Date: January 23, 2012

To: Senator Vicki Schmidt, Chairwoman
        Public Health and Welfare Committee
        Senator Carolyn McGinn, Chairwoman
        Ways and Means Committee

From: Kansas Department of Social and Rehabilitation Services
        Kansas Department on Aging

Re: Additional Information Requested

FMS Rate Implementation

Financial Management Services is a federally mandated, new way of paying for self-directed consumers receiving Home and Community Based Services. Kansas was required to separate and standardize the payment to the direct care worker and the payment to the payroll agent, now called the FMS provider. Previous to this, Kansas would reimburse payroll agents in one lump sum, with no standardization of how much was taken out for administering the payroll and how much was given to the direct care worker.

During your committee meeting on January 19, 2012, your committee requested information regarding the pay rates for the administration of FMS. Herein, when FMS is written it refers to Agency with Choice Financial Management Services. Those services include costs of providing information and assistance to customers.

The Kansas Department of Social and Rehabilitation Services and the Kansas Department on Aging engaged with stakeholders since 2009 to determine a rate for the FMS providers. Meanwhile, FMS implementation was delayed and last January the new Secretaries of Social and Rehabilitation Services and Aging analyzed the payment rates.

During this analysis a Myers and Stauffer study was finalized, this study specifically showed how much these services would cost in Kansas. The Secretaries also looked for national studies and guidance from Centers for Medicaid and Medicare Services to determine a fair pay rate for the administration of FMS. The administrative FMS rate is also approved by CMS in our HCBS waiver application process.

National study
The national average rate for FMS providers is $98.10 per customer per month. This study done by the Westchester Consulting Group and Susan Flanagan, took time to specifically look at Kansas' system. When talking to Ms. Flanagan, as recently as November, she stood by the national average rate of $98.10 per customer per month and also stated she thought it that was a fair rate for the Kansas FMS providers.

Myers and Stauffer study

With the information collected in the Meyers and Stauffer study from March of 2011, FMS (payroll) providers in Kansas would break even at $100 per customer per month. This study found that a majority of HCBS payroll providers have a higher administrative cost than those outside of the HCBS payroll industry. Although the study could not definitively say why these costs were higher, one consideration they gave was because "the payroll agents within the HCBS industry are providing more services." The study also cited responses from payroll agents who admitted to using the profits from their payroll agent functions to pay for other administrative services in their company.

After analyzing these studies the Secretaries feel confident that the rate of $115 per customer per month is a sufficient rate for Kansas providers. There are also providers who believe $115 per customer per month is a fair rate for the administration of FMS.

Provider inclusion is something the Department of Social and Rehabilitation Services and the Department on Aging always strive to improve upon.

There was also a request for the per capita FMS administrative rate; unfortunately these studies cannot be broken down on a per capita basis.

Electronic visit verification/KS AuthentiCare system implementation

KS AuthentiCare is Kansas' electronic visit verification system. This system is an electronic time clock for direct care workers of HCBS customers. It requires a direct care worker to call a toll-free number to clock in and clock out each day they work. This system replaces paper based time keeping sheets and interfaces with accounting software.

The KS AuthentiCare system was implemented on January 9, 2012, with an option for January 16, 2012 for providers who needed or wanted an extra week. This flexibility was given due to a two day delay in the soft "go live" of the software.

During the period of November 28 to December 9, 2011, Financial Management Service (FMS) providers had the opportunity to attend one of 10 statewide trainings offered by First Data, the contractor that manages the AuthentiCare system. Staff from the Department on Aging and the Department of Social and Rehabilitation Services attended each of the trainings to monitor and answer technical questions related to programs using AuthentiCare. Post training, providers were to prepare direct care workers for use of the Interactive Voice Response (IVR) (phone-in) system and were given the opportunity to log in to and practice using the web-based system prior to implementation. First Data, the system vendor, has provided and continues to provide daily conference calls for providers to answer questions, provide technical assistance, and address concerns. Concurrently, First Data has met daily with representatives of KDOA, SRS, KDHE and HP, the State's fiscal agent. As issues arise, they become action items for First Data that are reviewed and addressed with State staff the next day.

Since the system was implemented, the daily total number of calls received through the IVR system has increased to over 11,000 calls. First Data has shared that most issues reported have been related to user error. Certain other issues, such as the difficulty by some workers with hearing the phone system's recorded message and the possible use of additional languages with IVR are being addressed by First Data.

There have been no reports of any adverse impact on services provided to consumers or payments to providers related to the implementation of the KS AuthentiCare system. Conference calls with providers and State staff will continue as needed to facilitate the flow of information and quick resolution of concerns and issues as they arise.