Presented by Senator Denning at the Senate Select Committee on Healthcare Access on October 23, 2019

SENATE PROPOSAL ON

State Innovative Solutions for Affordable Health Care

Health – *Improve*
Health Insurance – *Affordable*

October 23, 2019

Senate Select Committee on Healthcare Access

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OBJECTIVES

- The Senate position is a comprehensive approach to providing improved access to health care and health insurance
  - Establish means for the uninsured to become and stay insured
    - Both Medicaid and Non-Medicaid market
  - Sustainable for patients, health care providers, and payers
  - Ensure the private individual market is affordable
  - Create a seamless and more useful health care insurance market
  - Identify and track improved health matrixes for Kansas
  - Measure improved health care access and quality for rural Kansas

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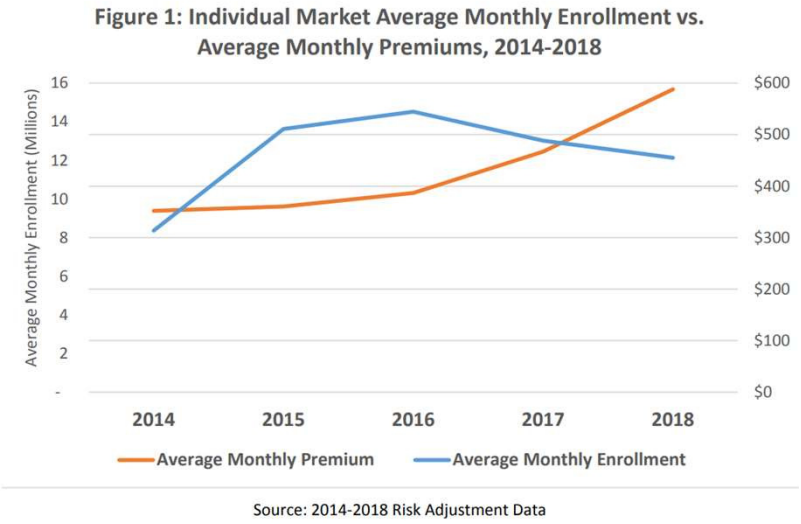

Source: CMS/CCIIO. Trends in Subsidized and Unsubsidized Enrollment. August 2019. https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/Trends-Subsidized-Unsubsidized-Enrollment-BY17-18.pdf

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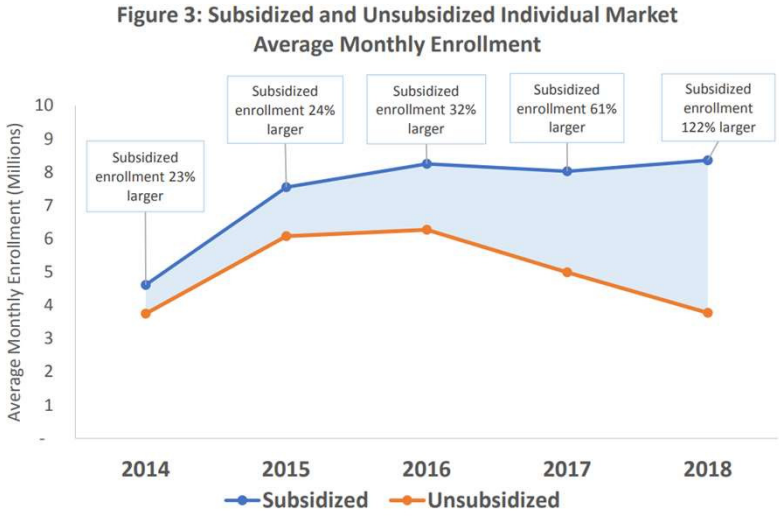

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Required Federal Waivers

1115 Waiver

- *Medicaid Expansion*
  - File CMS 1115 waiver for Medicaid Expansion
  - Kansas expands with 90/10 funding match
  - Expansion population to be covered under the same KanCare model as currently provided

1332 Innovation Waiver

- *Uninsured/Unaffordable Individual Market*
  - File CMS 1332 State Innovation Waiver
  - Provides reinsurance to plans sold on ACA Exchange
  - Makes insurance more attractive to the young/healthy
  - Has a more balanced risk pool
  - Consumer friendly plan design
    - Insurance before high deductible

