

Kansas Legislative Affairs Update

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2011 KOTA Annual Conference

Empowering The Occupational Therapy Profession

Agenda Overview

- 2010 Elections – The past leads to the future
- Health Care Reform in Kansas
- Medicaid at a Crossroads
- SRS full of Changes
- 2012 Session Priorities
- 2012 Election Preview
- Become a KOTA Advocate

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The Past Leads to the Future

- 2010 was a GOP Clean Sweep
- Congressional Elections – Sweep
- Statewide Elections – Sweep
- House of Representatives – Near Sweep
- Tea Party got to party
- More conservative, more populist, more angry
- They are all back for 2012

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Health Care Reform in Kansas

- Tea Party Republicans don't like ObamaCare
- Kansas joins the lawsuit against ObamaCare
- KHPA integrated into KDHE
- Health care policy goes in-house
- Kansas House rejects ACA; Senate hesitates
- Plight of the uninsureds takes a back seat to other issues
- Health Care Exchange in limbo

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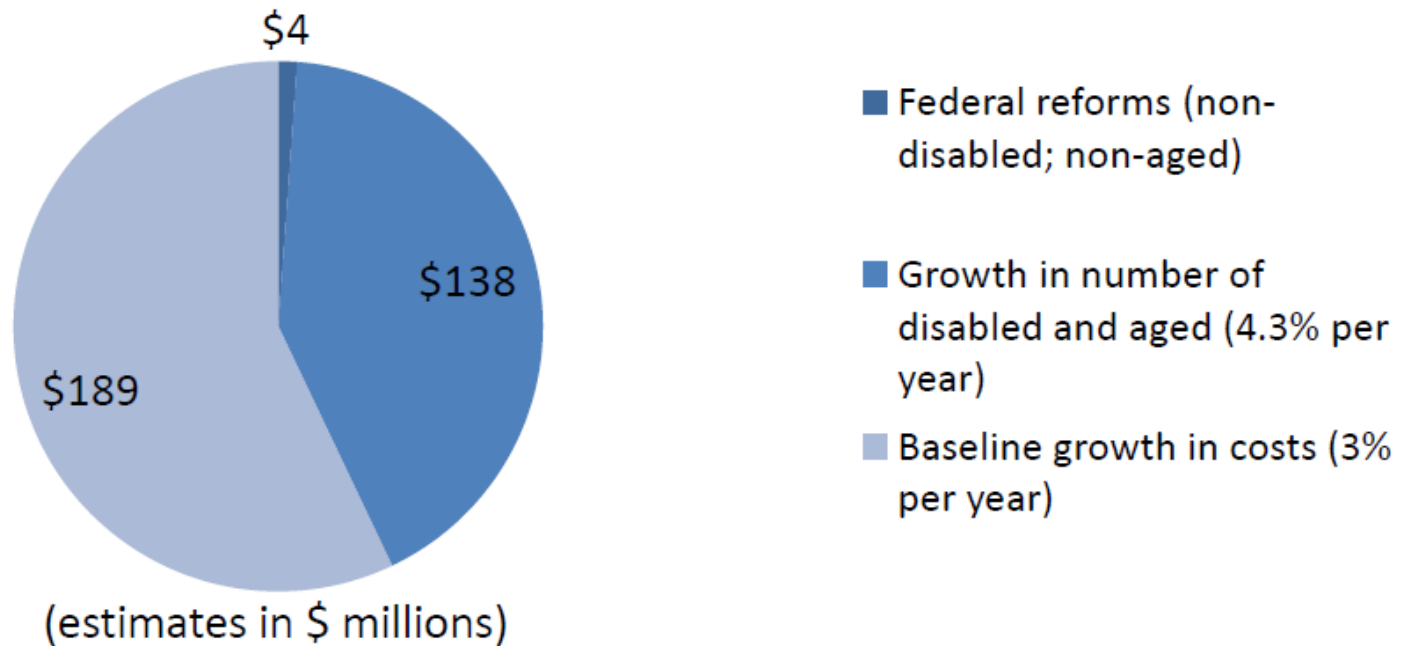
Medicaid at a Crossroads

