



Tom Bell
President and CEO

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

FROM: Chad Austin
Senior Vice President, Government Relations

DATE: November 25, 2013

RE: Status of KanCare Implementation on Kansas Hospitals

The Kansas Hospital Association appreciates the opportunity to provide an update regarding the latest experience by Kansas hospitals relating to the state's transition of the Medicaid program into KanCare. At the October 7, 2013 meeting of the Robert G. Bethell Joint Committee on Home and Community Based Services and KanCare Oversight Committee, KHA presented testimony that highlighted the KanCare implementation issues that were most commonly identified by our hospitals. The key issues involve around reimbursement, prior authorization and credentialing.

Following the oversight committee meeting, KHA convened our sixth meeting of the KHA KanCare Implementation Technical Advisory Group (TAG) to discuss the issues that were raised on October 7th. This TAG was organized to identify and help provide resolution for implementation and reimbursement issues raised by our members. Besides hospital representatives, the TAG includes staff from the Kansas Department of Health and Environment and representatives from all three of the Medicaid Managed Care Organizations. This TAG has been very committed to not only assisting with the identification of the issues, but also in bringing forth suggestions for resolutions. During the most recent meeting, the TAG identified and discussed several action items to focus on in the near term. Some of the items discussed and their subsequent plan of action included the following:

Prior Authorization Requirements: The prior authorization (PA) requirements imposed upon health care providers under a total managed care environment have sometimes created challenges to deliver timely care for the Medicaid patients in our hospitals. The KHA KanCare Implementation TAG created a subcommittee to review and discuss how to standardize and streamline prior authorization requirements, issues related to denials for patients with retroactive Medicaid eligibility and education opportunities for providers on prior authorization requirements. The subcommittee met on November 21st.

Claims Payment and Denials: Several hospitals are still reporting reimbursement challenges that have resulted in difficulties in receiving accurate KanCare claims payment. It is important to address this issue as prolonged delays in account receivables cause cash flow problems as well as increase the administrative staff time

necessary to monitor and track. The KHA KanCare Implementation TAG recommended that each of the KanCare MCOs create and send a report of their denials to a select number of hospitals to review. In addition, KHA continues to monitor closely the timeliness of claims payment by the three KanCare MCOs to determine whether improvements are being made or not. We will be incorporating our findings into our discussions with KDHE.

Reimbursement Related Matters: Several reimbursement related issues were raised that needed to be clarified by KDHE. These included the process in which the diagnosis-related groups (DRGs) are revised, made effective and processed by the MCOs; how the "cost adjustment factor" is applied in certain situations for critical access hospitals; and how reimbursement for Medicare cross-over claims are calculated. . KDHE has agreed to provide additional clarification on these items.

As we have stated previously, hospitals are significant stakeholders and providers of care for the State's KanCare enrollees. 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 stated 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. We have appreciated the continued support by the Kansas Department of Health and Environment on our matters and the renewed efforts by the KanCare MCOs to timely address several of the hospital related issues in the near term that are yet unresolved.

Thank you for your consideration of our comments.