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Testimony in Opposition to Senate Bill 332
Concerning the Carve Out of I/DD Waiver Services from KanCare

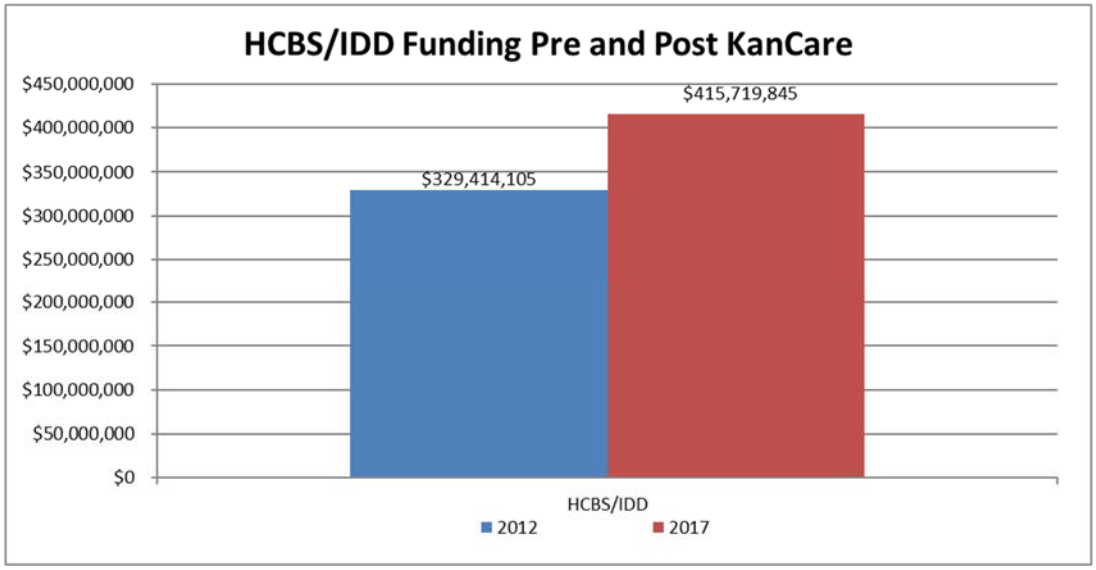
Presented to the Senate Committee on Public Health and Welfare
By Brad Ridley, Director of Operations
Kansas Department for Aging and Disability Services

February 9, 2018

Chairman Schmidt and Members of the Committee:

I appreciate the opportunity to testify on behalf of the Kansas Department for Aging and Disability Services (KDADS) in opposition to Senate Bill 332 which would remove home and community-based services for intellectual and developmental disabilities from managed care delivery through KanCare. Furthermore, the bill would establish a specific schedule for reimbursement rates for community services providers.

KanCare has afforded an opportunity to the State of Kansas to provide comprehensive health care and long-term care services to a variety of populations that benefit from the array of services and supports offered through managed care. The State has been able to add approximately $86 million in funding to the I/DD program by utilizing savings from the KanCare program.



This increase in funding for home and community-based services is attributable to savings from this population's reductions in acute and inpatient costs as a result of the integrated and comprehensive care

coordination. The chart below identifies the change in utilization for the HCBS populations pre- and post-KanCare.

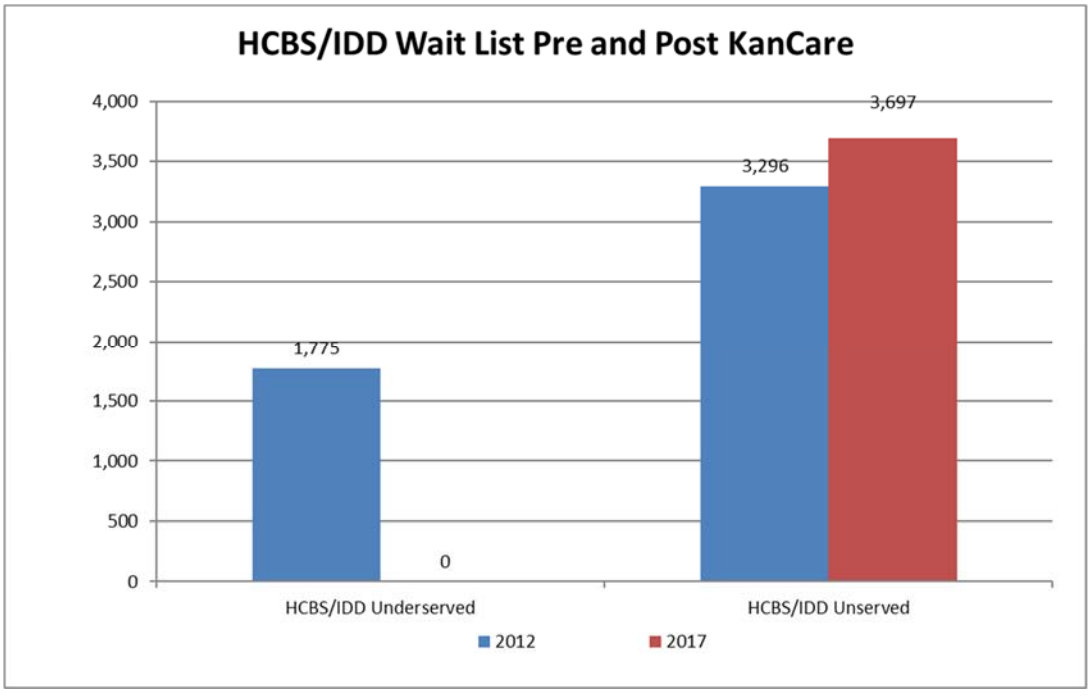
KanCare Utilization In Waiver Population
KanCare vs. Pre-KanCare (2012)