- Medicaid spending driving budget problems
- Governor creates Sub-Cabinet to develop Medicaid reform
- 46 organizations submit reform ideas
- New MMIS system overdue but funding unknown
- Medicaid reform plans should surface this fall



Sources of Growth in Medicaid Spending

Estimated growth of over \$300 million annually in State Medicaid spending between 2011 and 2020



Note: Assumes no additional reduction in state spending on the uninsured, no increase in Medicaid provider rates, and no change in Medicaid eligibility and benefits.

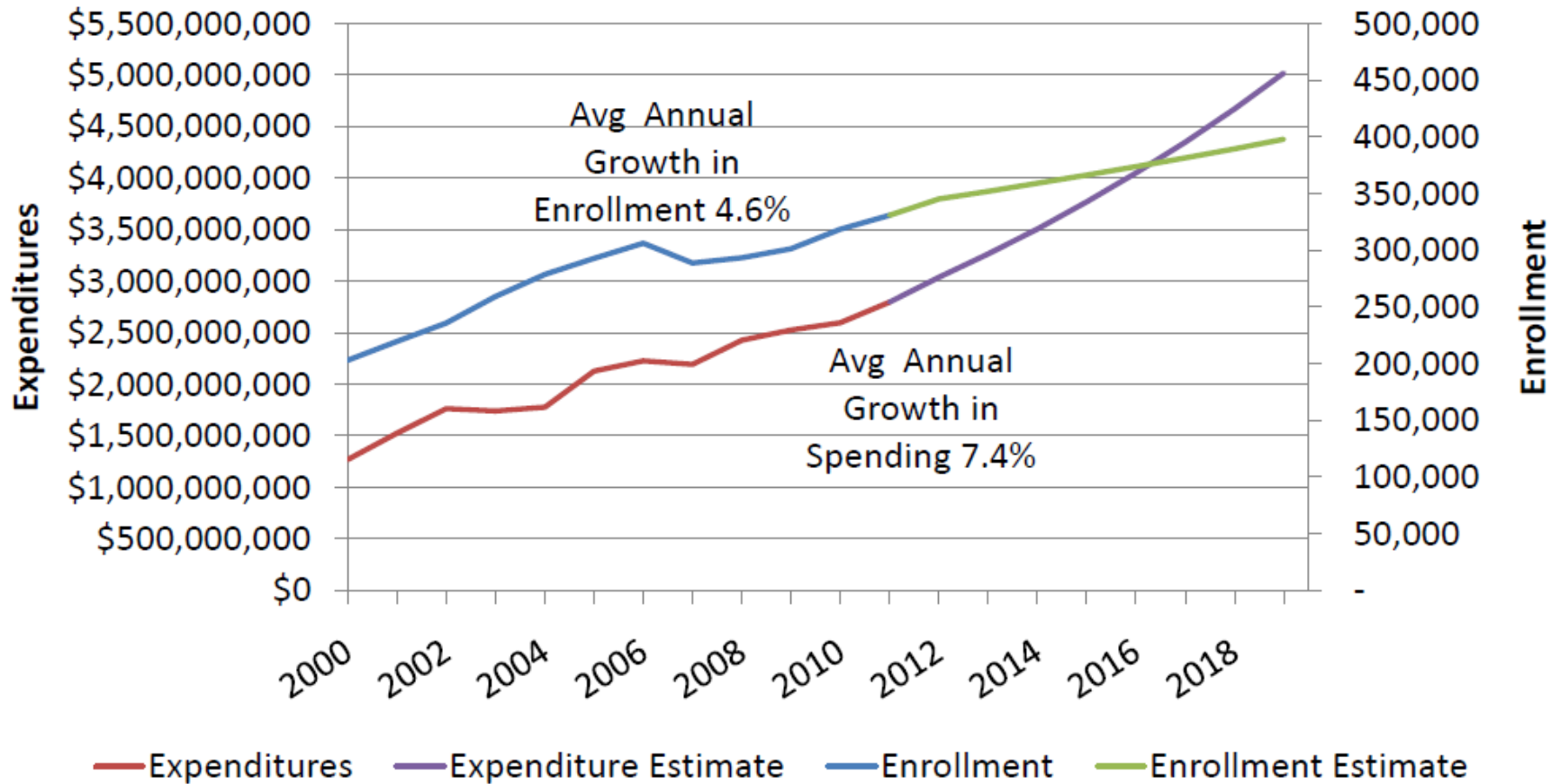


Impact of the New Economy on State Budgets

- States across the country are facing enormous deficits
- Possibility of credit default and “bankruptcy” is receiving serious consideration in economic policy circles
- Future economic growth is uncertain
- Projections of state deficits in Kansas range into the hundreds of millions as soon as FY 2013
- Will Medicaid costs continue to drive state spending and exacerbate deficits?

