035
Net underwriting gain or (loss)	\$33,014,989	\$47,634,605	\$24,629,118	\$30,811,601	\$136,090,313
Net income or (loss) (after capital gains tax and before fed taxes)	\$34,577,372	\$49,771,347	\$25,091,987	\$32,378,253	\$141,818,959
Federal and foreign income tax/(benefit)	\$7,129,192	\$9,917,302	\$5,344,989	\$6,953,229	\$29,344,712
Add Back Change to Reserves					
Adjusted Net income (loss)	\$27,448,180	\$39,854,045	\$19,746,998	\$25,425,024	\$112,474,247
GP before income tax	2.6%	2.8%	6.2%	4.0%	3.3%

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United MCO Profit and Loss per NAIC Filings Q3 2021 - Q2 2022					
	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Total</u>
Total Revenues	\$1,109,281,154	\$1,484,271,131	\$382,100,981	\$773,667,324	\$3,749,320,590
Total hospital and medical	\$925,120,888	\$1,251,103,796	\$332,722,030	\$654,955,901	\$3,163,902,615
Claims adjustments, General Admin., Increase in reserves	\$131,202,095	\$174,153,955	\$45,866,288	\$92,615,444	\$443,837,782
Net underwriting gain or (loss)	\$49,715,364	\$59,013,380	\$3,512,663	\$26,095,979	\$138,337,386
Net income or (loss) (after capital gains tax and before fed taxes)	\$49,715,364	\$59,013,380	\$3,512,663	\$26,095,979	\$138,337,386
Federal and foreign income tax/(benefit)	\$9,079,560	\$10,633,558	\$247,153	\$4,552,823	\$24,513,094
Add Back Change to Reserves					
Adjusted Net income (loss)	\$40,635,804	\$48,379,822	\$3,265,510	\$21,543,156	\$113,824,292
GP before income tax	4.5%	4.0%	0.9%	3.4%	3.7%

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Update on KanCare 1115 Waiver

- The KanCare Section 1115 Demonstration Waiver expires on December 31, 2023.
- To renew an 1115 waiver, with or without amendments, CMS requires a renewal application to be submitted 12 months before expiration. This means that Kansas must submit an application to CMS by the end of 2022.
- KDHE has been discussing the expiration of the KanCare 1115 Waiver with the Legislature and stakeholders throughout 2022.
- Our goal: be fully transparent with KanCare members and their families, legislators, advocates, providers and other stakeholders.
 - How does the KanCare 1115 Waiver impact them?
 - What changes is the state proposing?
 - Why are we proposing these changes?
 - What are the pros and cons of the changes?

Update on KanCare 1115 Waiver – Public Information Sessions

- In October, KDHE and KDADS jointly hosted 15 public information sessions on the 1115 Waiver renewal.
- The agencies were assisted by the Wichita State University Community Engagement Institute and the state's consultant on the 1115 Waiver, Mercer.
- Five (5) virtual sessions were held via Zoom on October 11–13.
- Ten (10) in-person sessions were held. To best encourage stakeholder engagement, two sessions were held in each city, one in the afternoon and one in the early evening.
 - October 17: Topeka
 - October 18: Hays
 - October 18: Kansas City, Kansas
 - October 19: Wichita
 - October 19: Pittsburg
- Recordings of the virtual informational and the session materials are available on the KanCare [website](#).

Update on KanCare 1115 Waiver – Public Information Sessions

What we heard at the public information sessions:

- The State needs to do more to support KanCare members with disabilities, including reducing the I/DD Waiver wait list, increasing the HCBS workforce, increasing rates for durable medical equipment and making employment supports a priority.
- The State needs to move quickly to increase private duty nursing (T1000) rates. Even with the rate increases passed in the past two years the Medicaid rate remains far below market, leaving some of our most vulnerable members without needed care.
- Stakeholders generally felt that their relationships with the State and the KanCare MCOs had improved since KanCare's launch in 2013. But we consistently heard that more investments are needed to make sure KanCare is making progress toward the promises made ten years ago.

Update on the KanCare 1115 Waiver – Next Steps

- The State must submit an application to renew the KanCare waiver as-is or renew it with amendments by December 31, 2022.
- Input received from public information sessions and public testimony presented to this committee and the Special Committee on I/DD Waiver Modernization indicates that KanCare needs to have the flexibility to add investments — *on the state's terms* — in the coming years.
 - The 1115 Waiver includes strict spending caps limiting the number of federal dollars Kansas can spend. Those caps do not change in response to legislative appropriations or legislation.
 - 1115 waiver authority has the most restrictive financial rules of the various Medicaid managed care authorities.
- After studying the various options over the past year, the agencies have determined that to best position KanCare for success in the coming years, we need to:
 - Move away from an umbrella 1115 waiver and instead operate the same Medicaid managed care under different sources of authority.
 - Keep a small 1115 waiver that includes only those parts of the current KanCare program that can only be implemented under 1115 waiver authority.

Update on the KanCare 1115 Waiver – Next Steps

- The State will need to publicly post the draft 1115 waiver renewal application, which also outlines the proposed changes in Medicaid managed care authority, in mid-November.
- CMS requires that Kansas hold a formal public hearing on the proposed 1115 waiver renewal. That formal hearing will be scheduled in early December.
- After the formal public hearing, the State will make any necessary revisions to the draft 1115 waiver renewal application.
- KDHE continues to welcome any input on the proposed changes to the 1115 waiver. We have established a dedicated email address for that purpose: KanCareRenewal@ks.gov.