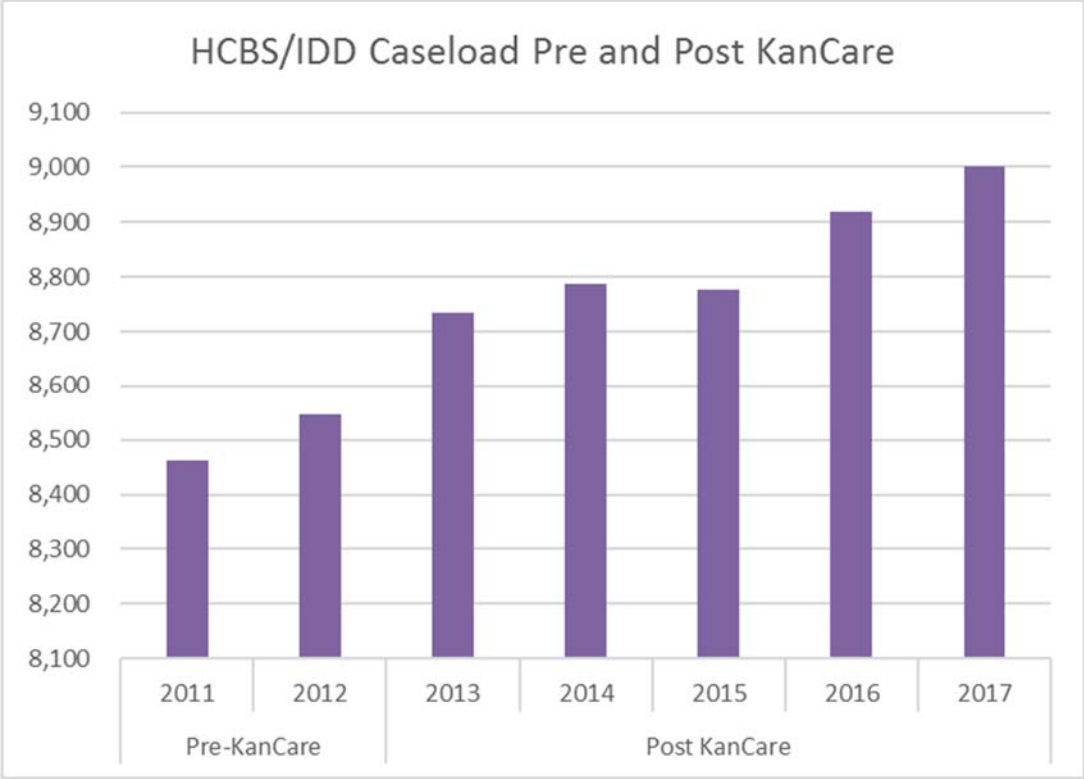
Type of Service	% Utilization Difference
Primary Care Physician	19%
Transporation NEMT	52%
Outpatient Non-ER	6%
Inpatient	-16%
Outpatient ER	1%
Dental	23%
Pharmacy	12%
Vision	27%
HCBS Services	31%

Waiting Lists:

Prior to KanCare, the Community Developmental Disability Organizations (CDDOs) managed the waiting lists which included a waiting list for the underserved. These individuals were receiving some services, but not all the services were determined to be needed. The underserved waiting list was a violation of the 1915c Waiver and the wait list was eliminated when I/DD services entered the KanCare program. This means that the 1,700+ persons the CDDOs identified as being underserved were fully served under KanCare.