Potential Growth in Kansas Medicaid

Total Medicaid Spending* (without the ACA's expansion)**

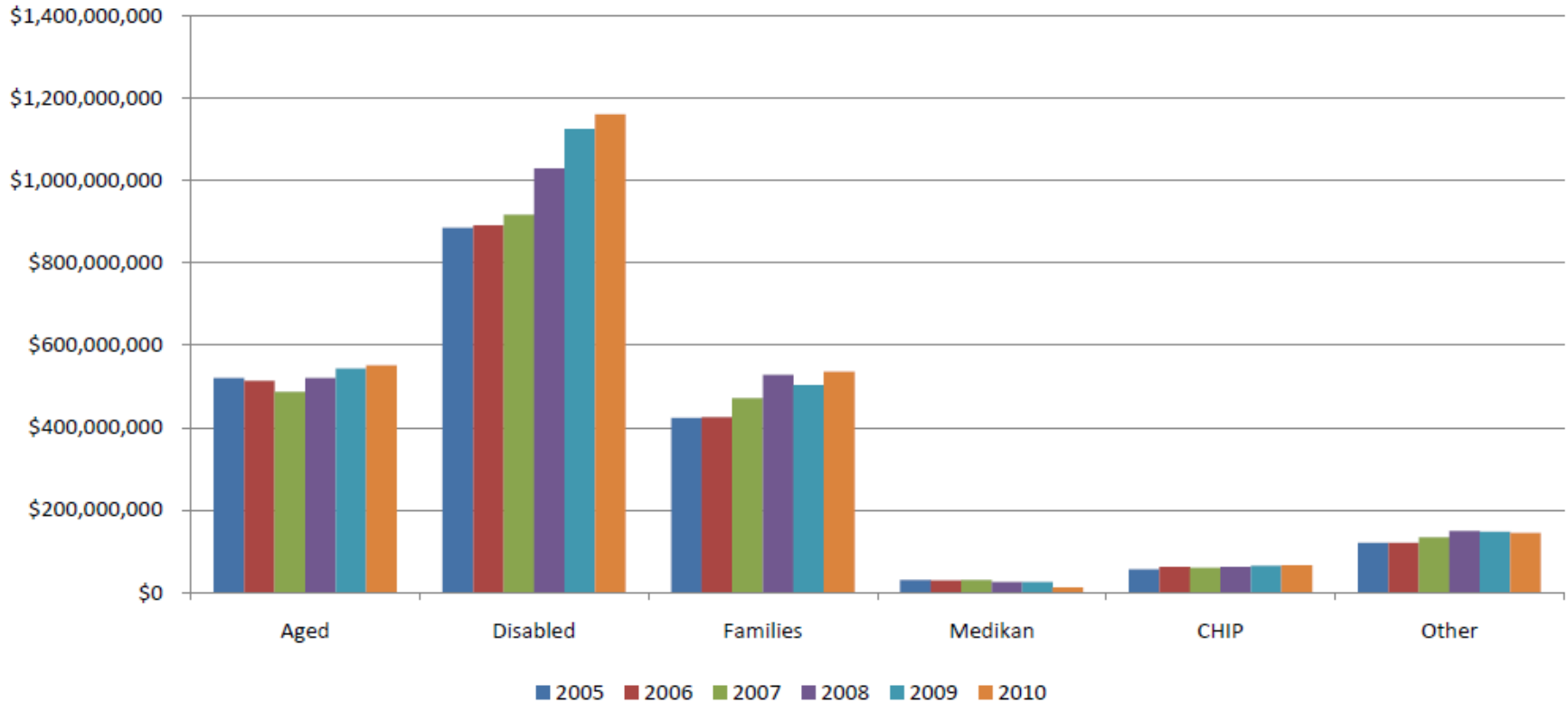


*Preliminary estimates. New projections are pending.