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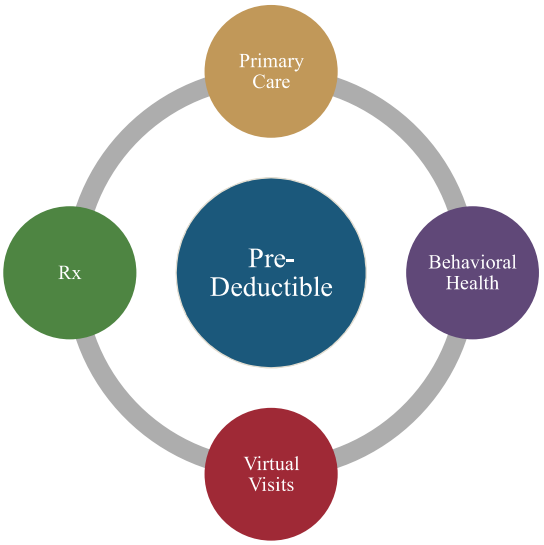
High Deductible Health Plan Ideas



Source: United Healthcare

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Action Items

- Super Waiver approach
  - Submission of the 1332 Innovation Waiver *together* with the 1115 Medicaid Expansion Waiver
  - Objective is to allow 100% - 138% of FPL to stay on private insurance rather than being forced onto Medicaid
  - Ask CMS to expand Medicaid to 100% FPL while we wait on decision of 1332 State Innovation Waiver
- The 1115 Waiver
  - Expanding Medicaid to those age 19-64 with the Federal 90/10 match
- The 1332 or 'Innovation' Waiver
  - Provide a state/federal funded reinsurance fund
  - Stabilize the Exchange private market
  - Re-creation of the Kansas High Risk Pool
  - Lower premiums in the individual market, benefiting unsubsidized consumers who are being priced out of affording health insurance
  - Promote competition in that greater stability makes participating in the individual market more attractive for carriers

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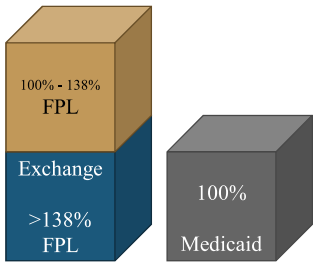
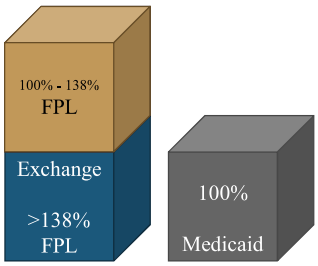
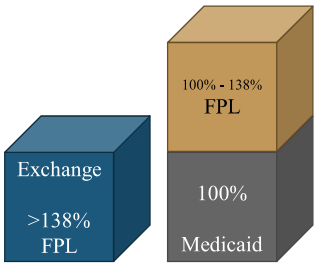
Super Waiver structured with "if, then" logic



1. Expand to 100% of FPL with 90/10 match and allow 100% - 138% to stay on the exchange.



2. Expand to 100% of FPL with 90/10 match and allow 100% - 138% *the option* to stay on the exchange.



3. Expand in standard fashion.

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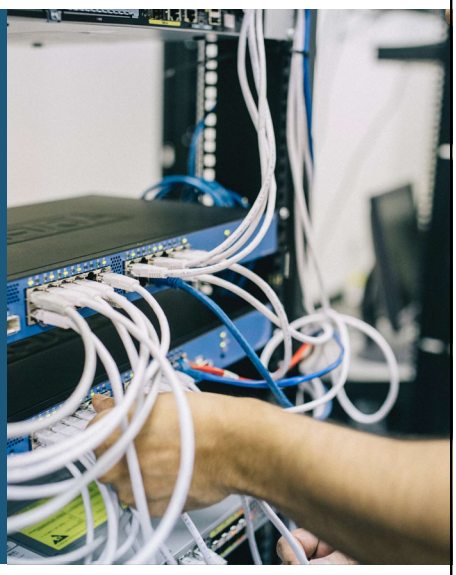
Animations on slide 8 cannot be depicted on handout

Provide a Pathway to Employment

- Integrate work assessment questionnaire as part of Medicaid application and eligibility process
  - Do you work?
  - If no, what is keeping you from working?
- Integrate with KansasWorks
  - Administered by the Department of Commerce
  - Connections with employers
  - Provide annual outcomes



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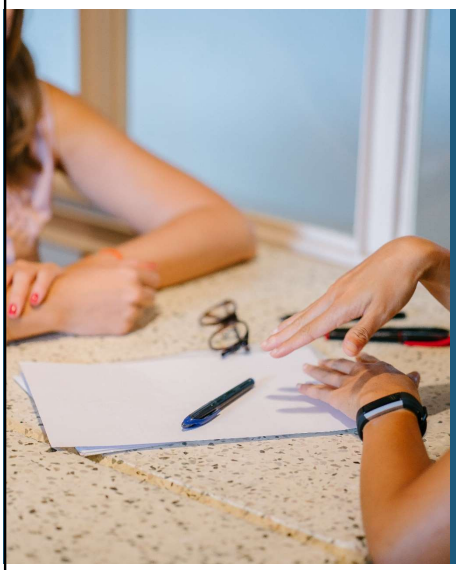

