

MINUTES

JOINT COMMITTEE ON HEALTH POLICY OVERSIGHT

August 14, 2008
Room 143-N—Statehouse

Members Present

Representative Melvin Neufeld, Chairperson
Senator Jim Barnett, Vice-Chairperson
Senator David Haley
Senator Laura Kelly
Senator Roger Reitz
Senator Vicki Schmidt
Senator Susan Wagle
Representative Bob Bethell
Representative Bill Feuerborn
Representative Brenda Landwehr
Representative Louis Ruiz

Members Absent

Representative Jeff Colyer

Staff Present

Terri Weber, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Reed Holwegner, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Renaë Jefferies, Office of the Revisor of Statutes
Shirley Jepson, Committee Secretary

Conferees

Dr. Marcia J. Nielsen, Executive Director, Kansas Health Policy Authority
Dr. Barbara Langner, Policy Director, Kansas Health Policy Authority
Dr. Andy Allison, Deputy Director, Kansas Health Policy Authority
Terry Lee Mills, M.D., President, Kansas Academy of Family Physicians
Julie Hein, representing the Wichita Center for Graduate Medical Education

Other Attendees

See attached list.

Morning Session

Overview of 2008 Health Reform Legislation and 2009 Health Reform Recommendations

Terri Weber, Kansas Legislative Research Department, provided a listing of the 2008 Joint Committee members and staff and an overview of the topic referred to the Committee by the Legislative Coordinating Council (LCC) ([Attachment 1](#)). The LCC directed the Joint Committee to study the premium assistance legislation that was proposed by the Kansas Health Policy Authority (KHPA) to the 2008 Legislature and to review the impact of the proposed premium assistance program, including the short-term and long-term fiscal impact.

Ms. Weber also provided an overview of the Health Reform Legislation introduced during the 2008 Legislative Session and the actions taken by the 2008 Legislature ([Attachment 2](#)).

Melissa Calderwood, Kansas Legislative Research Department, provided an overview of House Substitute for Senate Bill 81 (House Sub. for SB 81) including a summary of each section of the bill ([Attachment 3](#)).

Amy Deckard, Kansas Legislative Research Department, provided an overview of the appropriations and funding recommendations for the Kansas Health Policy Authority (KHPA) and the Kansas Department of Health and Environment (KDHE) included in House Sub. for SB 81 ([Attachment 4](#)). Ms. Deckard also discussed the funding appropriated by the 2008 Legislature in the Omnibus Appropriations Bill (2008 Senate Sub. for HB 2946), which included:

- \$1.15 million, including \$460,000 from the State General Fund (SGF), in FY 2009 for KHPA to implement the provision of House Sub. For SB 81 that expands Medicaid eligibility for pregnant women and to provide tobacco cessation and dental services for pregnant women.
- \$2.5 million, all from the State General Fund (SGF), in FY 2009 for KDHE as additional funding for primary care safety net clinics. The bill included language requiring a report on the allocation of funding among the safety net clinics.

The 2008 Omnibus Appropriations Bill deleted the following funding:

- \$500,000, all from the Association Assistance Plan Fund, and deleted the corresponding transfer from the Economic Development Initiatives Fund (EDIF) for the Association Assistance Plan in FY 2009.
- \$150,000, all from the EDIF, for the Small Employer Cafeteria Plan Development Program in FY 2009 from the Department of Commerce.

No additional funding for these programs was added to the KHPA budget for FY 2009.

In discussion, the Committee noted that as a result of HB 2578, enacted by the 2008 Legislature, pertaining to unused prescription medications, \$48,000 worth of unused prescription medications, including diabetic supplies and pulmonary devices, have been donated thus far to the safety net clinics.