**The ACA's maintenance of effort provision prevents some state cost control efforts.

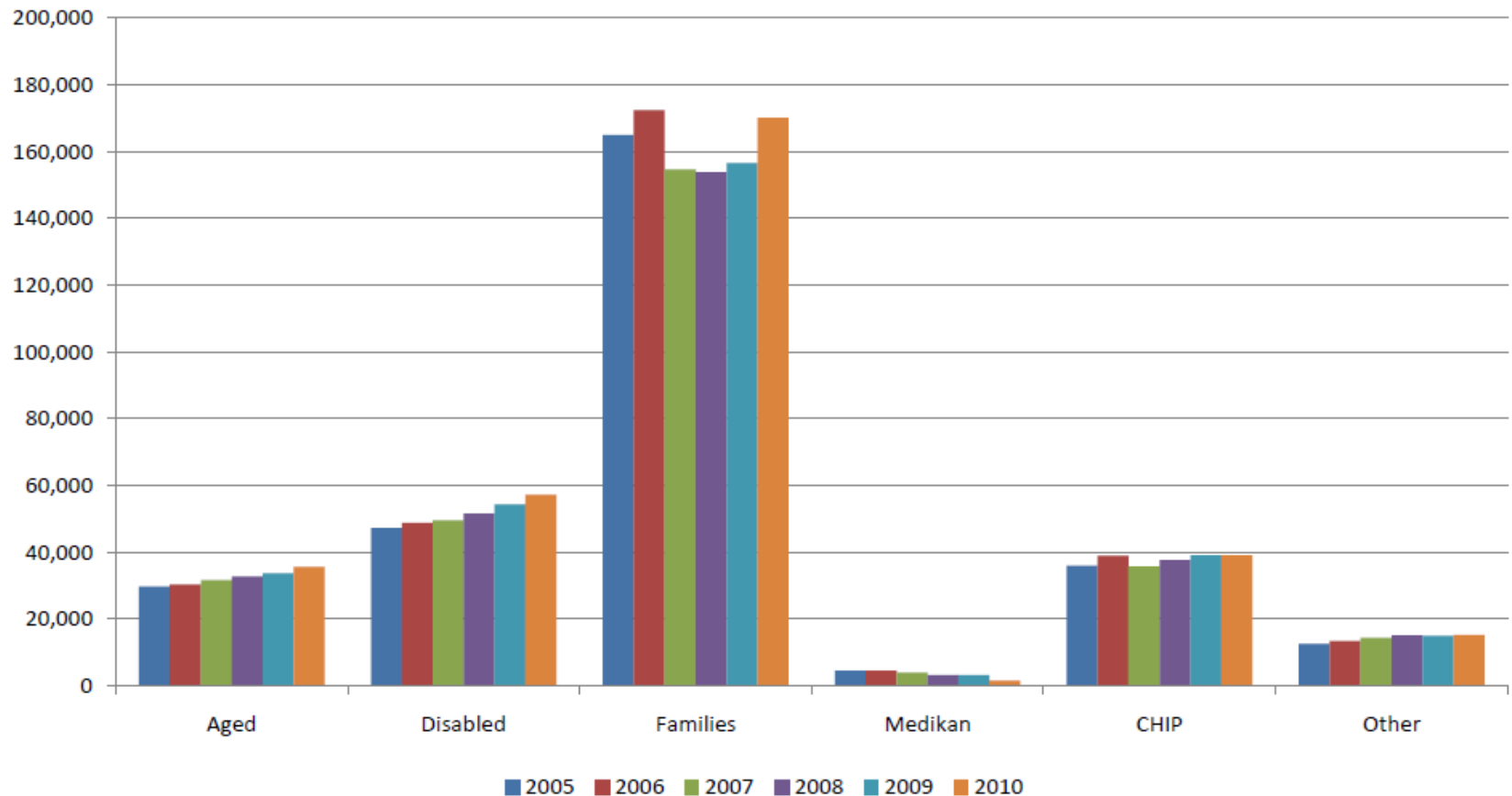
Recent Growth in Spending by Population

Medicaid spending by population 2005-2010



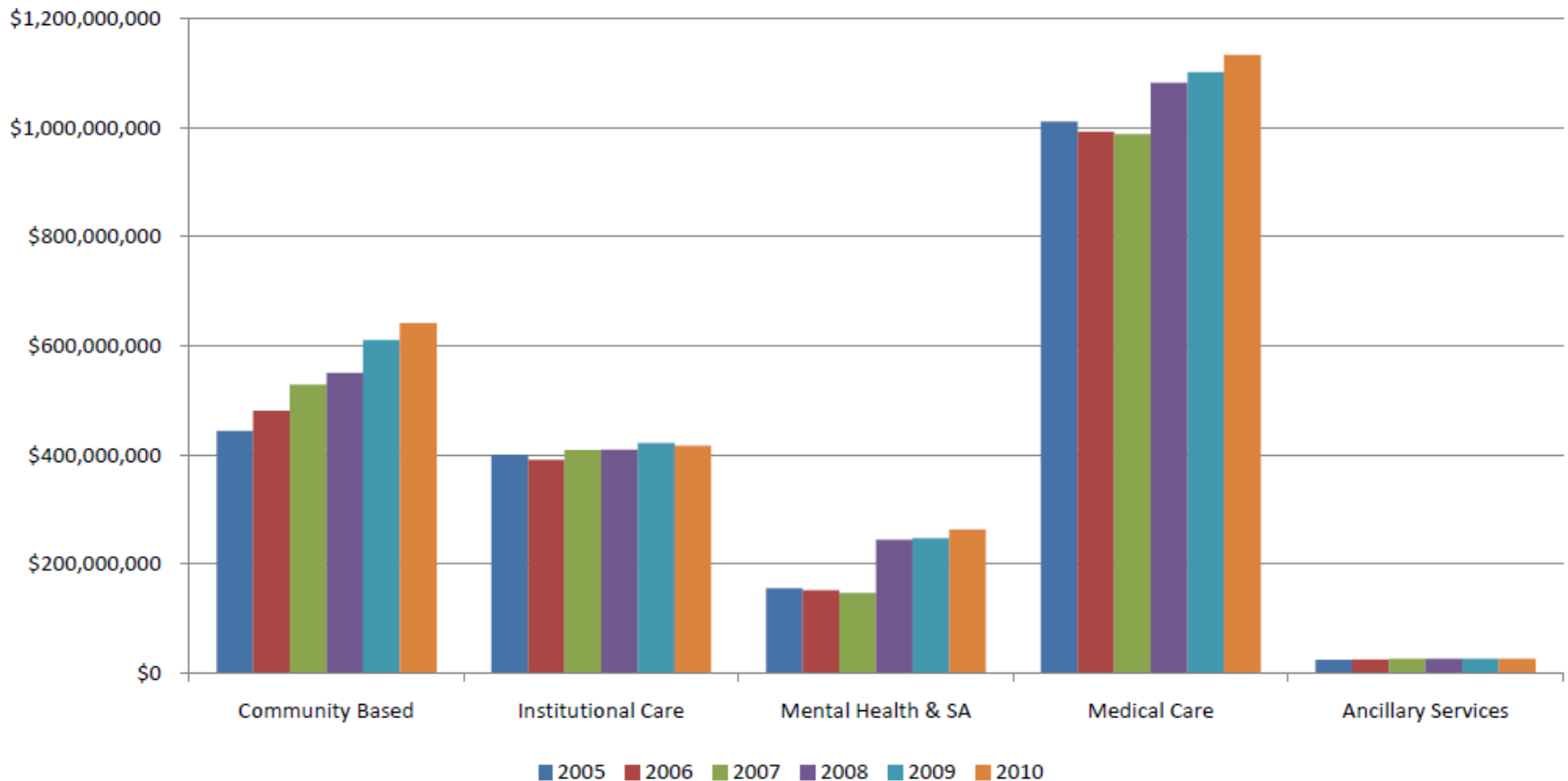
Recent Growth in Enrollment

Medicaid enrollment by population 2005-2010



Recent Growth in Spending by Type of Service

Medicaid spending by type of service 2005-2010





Concentrations of Program Dollars Across Populations and Services

Service	Population						
	Total Spending (SFY 10; \$ millions)	XXI-Children in CHIP	XIX-Adults and children	Disabled	Elderly	Other & MediKan	Total
Physical health		61	494	450	107	76	1,187
Behavioral health		4	33	102	12	32	184
Substance abuse		NA	8	7	0	7	22
Nursing facilities		NA	0	111	312	1	424
HCBS		NA	NA	479	121	8	608
Total		65	535	1,149	552	124	2,425



Existing Silos in Medicaid Service Delivery

		Population					
Service	Purchasing Program	XXI-Children in CHIP	XIX-Adults and children	Disabled	Elderly	Other & MediKan	Managing Agency