The state has also been able to prevent higher waiting lists by adding approximately 500 additional spots for I/DD individuals with the savings from KanCare.





Claims Payment:

One of the primary concerns of IDD providers upon entering KanCare was timely and accurate payment. The State has heard very little concern from providers regarding the reimbursement process with the MCOs over the course of the last several years. In fact, as KDADS tracked claim denials for the first several years of KanCare, it found most I/DD denials were related to duplicate claim submission. The actual denial rate under KanCare was 1.5 percent when duplicate claim denials were excluded.

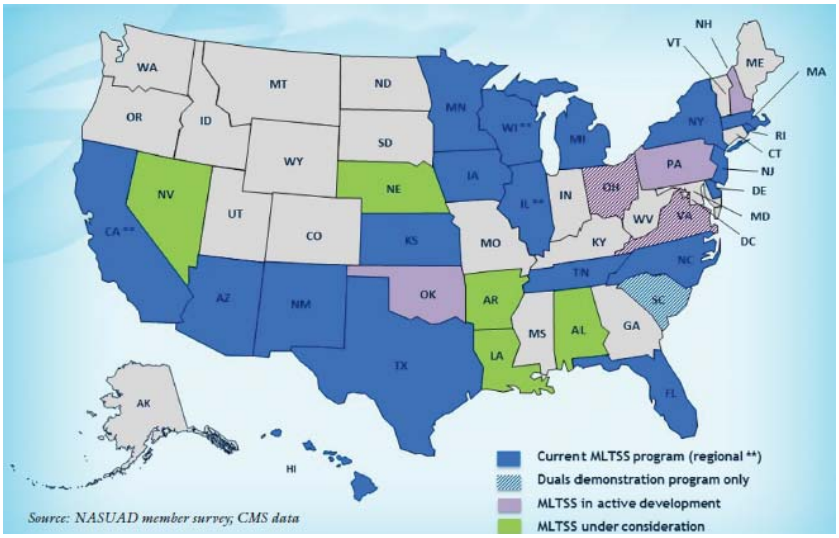
KDADS also closely monitored Payment Turn Around Time for I/DD provider claims. The charts below show the average turn-around time for payments for the first three years of I/DD being in KanCare which met or exceeded prior fee for service response times.

HCBS/IDD	**State Average***
HCBS/IDD Average Days Age Clean	8.6
HCBS/IDD Average Days Age All Claims	8.6
TCM/IDD	**State Average***
HCBS/IDD Average Days Age Clean	6.9
HCBS/IDD Average Days Age All Claims	6.8

*This is a weighted average based on the portion of MCO claims.

Movement Toward Managed Long-Term Services and Supports (MLTSS):

Beginning in 2010, there has been marked movement on the part of states towards managed long-term services and supports. Kansas is one of many states with LTSS programs and services in a managed care environment. The chart below identifies states that have LTSS as part of a managed care environment or are in the planning stages. Kansas is not aware of any states that are moving in the reverse from MLTSS to a Fee-For-Service model. Specifically to the I/DD population, Kansas is one of six states that have I/DD LTSS services included in a managed care program.



Source: ***Demonstrating the Value of Medicaid MLTSS Programs***

KDADS recommends the Committee read a study conducted by National Association of States United for Aging and Disabilities (NASUAD) MLTSS Institute and the Center for Health Care Strategies (CHCS) titled ***Demonstrating the Value of Medicaid MLTSS***. This report provides an overview of the many benefits states, including Kansas, have experienced by having LTSS included in managed care.

About the Study and its Authors:

The NASUAD MLTSS Institute was established in 2016 to drive improvements in key MLTSS policy areas, facilitate sharing and learning among states, and provide direct and intensive technical assistance to states and health plans. The work of the Institute will result in expanded agency capacity, greater innovation at the state level, and state/federal engagement on MLTSS policy.

The National Association of States United for Aging and Disabilities (NASUAD) represents the nation's 56 state and territorial agencies on aging and disabilities and supports visionary state leadership, the advancement of state systems innovation, and the articulation of national policies that support home and community based services for older adults and individuals with disabilities.

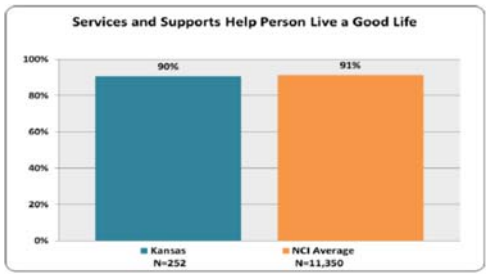
The Center for Health Care Strategies (CHCS) is a nonprofit policy center dedicated to improving the health of low-income Americans. It works with state and federal agencies, health plans, providers, and consumer groups to develop innovative programs that better serve beneficiaries of publicly financed care, especially those with complex, high-cost needs.