Workforce Development Assessment

- What is keeping you from working?
  - Does not have a high school diploma
  - Cannot find a job
  - Does not have transportation
  - Acts as a caretaker
  - Currently raising small children
  - Unable to find or afford childcare
  - Currently a full-time student
  - Physical, mental, or behavioral health problems
  - Other

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State Medicaid Expansion Pay-fors

State Share -10%	***$121 M***
Federal Share – 90%	***$975 M***
	$1.1 B

› MCO (HMO) 5.77% Tax	$63 M
› Current to Expanded	$23 M
› Drug Rebates *SB 231*	$4 M
› Hospital Tax *Surcharge approach*	$31 M
	$121 M

State Innovation Waiver Pay-for

› Tobacco/E-Cig/Vape Tax increase	$50 M

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Premium Payments vs Co-Pays

- Maximum amount of premium payments allowed
  - **<100% FPL** **0%**
  - **100% - 138% FPL** **5% of household income**
- Co-pays appear problematic and too costly to collect
  - Possible exception for unnecessary ER visit co-pays
- Collectable from tax return garnishments, gambling winnings, etc.
- Ask CMS if a non-emergency ER visit co-payment would be allowed in addition to the 5% premium
- Lock-out period

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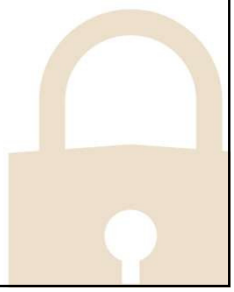
Lock-out Period

- For >100% FPL, patient cannot be eligible for Medicaid until first payment is made
- After 60 days of non-payment, patient is locked out for six months
- State will garnish tax refunds, gambling winnings, etc. for any balance due



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Department of Corrections

- Medicaid funding is used for inpatient services when the stay is longer than 24 hours
  - Inmate must meet all required eligibility criteria and have a qualifying event
  - Requires an application and supporting documents to be submitted
  - <5% eligible now. Post expansion >80% will be eligible
  - Could save DOC ~$2M annually
  - Local jails can participate as well
- KDOC facilitates the process for those transitioning out of a restricted setting and onto Medicaid, if they are eligible
  - Restricted settings include prisons, jails, mental institutions, and state hospitals
  - KDOC has automated interfaces to receive release information which triggers reinstatement of eligibility
  - Local jails can participate as well

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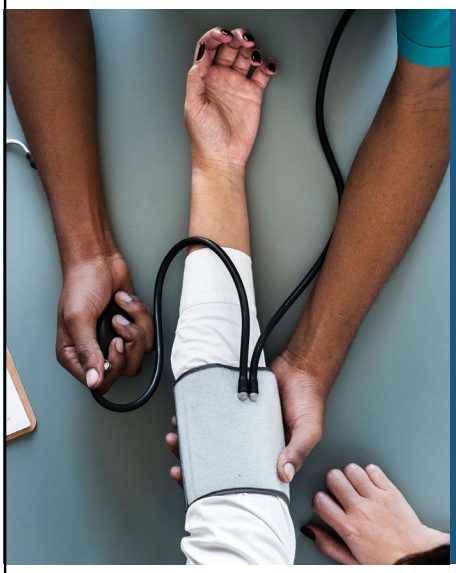

Tiering the Medicaid Plan

- Reward patients who have annual wellness exams, annual diabetic eye exams, medication compliance, etc.
- Based on patient behavior, MCOs to offer options such as Basic, Basic Plus, and Premium plans

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Require Managed Care Delivery System

- KanCare bidders cannot be discriminated against based on tax status
  - *Example:* For-profit vs. Not-for-profit
- Required, *or to be given a large positive weighting in contract award process,* if bidders sell product on the Exchange as well
  - Patients could easily move back and forth between Medicaid and Exchange plans

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Waiver Submission and Support

- Agencies submitting the waivers will support the legislative intent and fight for everything contained in the bill
  - No "wink/nod" maneuver with CMS
- CMS Waiver application(s) will be submitted to the health and budget standing committees of each chamber and to the LCC at least 10 days prior to submission