	Physical health	HealthWave MCOs	HealthWave MCOs; HealthConnect PCCM	HealthConnect PCCM and FFS	FFS	FFS	KHPA
	Behavioral health	CHIP MCO	PAHP	PAHP	PAHP	PAHP	SRS, KHPA
	Substance abuse	CHIP MCO	PIHP	PIHP	PIHP	PIHP	SRS, KHPA
	Nursing facilities	N/A	FFS	FFS	FFS	FFS	SRS, KDOA
	HCBS	N/A	N/A	PD, DD, TBI, SED, TA, Autism, and CBA waivers	FE waiver	TA, DD waivers	SRS, KDOA

Trends in State Medicaid Spending



- Long-run trends in Medicaid spending are driven by increases in both enrollment and spending per person
- Most spending, and most of the growth in Medicaid spending, is attributable to the aged and disabled populations
- The Medicaid cost crisis cannot be addressed without reducing growth in spending across all Medicaid populations, but especially among the disabled
- The state is in the midst of a sustained period of accelerated growth in the number of newly-disabled recipients as baby boomers reach the age of onset of acquired disability
- Medicaid spending is spread widely across service types, funding streams, and state agencies – often for the same population



Medicaid Cost Containment: Options

Avoiding unnecessary spending

- Available approaches to reduce Medicaid spending
 - Reduce payments
 - Reduce eligibility
 - Reduce range of services offered
 - Lower utilization through appropriate management and improved services
- Limitations on state flexibility
 - Eligibility maintenance of effort (MOE) requirement began in ARRA and was essentially made permanent in the ACA
 - Potential (but uncertain) restrictions on state flexibility to reduce payments
 - Vast majority of optional spending is for services that either improve health, lower overall costs, or could be protected by the MOE
- Remaining options are to redesign program payments, coordinate care, address unnecessary utilization and ensure positive incentives for both consumers and providers to achieve high quality care