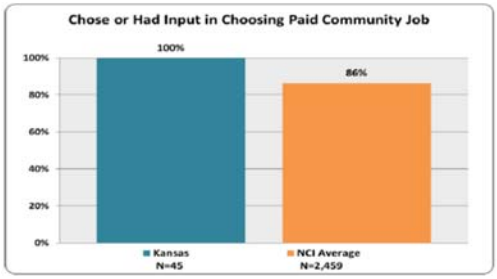
Improving Member Experience, Quality of Life, and Health Outcomes:

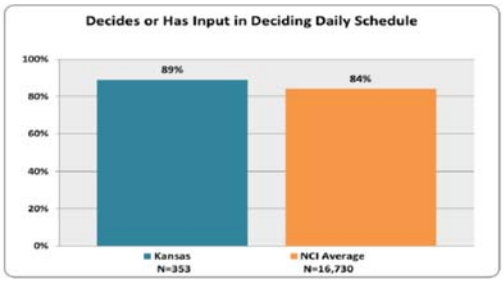
Despite anecdotal statements to the contrary, I/DD consumers report a high level of overall satisfaction with service provision in the current system of KanCare. Kansas participates in the National Core Indicators (NCI) program which allows state developmental disability agencies to track their performance using a standardized set of consumer and family or guardian surveys with nationally validated measures. In the 2015-2016 Kansas report, 90 percent of those surveyed indicated that services and supports help the person live a good life. Additionally, the following statistics further support evidence of a high level of satisfaction with the current service delivery system. Of those surveyed:

- 100% indicated that they chose or had input in choosing paid community job.
- 89% indicated that they decided or had input in deciding daily schedule.
- 93% indicated that they decided or had input in deciding how to spend free time.
- 94% indicated that they chose or had input in choosing how to spend money.
- 83% indicated that they are able to go out and do the things they like to do in the community as often as they would like.

Such statistics paint a picture of overall satisfaction with the support provided by the current managed care system. When added to reports of increased primary care visits and decreased emergency room visits and hospitalizations, KanCare is providing a comprehensive set of services and supports that help individuals with I/DD live their own good life.







Source: ***National Core Indicators Adult Consumer Survey, Kansas Report, 2015-2016 Data***

Conflict of Interest:

Removing HCBS from Managed Care will increase the state's and IDD systems already difficult task of mitigating conflict of interest to comply with CMS requirements.

In March 2014, the Centers for Medicare and Medicaid Services (CMS) implemented 42 CFR 431.301 requiring states to separate case management from service delivery functions, where possible, to eliminate conflict of interest for services provided under home and community-based services (HCBS) waivers. This rule addresses conflicts of interest that may arise when one entity is responsible for both case management functions and direct services. The Rule states the following:

42 CFR 441.301(c)(1)(vi) - "Providers of HCBS for the individual, or those who have an interest in or are employed by a provider of HCBS for the individual must not provide case management or develop the person-centered service plan, except when the State demonstrates that the only willing and qualified entity to provide case management and/or develop person-centered service plans in a geographic area also provides HCBS. In these cases, the State must devise conflict of interest protections including separation of entity and provider functions within provider entities, which must be approved by CMS. Individuals must be provided with a clear and accessible alternative dispute resolution process."

CMS provided examples of potential conflicts resulting from such arrangements, including:

- Incentives for over- and under-utilization of services
- Possible pressure to steer individuals to their own service organization, rather than promoting freedom of choice
- Interest in retaining individuals as clients rather than promoting independence and honoring requested or needed service changes
- Difficulty in self-policing the performance of service providers within the same agency

State Fiscal Impact:

	SFY19	SFY20	SFY21	SFY22	SFY23	SFY24	All Years
Total All Funds Expenditures	$ 3,250,000	$ 45,841,863	$ 62,190,958	$ 79,589,197	$ 98,092,906	$ 117,761,303	$ 406,726,227
Total SGF Expenditures	$ 1,312,500	$ 21,775,918	$ 28,970,962	$ 36,627,654	$ 44,770,774	$ 53,426,379	$ 186,884,184

The fiscal impact estimated by KDHE and KDADS is based on additional service costs, additional administrative costs to manage a Fee-For-Service program, an additional level of care coordination to ensure person-centered comprehensive care coordination, and loss of revenue from the Privilege Fee. If the legislature chooses to invest additional dollars in the I/DD system, KDADS priority would be to reduce the I/DD waiting list. Over a six-year period, KDADS could reduce the wait list by about 2,500 with this amount of funding.