

**Testimony of Christine Osterlund
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Committee on Children and Seniors

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Chair Concannon, members of the committee, my name is Christine Osterlund, and I serve as Project Director for MAXIMUS and I am responsible for overseeing the KanCare contract. MAXIMUS specializes in supporting state governments operate critical benefits programs throughout the United States. We have been supporting state Medicaid and CHIP programs since 1998. We operate eligibility support projects in 15 states, including Kansas, California, Texas and New York. Our customer engagement centers include the Federal Exchange, 1-800 Medicare and the New York State of Health Marketplace. We have 40 years of experience supporting government programs worldwide. And it is an honor to be a partner in Kansas.

Thank you for allowing me to testify today.

We take our responsibility for serving Kansans seriously and personally. We know that children, senior citizens, and Kansans in the disability community depend on these benefits. We recognize the critical importance of the KanCare program and we are committed to working with KDHE in getting Kansans the care they need.

MAXIMUS is responsible for operating the KanCare Clearinghouse on behalf of KDHE. We are responsible for application support, application reviews and providing eligibility recommendations for KDHE. MAXIMUS can make improvements to the scope of work we control or correct these functions.

Many tasks in the Medicaid Eligibility ecosystem are not in our scope of responsibility and we are unable to control or correct these functions. As an example, MAXIMUS does not make the final eligibility determinations for who is eligible for Medicaid. MAXIMUS is not responsible for KanCare policy, Medicaid rules and regulations, the eligibility system KEES, the structure and format of the paper application, or document intake. Since we

have no control over these functions, MAXIMUS can only influence change - and we have made a considerable effort to effect change to bring program enhancements to KanCare.

When MAXIMUS receives concerns from nursing facilities, many common to those that were part of last week's testimony, MAXIMUS determines the root cause of the concern. If it is within our scope of responsibility, we work to resolve it. If not, we don't turn our back, we work with the other partners in the ecosystem to identify root causes and improve the entire system – it is the right thing to do for Kansans.

Over the past year, MAXIMUS delivered significant improvements in supporting the KanCare program. During this time, we have eliminated the backlog and operations are currently at steady state. Our average processing time for applications has been cut in half and specifically for long-term care cases our average processing time is well below the 45-day threshold and this processing average includes those cases that cannot be completed in 45 days due to current Medicaid policy.

Let me address some specific steps we took to proactively tackle some of the challenges.

- First, MAXIMUS invested \$3 million dollars in the Clearinghouse, which included adding 200 staff, at no cost to the state, to process more applications and reduce wait times.
- Second, we created dedicated, specialized teams to process high priority cases, such as Elderly and Disabled (E&D) applications, escalated Long-Term Care (LTC) applications, and applications related to urgent medical, grievances, appeals and specialty programs.
- Third, MAXIMUS implemented the Nursing Home Liaison Program to give facilities direct access to a single point of contact to address issues that might arise during the application process. MAXIMUS staff have personally visited nursing homes and these face-to-face meetings have resulted in process changes that MAXIMUS is implementing to improve communication gaps. Additionally, the challenges the nursing homes have related to faxes, denial of cases and payment are not within the MAXIMUS scope of work. However, I

want to assure you that we are actively working with our partners to help improve the entire system.

- And, fourth we are actively developing educational materials for nursing facilities on eligibility requirements and other Medicaid topics. We know that communications could be improved further, and we are currently working with KDHE and the Nursing Homes to do this.

While these are just a few of the examples, these efforts yielded meaningful progress aimed at shortening wait times and expediting enrollment. In fact, having worked through the challenges created by KEES, today more than 99% of all applications we handle are processed within the performance standards set by KDHE since October 2018. MAXIMUS continues to substantially meet every service level agreement and be fully compliant with our contractual obligations. MAXIMUS has no financial incentives for maintaining backlogs and we understand that we owe every Kansan an accurate and timely decision.

