LeadingAge™ Kansas

To: Senator Mary Pilcher-Cook, Chair, Representative David Crum, Vice-Chair and Members of the Robert G. (Bob) Bethel Joint Committee on Home and Community Based Services and KanCare Oversight
From: Rachel Monger, Director of Government Affairs
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KanCare: A Long Term Care Perspective

Thank you, Madam Chair, Mr. Vice-Chair and Members of the Committee. I am Rachel Monger, Director of Government Affairs for LeadingAge Kansas. We have 160 members across Kansas, which include not-for-profit nursing homes, retirement communities, hospital long-term care units, assisted living and residential health care residences, homes plus, low income housing, home health agencies, home and community based service programs, PACE and Meals on Wheels. Our members serve more than 25,000 elders each day.

Medicaid in the Long Term Care Setting

In SFY 2012 LeadingAge Kansas members provided nearly 1. 5 million days of Medicaid-funded nursing home care. In addition, at least 15% of the assisted living care they provided was funded by the Medicaid program.

The Medicaid program is a growing burden that is unsustainable for our State and nation. Our members who provide care for Medicaid beneficiaries are very concerned about the precarious state of the program.

Nearly three fourths of Kansans aged 65 and older will need long term services and supports sometime; one-fifth of these will need help for five years or more. The cost of formal long term services and supports is high. Private long-term care insurance is inaccessible and/or unattractive for most Kansans. As a result, our nation and State's major long term care "insurance" plan is, by default, Medicaid.

LeadingAge Kansas supports a Medicaid system that is focused on quality outcomes, consumer choice and increased care coordination for individuals across health care settings.

Preparing for KanCare

Since its launch on January 1, 2013 we have closely tracked the roll out of KanCare, and its effect on our members and the frail elders they serve each day. We keep track of the many bumps and challenges that pop up, and keep an eye on trends. We work closely with KDADS and the MCOs to report those trends, and to get problems solved as quickly as possible for our members.

As expected, the messiest and most chronic KanCare problems for our members center around reimbursement. We are submitting a summary of the most current reimbursement problems for our members. We will continue to work with the State and MCOs to find solutions, and to ensure quality care for Kansas elders.

Some members have reported no problems in the last three months in billing, others have constant problems. Most of our members fall somewhere in between.

The challenges we have experienced with KanCare can be summarized as:

Delayed payments at inaccurate rates, causing uneven cash flow, service challenges and a large administrative burden to seek solutions.

KanCare Challenges

Untimely Payment

Members continue to experience many problems from all three MCOs with delayed claim approval and subsequent payment. The most frequent challenges seem to be from United HealthCare.

- **Prior to KanCare, claim approval by the State took only a few days.** Now providers wait for a couple of weeks, and sometimes a couple of months for approval. Without claim approval, there is no reimbursement for the provider. This has resulted in chronically uneven cash flow for our members, some to the point of dipping into reserves and opening lines of credit.

- **There continue to be serious problems in reimbursement for hospice services from the MCOs.** When hospice companies are not paid, they do not pay the reimbursement owed to the nursing home. More importantly, it affects dying residents themselves who need hospice services. Members report challenges in trying to obtain hospice services for their residents, because hospice companies do not want to provide services for which they will struggle to receive payment.

Inaccurate Payment

The new administrative layer put in place by KanCare has caused serious inefficiencies between the State, MCOs and our members. Our members, of course, bear the brunt of those inefficiencies and delays.

- There were some delays and mistakes made by the State in the first and second quarter of the year in calculating reimbursement rate changes. While this would normally be frustrating for our members, before KanCare the delay would not have happened and the State could have gone into their system and resolved the mistake they made relatively

quickly. Now the problems must be filtered through three different MCOs, and it has taken months to straighten out claim payments. We are now in the fourth quarter of the year, and many members are still reporting problems on the rates of new and past claims.

- Members are also experiencing problems with *over* payments. MCOs pay at the wrong rate or neglect to deduct patient liabilities, resulting in too high of a payment on claims. When members report the overpayment to MCOs, they are told to just hold onto the money until the MCO gets around to taking it back. Providers bear the burden of straightening out a financial and administrative mess.

Administrative Burden

As predicted, KanCare has dramatically increased the administrative burden on providers. Whether it is billing issues or communicating with care coordinators, significant amounts of time are being spent by personnel on KanCare issues.

Some of the time can be explained by providers figuring out a new system. However, there is no denying that there are administrative burdens inherent in KanCare that will not be going away. It is a hidden cost of this new system that is being born by our members.

The challenge of working with three insurance companies with three sets of rules and procedures. The delays caused by inefficiencies between the State and MCOs. The technical failures of billing systems, the staff turnover and hiring delays, the lack of training or misinformation from MCO staff. Providers bear the burden, and providers pay the cost.

Secretary Sullivan and the staff at KDADS have been responsive to our membership, and we believe they have tried their best to get problems resolved as quickly as they are able. Our association and our members are appreciative of that fact.

However, there is no denying that problems still remain with KanCare reimbursement.

We thank this Oversight Committee for allowing us to report our concerns. We are happy to meet with members of the Committee at any time to answer questions and to further discuss our experiences with KanCare.

Thank you. I am happy to stand for questions.