



Tom Bell  
President and CEO

TO: Legislative Budget Committee

FROM: Chad Austin  
Senior Vice President, Government Relations

DATE: September 13, 2012

RE: KanCare

The Kansas Hospital Association appreciates the opportunity to comment on our experience relating to the state's transition of the Medicaid program into KanCare. Since the first announcement of the KanCare program, KHA and our member hospitals have approached the idea with an open mind. As we have stated previously, we share the governor's goal of achieving savings through increased efficiency and improved care delivery. We hope that through this process we can work as partners with the state and the selected managed care organizations (MCOs) to ensure that accessible, quality care may be provided to the Medicaid population.

Early on in this process, the KHA Board identified a number of principles we would use to analyze the KanCare proposal and its implementation. Those principles included five specific domains that impact hospitals: access to care; delivery system reform; care management; provider reimbursement; and issues related to the hospital provider assessment program. Through those principles we made the following points:

- Community hospitals are the ultimate safety net for the uninsured and Medicaid enrollees.
- Better utilization of primary care providers across the state should be encouraged, incentivized, and supported.
- The State's Medicaid program should move toward rewarding clinical outcomes that improve quality and reduce costs in an organized and agreed upon process that involves key stakeholder participation.

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- Care delivery infrastructures should be organized in such a way that encourages beneficiaries to seek care in the most appropriate setting, at the appropriate time and discourages the over utilization of unnecessary and inappropriate services.
- Delivery system models that focus on population groups that consume a disproportionate share of the state's Medicaid resources should be a priority.
- Programs such as patient-centered medical homes, chronic disease management, and personal wellness should be encouraged, designed and developed.
- Expansion of the State's Medicaid Managed Care programs into populations that previously were not included should be approached in a very transparent and thorough manner.
- Hospitals and physicians that care for Medicaid enrollees should be paid fairly and adequately to ensure access to care is available in the right setting at the right time.
- Medicaid rules and regulations governing billing, payment, coding and audits should be examined and evaluated on how costly they are to administer and how effective they are at controlling costs.

As we move closer to January 2013 and the launch of KanCare program, we feel that these implementation issues take on a new urgency. Indeed, some of the concerns that we have raised with the state and the MCOs have been addressed, such as developing a standardized credentialing form for Kansas providers and creating a set of principles for KanCare MCO provider agreements. However, several additional items still remain unresolved. KHA continues to receive feedback from our member facilities that are requesting further details relating to items such as the reimbursement structure for critical access hospitals, availability of the MCO provider manuals, and whether the state will receive CMS approval for the 1115 waiver to allow implementation to begin effective January 2013. Until these issues are satisfactorily addressed, many Kansas hospitals may be hesitant in contracting with the selected MCOs.

Hospitals are significant stakeholders and providers of care for the State's Medicaid enrollees. As such, we recognize the tremendous task in front of all us in reforming and redesigning the program to match the vision "To serve Kansans in need with a transformed, fiscally sustainable Medicaid program that provides high-quality holistic care and promotes personal responsibility." As we have mentioned before, we stand willing to be partners in helping the State achieve that vision. But we must also emphasize that the success of that transformed system depends significantly on the confidence of those who are actually delivering care to patients every hour of every day.

Thank you for your consideration of our comments.