Medicaid Cost Containment: Initiatives

Avoiding unnecessary spending

- KHPA solicited Medicaid cost-saving ideas in an open call in February 2010. Dozens of ideas were summarized in a Medicaid savings options report submitted to the legislature.
- KHPA hosted a Forum on Cost Drivers in Medicaid April 26, 2010 for stakeholders, providers, state agencies and legislators to identify sources of growth and discuss potential solutions.
- KHPA developed a Request for Information (RFI) to seek products and services from vendors that could reduce Medicaid costs (responses were due October 29, 2010).
- Governor Brownback has identified Medicaid spending as unsustainable, and one of three fiscal priorities to address the state's structural deficit
- Lt. Governor Dr. Jeff Colyer is leading an effort through the HHS Sub-Cabinet to remake Medicaid. The Administration solicited ideas for pilot programs and reforms to curb growth, achieve long-term reform, and improve the quality of services in Medicaid. A public stakeholder process will follow.



Medicaid Cost Containment: Keys to Success

- Recognizing the need for change
- Understanding the cost drivers and potential solutions
- Political ownership of the program and its challenges
- Strong leadership and a sustained effort
- Active engagement with Kansas health care community
- Timely action and fundamental changes
- Coordinating care across multiple conditions, services, providers, and units of government

What if it isn't enough?

- Medicaid was created in the fifth straight year of job growth, and during a 10-year stretch of continuous job growth
- Medicaid was expanded over 45 years of relative economic growth, including a few recessions
 - Passage of the ACA is a major exception
- Previous discussions about the role of Medicaid in economic downturns focused on the short-term nature of recessions, unemployment and enrollment spikes
- Supporting “baseline” state (and Federal) spending growth in Medicaid would require a new level of tax burden
- May require revisiting Federal limits, requirements and mandates

Next Steps

- Senate version of reform transferred the health reform debate to states, who now face many key decisions
- The fiscal base for both the ACA and Medicaid is weak
 - States are approaching fiscal crisis at varying speeds
 - Federal government is approaching a practical debt ceiling
 - Sustainability of Title XIX (Medicaid) is now in jeopardy
- Legal footing of the ACA is also uncertain
- States will need to explore the relationship between Medicaid's costs, needed reforms, and the ACA
- States will need either more money or more flexibility in order to balance their budgets
- Deadlines for tough state decisions are fast approaching

SRS full of Changes

- New team at the top
- Commitment to maintaining and improving quality of services
- New look to community and faith-based solutions
- Significant turnover of middle management staff and retirements
- Field office closures are political problem

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2012 Legislative Session Priorities

- Tax policy: reduce reliance on income taxes
- Grow jobs
- Medicaid reforms
- Redistricting
- What to do with Health Care Insurance Exchange legislation
- Lay the foundation for 2012 elections

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KOTA Legislative Concerns

- Protect OT practice rules and licensure
- Guard against encroachment by other providers
- Protect against provider reimbursement cuts
- Board of Healing Arts issues

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2012 Election Preview

- All 165 state legislators up for election
 - 40 Senate seats
 - 125 House seats
- Redistricting will consolidate GOP gains
- JoCo delegation grows some more
- Republican primaries are where the action is
- More expensive campaigns than ever
- Outside, third-party money exploding
- Federal election and national trends impact Kansas

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Become a KOTA Advocate

- Organization strength comes from individuals
- Occupational Therapists are constituents
- Occupational Therapists are voters
- You are the expert
- All politics is personal: Know your legislators
- Build your political capital

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Build Your Political Capital

- Know your candidates
- Your candidates should know you
- Help your candidates
 - Time is more valuable than money
 - Introduce them to voters
 - Make an endorsement
 - Don't forget to vote
 - Money is the mothers milk of campaigns

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Conclusions

- Political environment is highly volatile
- Future of Health Care Reform and Medicaid uncertain
- KOTA members are the best advocates for your profession