Approved: March 16, 2004
Date

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on February 19, 2004 in Room 231-N of the Capitol.

All members were present except:
Senator Ruth Teichman- excused

Committee staff present:
Russell Mills, Legislative Research
John Beverlin, Committee Secretary

Conferees appearing before the committee:
Laura Howard, Deputy Secretary, Department of Social and Rehabilitation Services
Scott Brenner, Department of Social and Rehabilitation Services

Others attending:
See Attached List.

Chairperson Brungardt called the meeting to order. He informed the committee that minutes from the previous week had been passed out. Chairperson Brungardt then welcomed Laura Howard of the Department of Social and Rehabilitation Services to the podium.

Ms. Howard provided a follow up to the original visit by the Department of Social and Rehabilitation Services (Attachment 1).

Chairperson Brungardt asked the committee for questions.

Senator Clark asked whether SRS was creating an inventory list of all of their durable medical equipment.

Ms. Howard explained the inventory procedure and inventory labels (Attachment 2). She explained that it was fairly easy to track the items and the cost savings that occurs.

Chairperson Brungardt asked whether the state receives money from Tri-Care.

Ms. Howard answered that the state does receive money from Tri-Care. She explained that Tri-Care has to pay first since Medicaid is the payer of last resort.

Senator Clark asked about prescription benefits through the VA. He wanted to know whether the state utilizes the prescription benefits through the VA hospital before Medicaid pays for them.

Ms. Howard explained that members of the military, military retirees, and their survivors have different options. She further explained that they are eligible for Tri-Care, which is a managed health plan. If persons are enrolled in the program, they are receiving their services from private providers. If individuals are enrolled in Tri-Care, Tri-Care is the payer of first resort, and Medicaid becomes the payer of last resort.

Senator Barnett explained that most veterans are not going to have Tri-Care. They would either have something else or nothing at all. He further explained that prescriptions at the VA hospital are seven dollars. If a veteran is on Medicaid, there is no incentive for them to receive their prescription drugs from the VA hospital, since they can receive them for free through medicaid.

Chairperson Brungardt stated that Senator Barnett makes a good point. He explained that it would be hard to come up with an incentive to get individuals to get their prescriptions through the VA, and save the state money.

Senator Barnett explained the prescription benefits at the VA hospital were still good. He explained that an individual who served in the military can get prescriptions cheap and thus save money, therefore, running out of money later in their life. This would also help save the state money in Medicaid costs.

Chairperson Brungardt asked about nurse managers. He wanted to know whether the nurse managers work in offices, or whether they worked in the field with the people.

Ms. Howard explained that the nurse managers would be out in the field working with the individuals. She further explained that the nurse managers would work in partnership with the physicians who are providing care to the individuals. She stated SRS felt like this was a community-based system of care.

Senator Barnett stated there would be limitations to case management. He explained that some individuals would be too sick to participate. The key, he explained, is having the medical community involved. The problem with the state is that reimbursements are so low, a physician is lucky to cover the cost of a procedure or service.

Chairperson Brungardt stated he hoped the program would make life easier for medical practitioners. He explained that the program gets better compliance from individuals who receive Medicaid. He used the example of diabetics and individuals who need to take medication.

Ms. Howard explained that it was the goal of the program to improve compliance of individuals in Medicaid.

Chairperson Brungardt asked what the common experience was on how long it takes to reimburse a practitioner both routinely and problematically.

Ms. Howard deferred the question to Scott Brenner.

Mr. Brenner answered that the average for a clean claim is about 20 days. But the average was not typical, because most claims are not clean. The reason why the claims are not clean is usually because of a defect with the provider eligibility or the beneficiary eligibility. He stated that it was also possible that the claim hits one of several internal edits. These delays move the claim into a suspense category where the claim has to be viewed by an individual. Mr. Brenner explained that the back log of claims in the suspense category, that are more than 30 days old, is 8000 to 9000 claims. He explained that a large part of those claims were dental claims.

Chairperson Brungardt asked whether the problem of claims that are not clean was a software problems or a problem with the company.