Today, I will directly address the historical application backlogs that MAXIMUS eliminated last year. There were four key events that created a perfect storm for the MAXIMUS Clearinghouse operations. In part, I want to speak directly about the external challenges MAXIMUS faced as we worked to help the state overcome the application backlogs that developed starting in 2015 and the ones we inherited in 2016. More importantly, we have an ongoing commitment to the success of the KanCare program and the citizens it serves. While we take responsibility for not eliminating the backlogs sooner, it is important that you understand the interdependencies that exist across the entities and systems that comprise the KanCare ecosystem if you want to address the ongoing challenges and risks it faces. Most importantly, KEES created significant, unexpected downstream hurdles to the Clearinghouse business operations that severely hindered application processing.

1. In June 2015, the state's eligibility System, Kansas Eligibility Enforcement System, also known as KEES, was deployed several months late and it did not function as designed.

- KEES functioned significantly slower than it did when we were processing thousands of cases during User Acceptance Testing. After

deployment, processing applications was simply taking longer. As a result, this required us to increase our projected estimates for processing applications.

- There were numerous defects in KEES that required MAXIMUS to develop more than 200 manual process workarounds at the time of the KEES launch.
- In addition to being time and labor intensive, these workarounds increase the likelihood for errors because of their manual nature.
- During this timeframe, it was taking considerably longer to process applications due to the KEES challenges and the application backlog increased.
- In December of 2015 an audit was completed by the Legislative Division of Post Audit that confirmed KEES was the root cause of the backlog.

2. Between June 2015 and March 2017, KEES lacked sufficient reporting tools because many features were delayed, modified or eliminated as evidenced in the *2015 Performance Audit Report, Kansas Eligibility Enforcement System: Evaluating Delays in the System's Implementation that was completed by the Legislative Division of Post Audit*

- As noted in the 2015 Performance Audit Report (the “2015 Audit”) on KEES many important features were delayed, modified or eliminated entirely. As the 2015 Audit reports, these functionality changes were completed through contract amendments and change requests by KDHE. The 2015 Audit suggests that this was due to the delayed launch of KEES delays and the overrun to the original budget expectations.
- There is no workflow tracking in KEES — not when it was deployed and not today. This is unlike other Medicaid eligibility systems we use every day that are deployed in states across the country. Workflow tracking functionality is critical in order to report, track and manage real-time workload and most importantly, it allows us to prioritize the workload. Since KEES lacks this functionality, MAXIMUS developed a Production Tracker system to manage workflow.
- In June 2016, MAXIMUS identified additional KEES reporting deficiencies. This led to the discovery of an additional backlog of 18,000 cases. At that time, we were urging both KDHE and Accenture to make improvements to KEES

- And even today, we continue to proactively work around limitations in KEES. We still have more than two dozen manual workarounds in place. And KEES still does not have workflow functionality. We have also created over 80 customer reports and 43 databases in order to effectively manage and prioritize our workflow. We rely on our own Production Tracker for real-time management and prioritization for over 21 different work streams. We still use spreadsheets to manually process some tasks, even though these tasks are based off of rules-based functionality that should be part of an eligibility system.

3. In January 2016, MAXIMUS was to begin processing only new E&D and LTC application processing in the Clearinghouse. This was the initial plan and what we were forecasting to deliver against.

- Instead of starting at zero, we inherited a backlog of 3,800 partially-completed E&D and LTC applications.
- This exacerbated an already substantial backlog of overall cases that had built up following the KEES deployment.

4. August – November 2017: KEES Phase 3 launched

- In the summer of 2017, Clearinghouse operations had improved significantly. Applications were being processed in a timely manner and the backlog of applications was nearly eliminated. During that time, the inventories of applications aged over 45 days stabilized at desirable steady state levels between 750-1250 cases. In the month of August 2017, the “over 45 days” inventory was running at 1,225 cases. .
- On August 18, 2017, KEES Phase 3 was deployed primarily to implement additional functionality to support SNAP and TANF programs.
- This required MAXIMUS to shut down operations for nearly two weeks. We were shut down entirely the first week. During week two, the Clearinghouse had limited system access, which forced us to reduce our staffing levels and we did not achieve full productivity until approximately October
- Between September and October 2017, there were significant troubleshooting activities that were tied to the KEES Phase 3 deployment. At the Clearinghouse, system processing times

significantly slowed as compared to the faster processing times we were able to achieve prior to KEES Phase 3 due to bugs that were identified and had to be resolved. This created a new backlog of applications.