Dr. Marcia J. Nielsen, Executive Director, KHPA, presented a review of the objectives and mission of KHPA; identified problems in the health and health care system in Kansas; reviewed health reform recommendations submitted by the KHPA Board to the Governor and 2008 Legislature; and discussed the next steps proposed by KHPA in improving the health of Kansans (Attachment 5). Dr. Nielsen noted that there are several unfunded mandates in House Sub. for SB 81. Because no increase in federal funding is being advanced by the federal government at this time, Dr. Nielsen indicated that it might be wise to delay expansion of the State Children's Health Insurance Program (SCHIP) until additional federal funding becomes available. Dr. Nielsen stated that it is anticipated that the KHPA Board will renew its recommendation of an increase in the tobacco user tax as a method of paying for health reform. It also is anticipated that there will be a proposal for a statewide smoking ban in public places as a method of saving dollars for the state. A reduction in smoking ultimately could reduce health care costs for the state.

To cover unfunded mandates in House Sub. for SB 81, Dr. Nielsen stated that KHPA will present the following preliminary FY 2009 budget proposals:

Caseloads (November)

- \$100,000 (\$40,000 SGF) for tobacco cessation for pregnant Medicaid enrollees.
- \$1,310,000 (\$524,000 SGF) for dental care for pregnant women program.

Supplemental requests:

- \$250,000 (\$125,000 SGF) for employer-sponsored insurance for HealthWave/SCHIP.
- \$560,000 (\$280,000 SGF) to fund the citizenship paperwork requirement for HealthWave/SCHIP

Dr. Nielsen indicated that it is the intention of KHPA to implement these programs on January 1, 2009, before the funds are actually appropriated, with the understanding that the Committee is supportive of this action. In response, the Committee stated that it was the intention of the 2008 Legislature that these programs would not be implemented until July 1, 2009, allowing the full Legislature ample time to review the programs before actual implementation and appropriation of funding.

Responding to a question from the Committee regarding the state's compliance with the citizenship verification issue, Dr. Andy Allison, KHPA Deputy Director, stated that it is anticipated that, as part of the routine payment audits, the state will be audited by the federal government for eligibility, SCHIP, and Medicaid compliance. Dr. Allison noted that it is not clear how the federal government will enforce the law as most states are not in compliance with the federal law.

With regard to implementing the state's paperwork requirements for citizenship for Title 21 (SCHIP) children, Dr. Nielsen requested direction from the Committee on whether to proceed on January 1, 2009, as directed by the legislation even without the appropriation of funding for the program.

Responding to a question concerning electronic paperwork, Dr. Allison stated that the federal government has not set up a system for the states to share citizen information across state lines, resulting in considerable time for each state to establish records.

During discussion, the Committee noted that it is important to look at alternative ways to provide improved health services besides premium assistance, such as with the safety net clinics. The Committee indicated that KHPA should make an objective analysis of what safety net clinics provide and whether safety net clinics are keeping patients out of the emergency room. The Committee also discussed the uniqueness of each clinic and the need to look at them independently and in the aggregate. Additionally, the Legislature needs to determine what role the state wants to assume.

Dr. Nielsen stated that the Legislative Coordinating Council has requested KHPA to perform 20 studies in areas relating to public health and produce the results by November 1, 2008 (Attachment 6). Of these 20 studies, KHPA has determined that 7 studies could be done more effectively by other agencies. In addition, KHPA is recommending that the results on a number of these studies be delayed to January 1, 2009. KHPA will present these recommendations to the KHPA Board at their meeting next week.

- The Committee requested that KHPA contact the Committee if the Board agrees with KHPA's recommendations concerning the studies and that a letter from the Committee to the LCC be drafted outlining these recommendations.

The Committee requested the following additional information:

- The impact of the recommended increase in tobacco tax by tobacco product.
- The number of pregnant women who are afforded health services because of the expanded Medicaid eligibility.

Implementation of Medical Home Health Care Model

Dr. Barbara Langner, Policy Director, KHPA, provided an overview on the KHPA initiative relating to the medical home, as outlined by House Sub. for SB 81 (Attachment 5). Dr. Langner stated that the medical home initiative is an effort to provide a health care delivery system for the whole person that includes a team approach to care, establishes an ongoing relationship with a physician or other personal care provider and partners with community resources. Also, Kansas has been selected as one of nine states to participate in the State Quality Improvement Institute, a joint venture of the Commonwealth Fund and Academy Health. The Quality Institute initiative will look at all characteristics of a medical home and what is appropriate for citizens in the various areas of the state.