Mr. Brenner stated that the blame can be spread around. Though, he explained, getting some practitioners to use the electronic transaction format correctly has caused problems.

Senator Vratil asked why there was a 20 day delay with clean claims.

Mr. Brenner explained that it was the time from when the claim was originally received by EDS to when the claim was paid. He further explained that the payment cycle takes about a week.

Senator Vratil asked why it takes a week to cut a check.

Mr. Brenner explained the financial cycle ends on a Friday and the check is issued the next week.

Senator Vratil asked why it takes 20 days to approve a clean claim. He also wanted to know why the claim could not be approved in 24 hours.

Mr. Brenner stated that the 20 days is an average, that there are claims that are approved in 24 hours.

Senator Vratil wanted to know why the average was 20 days.

Mr. Brenner explained that the claim is claimed to be clean, but there may have to have prior authorization. If the authorization is not there, the process can be slowed.

Senator Vratil stated it then was not a clean claim.

Mr. Brenner explained that from the writer's point-of-view, the claim is clean. But there is some other piece that holds the claim back.

Senator Vratil stated he did not feel like he was getting an answerer to his question. He asked Mr. Brenner if SRS was understaffed.

Ms. Howard stated she would try to break the process down more. She explained that the claims go through hundreds of edits.

Senator Vratil asked whether games were played to make money off of the float by delaying claims.

Ms. Howard stated that such games absolutely did not occur.

Senator Vratil stated that he felt like he had not received an adequate answer to his question. He stated he wanted a written explanation as to why clean claims are not processed and paid within 24 hours. He explained that sometimes through practice, we come to accept delay in the processing of materials.

Senator Gilstrap asked if a clean claim goes through a process of auditing or if somebody just gets the clean claim and writes a check for the claim.

Mr. Brenner explained that there are hundreds of edits a claim has to go through. A clean claim, he explained, by definition would have navigated all of the edits.

Senator O' Connor asked who benefitted from the interest on the float.

Mr. Brenner explained the payment to the providers actually comes out of the state general fund. He further explained that EDS does not actually pay. Any benefit from the float goes to the state.

Senator Clark asked for the amount of time it took to process Blue Cross Blue Shield claims.

Mr. Brenner stated he would have to look that up.

Senator Clark stated the goals should be to beat the time claims are processed by Blue Cross Blue Shield.

Senator Barnett asked how much fraud SRS had detected.

Ms. Howard stated that she did not have the data with her today, but she would look into it for the committee.

Senator Barnett explained that the legislature had a post-audit showing a large amount of fraud and that he would appreciate the information.

Senator Barnett asked how much money had been saved in pharmacy costs through the preferred drug lists. He also wanted to know if there was an increase in the number of drugs on the preferred drug list that are required to go through competitive bidding.

Ms. Howard explained the curve in pharmacy costs had flattened a bit. She explained that in the first year of operation of the preferred drug list, there was a savings of eight million dollars. She further explained that at the current time, there were 13 classes on the preferred drug list.

Senator Brungardt asked about waivers before the federal government. He asked Ms. Howard what she thought the current presidential administration was doing regarding waivers.

Ms. Howard explained that there is a lot of speculation that the delays and increased questioning of states about the waiver applications were the result of an advocacy effort to get states to accept the block granting. She further explained that there was a whole new series of questions states have to answer. Ms. Howard stated that she believes it has gone beyond what one may think of as scams, but they do not know the precise reason.

Chairperson Brungardt asked whether Kansas has some initiatives that might be judged aggressive or out -of-line compared to other states.

Ms. Howard explained the issue of intergovernmental transfer is probably the only issue that could have been considered aggressive. She further explained that the state was no longer receiving revenue from that program. She stated that she did not think there were any programs currently that could be considered aggressive.

Senator Clark asked if there were any details about being able to pass the value of long term care insurance to heirs.

Ms. Howard stated that she had seen some details but they were at a very high level at this point. She further stated that SRS would be watching for that.

Chairperson Brungardt asked the committee for additional questions. None were asked.

The meeting was adjourned at 11:45 a.m. The next meeting is scheduled for February 24, 2004, at 10:30 a.m. in room 231-N.