



Tom Bell
President and CEO

TO: Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight

FROM: Tom Bell
President and CEO

Lora Key
CEO, Sabetha Community Hospital

DATE: October 7, 2013

RE: Status of KanCare Implementation on Kansas Hospitals

The Kansas Hospital Association appreciates the opportunity to comment on the current experience by Kansas hospitals 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 on several different occasions, we share the governor's goal of achieving savings through increased efficiency and improved health care delivery. Over the past 2 years and, most recently during the last 10 months of KanCare implementation, Kansas hospitals have worked as partners with the state and the selected KanCare managed care organizations 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: ensuring access to care; delivery system reform that stresses the "right care at the right time"; promoting care management and personal wellness; protecting provider reimbursement; and safeguarding the hospital provider assessment program. Since the beginning of the year, KHA has organized and convened a KanCare Implementation Technical Advisory Group to identify and help provide resolution for implementation and reimbursement issues raised by our members. The committee has met five times with staff from the Kansas Department of Health and Environment and representatives from all three of the MCOs. This committee has been very committed to not only assisting with the identification of the issues, but also in bringing forth suggestions for resolutions to the issues.

While KHA has appreciated the responsiveness given to our issues by the Kansas Department of Health

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and Environment, there continues to be several items that remain unresolved. The issues most commonly identified by our hospitals revolve around reimbursement, prior authorization and credentialing.

1) REIMBURSEMENT:

Some hospitals are still reporting reimbursement concerns with all of the three MCOs. Claims are being overpaid, underpaid, and in some cases, not being paid at all. Not only do these reimbursement issues cause cash flow problems with our providers, they also require significant staff time to monitor and track through patient accounting systems when claims have to be reprocessed due to incorrect payments. As an example, KHA recently conducted a brief survey last week to members that serve on our financial policy council and received 24 responses that reported that there were 12,095 claims past 90 days old in the amount of approximately \$22.1 million.

2) PRIOR AUTHORIZATION:

The prior authorization (PA) requirements imposed upon health care providers under a total managed care environment have significantly increased costs to deliver care for the Medicaid patients in our hospitals. The PA requirements have created, in some cases, significant delays in patient care due to the MCO time requirements for approval. To compound the issue, the MCOs are not up to industry standard for electronic transactions for PA's (HIPAA transaction set 278) which not only delays patient care, but is also costly in staffing time for the providers when they must rely on PA via phone or fax. The MCO standard approval time for PA seems to be 3 to 10 days. Another recent issue with PA is that claims for patients with retroactive eligibility for Medicaid are being denied due to lack of prior authorization. While the KDHE and the MCOs have acknowledged a system/process fix is in order, the burden to get claims processed falls onto the providers until the resolution is found.

3) CONTRACTING/CREDENTIALING:

Credentialing of providers is an on-going process as new providers enter the healthcare arena, as health care providers move from location to location or as new business relationships are developed. A single resource should be developed to provide direction and assistance in ensuring that providers can easily navigate through the provider enrollment process. In addition, standardization of the credentialing process among the MCOs should continually be monitored to ensure consistency.

Hospitals are significant stakeholders and providers of care for the State's KanCare enrollees. As such, we recognize the tremendous task in front of all of 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, as hospitals have always done, 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.

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