- Then in November 2017, the 2018 Open Enrollment (OE) period began for the Kansas Federally Facilitated Marketplace. The 2018 OE required more than 19,600 application reviews, which also added to an already significant backlog of applications due to the launch of KEES Phase 3.

MAXIMUS immediately put plans in place to resolve the backlog of applications, shorten wait times and expedite enrollment. And at the start of 2018, we increased our level of dedicated resources to the program at no cost to the state and KanCare remained a priority focus at the highest levels of MAXIMUS. As a result, we have successfully delivered significant and steady improvements throughout 2018 and into 2019 in supporting the KanCare program. Having worked through the challenges created by KEES, today more than 99% of all applications we handle are processed on time and within the deadlines set by the state since October 2018. MAXIMUS continues to substantially meet every service level agreement and be fully compliant with our contractual obligations. We will continue to strive to exceed all our obligations and our goal is that every Kansan receives a timely and accurate decision.

Lastly, I want to specifically address House Bill 2149. House Bill 2149 is unfairly aimed solely at contractors like MAXIMUS. We are only involved in a portion of the process and applications can be aged over 45 days and over 90 days for reasons that are completely out of our control.

House Bill 2149 also appears to penalize contractors even if the applications are outside of the 45-day or 90-day deadline due to mitigating circumstances beyond the control of the contractor. In fact, the bill would penalize a contractor even under circumstances where the regulation does not consider the application to be late. Additionally, imposing penalties on a contractor when it is not in control of the timeliness of an application will do nothing to speed up the eligibility determination needed by the applicants and the nursing homes.

Further, the bill references timeliness and performance standards in 42 C.F.R. 435.912 that are already incorporated in the current MAXIMUS

contract with KDHE. Today, under our contract, we have daily service level agreements that allow the assessment of liquidated damages and performance standards that are specifically tied to the time it takes for processing applications in accordance with the CMS standards of 45 days and 90 days.

MAXIMUS recognizes and empathizes with issues faced by nursing homes. We understand that they are experiencing real account receivable challenges. Unfortunately, House Bill 2149 does not address the eligibility problems faced by the nursing homes and does not take into account the totality of the KanCare ecosystem or the full scope of the issue.

For example, a nursing facility may not receive Medicaid payments from the managed care organization for a resident even though that individual has been determined eligible for Medicaid. We know this happens because the nursing facility will often contact MAXIMUS believing the Clearinghouse is responsible for the payment delay. Since MAXIMUS has no role in Medicaid payments, the nursing facility is then directed to contact the managed care plan.

Another example is when a nursing home accepts a resident who is later denied Medicaid coverage. This happens after the resident has already been admitted to the nursing home, in some cases for months. MAXIMUS does not make the final eligibility determination for Medicaid, including Long-Term Care applications. KDHE, by federal regulation, must make the final eligibility determination. This creates a severe accounts receivable issue for the nursing homes who then have no means to receive payment for the individual that has been denied Medicaid coverage.

This bill does not address these issues that are creating real financial hardship for the nursing homes.

To fully address the issues that nursing facilities have raised, the entire system of application processing and payment needs to be evaluated for areas of improvements. While in a small way MAXIMUS has started the process through our actions previously mentioned, we would recommend a forum where all parties in the process, partner with the nursing facilities to create a system that is more responsive to stakeholders.

In summary, I just want to reiterate that MAXIMUS remains dedicated to serving Kansans and the KanCare program. We are proud that our current operations have achieved steady state, we eliminated the backlog, reduced waiting times and enhanced our overall service levels to citizens.

Please know we understand that we bear some responsibility for not eliminating the backlogs sooner, However, this must be viewed in the overall context we were contending with -- the timing of KEES, the removal of critical reporting features and the impact on the downstream business process severely impeded our speed, efficiency and accuracy.

We acknowledge our shortcomings, our successful actions to eliminate the backlog but will continue to put forth every effort and resource to support the state. One final point, House Bill 2149 doesn't mitigate the accounts receivable issue that the nursing homes are seeking to resolve.

I would be happy to answer any questions that you might have to the best of my ability.

Thank you,
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