In response to a question from the Committee, Dr. Langner stated that one goal of the Quality Institute initiative is to provide increased Medicaid provider reimbursement for prevention and primary care. The proposal is still being studied and no additional funding will be requested from the 2009 Legislature.

Dr. Terry Lee Mills, President, Kansas Academy of Family Physicians, provided testimony on the Medical Home Delivery Model ([Attachment 7](#)). Dr. Mills noted that primary care is foundational for the effective and efficient functioning of the health care delivery system and primary care physicians are the point of first contact for many patients.

Responding to questions from the Committee, Dr. Mills stated that adequate accessibility to physicians must be available to make the system efficient. The Committee questioned how funds will be available to secure the services of health care providers. Dr. Mills indicated that it is important to improve the quality of health care in the beginning in order to produce cost savings by not using the emergency room. With regard to mental health providers, Dr. Mills noted that the medical home concept is required to provide mental health services through doctors in the practice or link with other services. Dr. Mills stated that there are approximately ten or fewer practices certified as medical homes at the present time.

The Committee requested the following additional information:

- A comparison list of the state's current physician reimbursement ratio to the Medicare rates for allowable charges, showing the top 10-12 areas of over or under reimbursement rates.
- A comparison of the qualifications for Level 1, Level 2, and Level 3 medical homes, plus information on the fees for certification and how often re-certification is required.

Dr. Nielsen noted that the medical home issue is complicated and will need to be reviewed in all aspects. At the present time, there are no federal standards.

Status and Potential Expansion of Community Health Record Pilot Projects

Dr. Langner provided a presentation on the Medicaid Community Health Record Pilot Project ([Attachment 5](#)). Dr. Langner stated that the pilot project is located in Sedgwick County and directed at the Medicaid Managed Care population. Providers feel the records are beneficial; and coordination and timeliness with patients has been improved. It is anticipated that the pilot project will be expanded to more counties across the state.

Dr. Langner also discussed the CareEntrust Health Exchange based in Kansas City which started in May 2008. CareEntrust is a non-profit organization made up of 24 of Kansas City's leading employers and health care organizations, including the Kansas State Employee Health Plan.

Overview of the American Pharmacists Association Foundation's Asheville Project

Terri Weber, Kansas Legislative Research Department, presented an overview of the American Pharmacists Association Foundation's Asheville Project ([Attachment 8](#)). The Asheville Project is a voluntary, expanded pharmaceutical care services program that began in 1996 in the City of Asheville, North Carolina, and is designed to combat the effects of chronic diseases on the workforce. The mission is to improve the quality of consumer health outcomes affected by the pharmacy.

The project focuses on four chronic diseases – diabetes, cardiovascular health and hypertension, asthma, and depression. The model centers on the patient and includes collaboration among all stakeholders – patients, employers, pharmacists, physicians, hospitals, other health care providers, and health educators. The long-term outcomes include a decrease in direct medical costs for the patient.

The Committee expressed interest in the Asheville Project and requested additional information on the Project be provided at the next meeting.

Afternoon Session

Overview of Medicaid Transformation Plan

Dr. Andy Allison, Deputy Director, KHPA, presented an overview of the Medicaid Transformation Plan (Attachment 5). Dr. Allison noted that Medicaid is an optional source of matching funds for states wishing to purchase healthcare for selected populations with the federal share varying from 50 percent to 90 percent. There is broad flexibility in how states use these funds.

Responding to a question from the Committee, Dr. Allison noted that the percent of births covered by Medicaid has increased to 40 percent of births in Kansas.