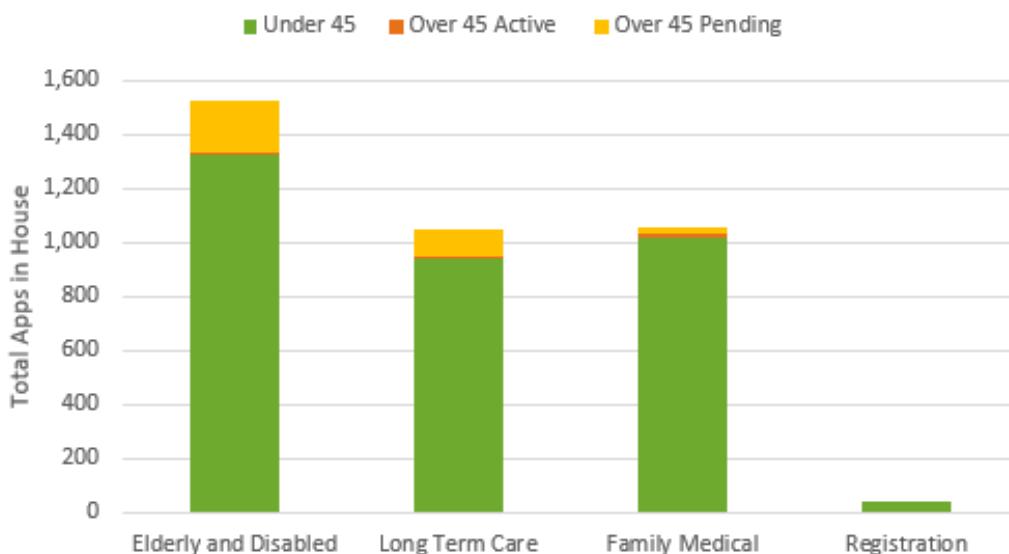
Eligibility Update

LaTonya Palmer, Director of Eligibility

- Medicaid Eligibility Applications Update
- Transition of Medicaid Application Eligibility Processing
 - KDHE Staffing Update
- Preparation for the Eventual End of the PHE
- New Eligibility Proposed Rule

Medicaid Eligibility Application Status

- 3,663 total applications in house
 - 352 applications over 45 days (10% of total applications); 46 applications (1% of total) over 45 days in active status — ready to be processed
 - 306 applications (8% of total) over 45 days in pending status — waiting for more information from applicant/provider/financial institution



	Under 45	Over 45 Active	Over 45 Pending	Total
Elderly and Disabled	1,322	13	188	1,523
Long Term Care	936	14	98	1,048
Family Medical	1,015	19	20	1,054
Registration	38	0	0	38
Total	3,311	46	306	3,663

	Under 45	Over 45 Active	Over 45 Pending	Total
Elderly and Disabled	86.8%	0.9%	12.3%	100.0%
Long Term Care	89.3%	1.3%	9.4%	100.0%
Family Medical	96.3%	1.8%	1.9%	100.0%
Registration	100.0%	0.0%	0.0%	100.0%
Total	90.4%	1.3%	8.4%	100.0%

KDHE Clearinghouse Staffing

- Continuing to recruit to fill vacant positions. KDHE is piloting a small program to recruit qualified staff from any location in the state. These staff members would work 100% remotely. We will monitor this pilot program for success in reducing vacancies.
- Operating at about 91% of capacity, an improvement of approximately 14%, compared to April 2022.

Department	Number of Staff
KDHE Training & Quality	27 ongoing 25 hired 2 vacancies
KDHE Eligibility Staff (Elderly & Disabled, Long Term Care Medical Programs)	253 ongoing 22 supervisors hired 207 Eligibility staff hired 22 Eligibility staff vacancies 2 supervisor vacancies
KDHE Operations	30 ongoing 28 hired 2 vacancies
Total	310 staff 28 vacancies (about 9%)

Preparation for the Eventual End of the PHE

- Eligibility staff continue planning for the eventual end of the federal public health emergency (PHE) and transition back to normal operations.
 - Mitigating/managing increased workload: Due to the continuous enrollment requirement under section 6008 of the FFCRA, we will be faced with a large number of eligibility and enrollment actions including resumption of processing renewals that have accumulated since March 2020.
 - Monitoring continued guidance provided by CMS to support States as they return to normal eligibility and enrollment operations by attending weekly technical assistance webinars offered by CMS.
 - Conducting refresher trainings for staff on processing renewals.
 - Messaging through the KDHE website, social media and the Clearinghouse IVR encouraging members to provide updated contact information and respond to eligibility requests for information.

Preparation for the Eventual End of the PHE (cont.)

- Implementing the Kansas Integrated Eligibility Reporting Assistant (KIERA), a chat bot on the KanCare website for members to submit updated contact information updates.
- Engaging in dialogue with community partners. Participated in over 100 outreach and informational events since June 2022, which includes partnerships with multiple organizations.
 - Collaborating with associations, foundations, MCOs and providers to assist with messaging and reaching members.
 - Kansas Grantmakers in Health partnership.
- Revamping the eligibility discontinuance letters to members to include local navigator resources that are available. Navigators can assist members no longer eligible for Medicaid with applying for insurance through the federal Marketplace.
- Approximately **100,000 to 125,000** Medicaid members may lose eligibility once the PHE ends. Some may be eligible for affordable health coverage through the Federal Marketplace.

New Eligibility Proposed Rule

- On 8/31/22 CMS announced a proposed rule designed to simplify application, renewal, and verification processes to make it easier for individuals to enroll in and retain Medicaid and CHIP health insurance. The rule became available for public comment on 9/7/22.
- Details of the proposed rule can be found on the Federal Register website.
<https://www.federalregister.gov/documents/2022/09/07/2022-18875/streamlining-the-medicaid-childrens-health-insurance-program-and-basic-health-program-application>

Thank You/Questions