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Data Measurements

- *Economic Impact*
  - LPA to produce an annual report for the first two years on direct economic activity that can be measured in the SGF
- *Social Determinants of Health*
  - Follow up on program initiatives based on the data received

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THE GUARDRAIL

- The entire program terminates if Federal Match/FMAP is modified below the 90% level
- Non-Severable

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FMAP STABILIZATION FUND ON EXISTING MEDICAID FUNDING *SB2*

- Any funds recovered from the federal government as a result of the pending lawsuit Texas v. United States, no. 7:15-cv00151-O will be deposited into the stabilization fund
  - Roughly ~ $30M
- In years when FMAP increases and results in lower state expenses for Title XIX programs, the bill would require a transfer of the amount of those savings **to** the new stabilization fund
- In years when the FMAP decreases and results in higher state expense, the corresponding dollar amount of increased state responsibility would be transferred **from** the stabilization fund to the State General Fund

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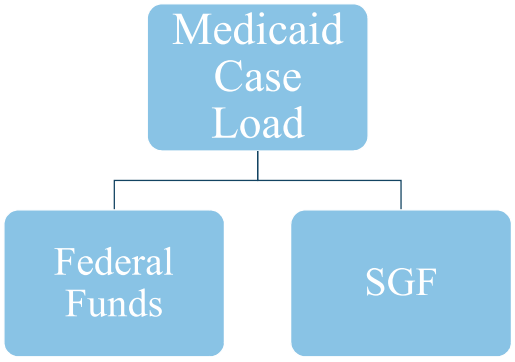
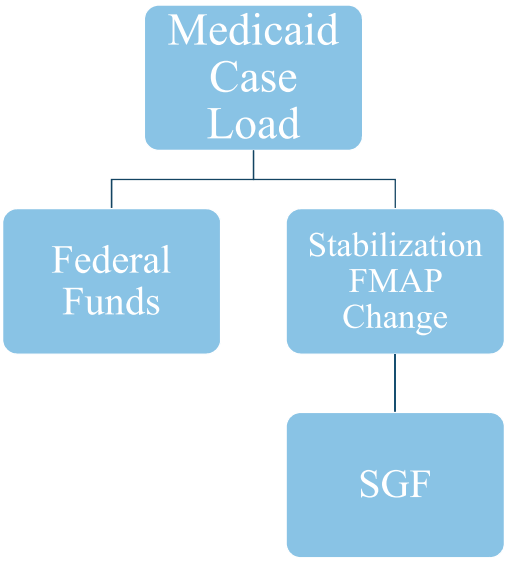
Without Stabilization Fund



With Stabilization Fund



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Rural Healthcare

- Rural Hospital Structure
  - Federal modified model
  - Develop innovation waiver with different physical structure and Medicare payments structure
- Provider tax unique to and from critical access hospitals
  - Re-allocated to keep them whole under a value-based method
- Demonstration Project

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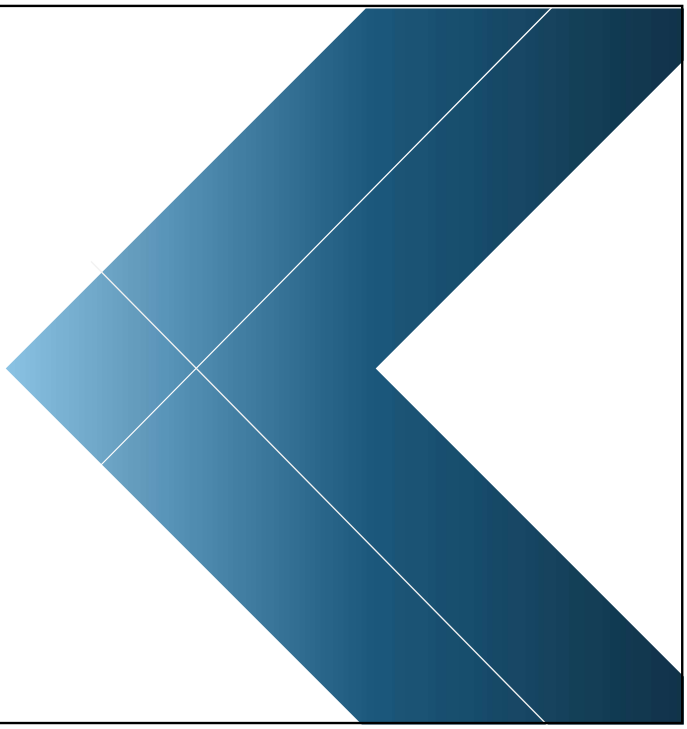
QUESTIONS?



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