

Overview of the Division of Health Care Finance

Senate Committee on Public Health and Welfare

Presented by Secretary Robert Moser, M.D. Kansas Department of Health and Environment

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Good morning Madame Chair and committee members, I am Dr. Bob Moser, Secretary of the Kansas Department of Health and Environment (KDHE) which now includes the Division of Health Care Finance (DHCF).

Statutory History of KHPA

The Kansas Health Policy Authority (KHPA) was established in 2005 by passage of S.B. 306 in the Kansas legislature. That bill established KHPA as a state agency within the executive branch of state government (K.S.A. 75-7401, et seq.). Prior to 2005, the state of Kansas purchased health care and health coverage for state employees and various other populations through a myriad of different programs and agencies. One of the primary reasons for consolidating those programs into a single agency was to leverage the combined purchasing power of the state to achieve greater efficiency and cost savings.

ERO 38 and Medicaid Reform

During the 2011 Legislative Session, Governor Sam Brownback signed Executive Reorganization Order (ERO) No. 38, establishing the Division of Health Care Finance (DHCF) within the Kansas Department of Health and Environment (KDHE). This ERO abolished the Kansas Health Policy Authority (KHPA). KDHE's DHCF oversees the state's Medicaid program, the State Employee Health Plan and the State Self-Insurance Fund workers compensation program.

The merger took effect July 1, 2011, and, through administrative efficiencies, has resulted in approximately \$1 million in savings.

This reorganization creates:

- Effective purchasing and administration of health care.
- Improved coordination of health programs.
- Improved health promotion and disease prevention
- Disease management based on "provider-led, evidence-based" guidelines.
- Development of a robust health information exchange network.
- Evidence-based policy-making based on centralized data collection and analysis.

KanCare

Under this new organizational structure, DHCF plays a key role in the Governor's plan to reform Medicaid in Kansas. Along with the Lieutenant Governor and other state agencies, KDHE facilitated a Public Input and Stakeholder Consult Process in 2011 to collect ideas and suggestions from stakeholders—consumers, advocates and providers—to aid in the development of a new Medicaid program called KanCare. The goal is to reduce Medicaid costs for taxpayers while increasing the quality of services provided to beneficiaries.

After the 2011 public forums in Topeka, Wichita, Dodge City and Overland Park, the Administration unveiled the plan for KanCare on November 8. KanCare implementation began January 2, 2013, and brought integrated, whole-person care to Kansas' 300,000-plus Medicaid consumers. DHCF is responsible for KanCare oversight and finances, while the Kansas Department on Aging (now Department for Aging and Disability Services) and Kansas Social Rehabilitation Services (now Department for Children and Families) reorganized to allow each agency to focus on different populations.

Over five years, the state expects to reduce growth in Kansas Medicaid spending by 8-10 percent, which equates to 1/3 reduction in total Medicaid growth. Based on a conservative baseline of 6.6% growth in Medicaid without reforms (the actual historic growth rate over the past decade was 7.4%), the outcomes-focused, person-centered care coordination model executed under the RFP is expected to achieve savings of \$853 million (all funds) over the next five years. These savings occur without cutting provider rates, limiting eligibility, or reducing essential benefits.

Thank you for the opportunity to speak with you today, and I will be happy to answer questions at the appropriate time.