With reference to placing mental health drugs on the Preferred Drug List, the Committee noted that it would be important to have an automated Prior Authorization (PA) system in place for pharmacists in order to avoid delay or complications in getting a prescription covered through the Medicaid system. Dr. Allison noted that KHPA has requested funding for a pilot project addressing the prescribing of mental health drugs. Responding to another question, Dr. Allison stated that the physician has responsibility for how a prescription is dispensed. Dr. Allison noted there is a concern regarding how a prescription is dispensed in order to meet Medicaid guidelines and whether the patient can meet the co-pay. The Committee stated that it is important to protect the patient and to ensure that the system in place provides the proper care for the individual and is cost effective for the state. Dr. Allison indicated that KHPA will not be aggressive in implementing new policies to the Medicaid program, but will look at current policy and work for long-term improvement to the program.

Responding to a question from the Committee, Dr. Allison indicated that KHPA is projecting a 5.5 percent increase in Medicaid expenditures over the next two years, a net of caseload adjustment and health care inflation. The Committee felt it is important to keep an open mind to other reforms and to look at the complete health care system, including prescription drugs, to determine what keeps individuals out of the hospital or long-term facilities.

Status and Potential Changes to the State Employee Health Benefit Plan

Doug Farmer, Director, State Employee Health Benefit Program, KHPA, presented an overview of the status and potential changes to the State Employee Health Benefit Plan ([Attachment 9](#)). Responding to a question from the Committee, Mr. Farmer indicated that non-state groups, who are members of the Health Plan, pay an administrative fee to participate in the Plan. Mr. Farmer stated that the intention of the Plan is to spend down excess reserves through 2014, as well as have a proper increase in premiums to maintain a sound health benefit plan.

Responding to a question from the Committee, Dr. Nielsen stated that there has been some discussion with the Department of Administration to encourage vendors of concession stands and vending machines in state buildings to provide healthy options.

Mr. Farmer indicated that there is continued discussion and consideration of offering incentives to attract members to participate in obesity coaching programs. It is anticipated that these benefits will be available by 2010. Dr. Nielsen noted that a number of incentives and specialized programs have been added and currently are available for members who want to address obesity.

The Committee suggested that KHPA review the 70 percent participation for a non-state entity to participate in the State Employee Health Plan to determine if this requirement is causing these entities to not join the Plan. Dr. Allison noted that the reason for the percentage requirement is to protect the funds in the Plan.

Wichita Center for Graduate Medical Education (WCGME)

Julie Hein, representing the Wichita Center for Graduate Medical Education (WCGME), presented a brief update on funding for WCGME. Ms. Hein stated that House Sub. for SB 81 directed WCGME to work with the Kansas BioScience Authority (KBA) to secure the \$7.1 million funding required for WCGME to incorporate additional research in their current program in order to receive national accreditation. The application for the funding was presented by WCGME to KBA at the beginning of July 2008. WCGME will make a presentation to the KBA Board on August 18, 2008. Ms. Hein indicated that the timeline is a concern.

The Committee voiced its concern that accreditation for WCGME is critical in providing physicians for rural areas of the state. The Committee further stated that it was the intent of the Legislature that the \$7.1 million in funding be disbursed.

Other Discussion and Action by the Committee

Senator Schmidt moved to direct KHPA to implement a pilot program in the State Employee Health Plan using the Asheville Project guidelines and report back to the Committee with documented results. The motion was seconded by Representative Ruiz. Motion withdrawn. The Committee felt that there is a need for additional information before taking action.

Representative Bethell moved to allow KHPA to select the best available resources to complete the LCC-directed studies and provide results of the studies on or by the first day of the 2009 Legislative Session. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Discussion Items for the Next Meeting of the Committee

- The Committee requested a full update from KBA and WCGME on the funding for research at WCGME.
- The Committee requested a presentation on the Asheville Project by representatives of the Project.

The meeting was adjourned at 4:15 p.m. The next meeting will be set by the Chairperson.

Prepared by Shirley Jepson
Edited by Terri Weber and Cindy Lash

Approved by Committee on:

November 20, 2008
(Date)