# TESTIMONY

Date: February 8, 2018

Before: Committee on Health and Human Services

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Regarding: House Bill 2591

Mr. Chairman and members of the committee, thank you for the opportunity to provide feedback on HB 2591. We strongly encourage the state of Kansas to continue on their groundbreaking, innovative path toward comprehensive, coordinated care for the Medicaid beneficiary by moving forward with the current RFP and procurement process currently underway. A reprocurement of the Medicaid contracts provides the state with an opportunity to level set their Medicaid program, their desired outcomes for beneficiaries, their benefit structure, and to build a system that ensures the right service at the right time for the right person.

Kansas, like many states, wishes to build on and strengthen its KanCare program, including better care coordination and savings in the Medicaid budget. An integrated, capitated managed care model provides several advantages for Medicaid beneficiaries across the nation. Examples of successes in other states include:

- In New Jersey, since implementing the long-term care program for the ABD population in 2014, the scope and availability of services for the population group has increased. Specifically, of the 48,000 ABD beneficiaries that are enrolled in the state's long-term care program, 30,000 are receiving community-based care.
- In New York, 90 percent of the ABD population served by the state's long-term care program reports their functional ability has stabilized or improved over a six- to 12-month period.
- In Texas, from 2010 to 2015, capitated managed care payments for the ABD population resulted in savings of $3.8 billion, or 7.9 percent of estimated fee-for-service expenditures. When Federal Medical Assistance Percentage (FMAP) and premium tax revenue were taken into account, the estimated savings to the state from managed care during this period was $2 billion, or 10.2 percent of the state's share of projected fee-for-service expenses.
- In Pennsylvania, the managed care program strongly relies on capitation payments for its ABD population and was found to generate more than $3 billion in state savings relative to fee-for-service between 2000 and 2010. Moreover, the state expects similar savings from the program from 2016-2020 in the amount of $3.8-$4.4 billion compared to fee-for-service.

Continuing the current RFP process enables Kansas to continue building its comprehensive, coordinated system of care, while also ensuring it is person-centered. By applying these principles to the healthcare system, the state will achieve budget predictability and improve the quality of care and outcomes for the Medicaid beneficiaries served. This coordinated system of care also provides the state with the opportunity to clearly set out its expectations and metrics in the managed care contract with ongoing and timely monitoring. A true partnership between the managed care organization, the state and the members served is the only way to improve the

system. Returning to a standard fee-for-service system or a limited managed care program continues the fragmentation and higher costs for your system of care. The RFP process and routine competition enables the state to choose health plans that put the member at the center of their activities beginning with care planning and case management. The health plan is only successful when the health status of the member improves or is stabilized.

In addition, continuing to invest in KanCare and its growth enables better relationships and resources for the provider community. Health plans are dependent on the provider network in the state, including case managers. It is important to ensure health plans are not taking the provider community "for granted" and that there is a true partnership between the health plans and the providers. Support systems for providers that enable them to better care for their patients and become financially successful should be the goal of the state and the health plans. Value Based Purchasing programs that meet providers where they are – enabling them to evolve and grow ultimately into patient centered medical homes and participate in the savings achieved when their members' health improves -- is a vital part of managed care.

It is important for the state to carefully review the reasons for the budget increases under managed care. While we believe strongly that managed care—full comprehensive coordinated care—is the only way to achieve the Triple Aim of improved healthcare, efficient healthcare and lower costs, it is not going to eliminate cost increases due to the increased number of beneficiaries or changes imposed by the federal government such as the insurance tax.

Managed care does provide predictability per member per month. Managed care is a system that efficiently and effectively uses the taxpayer dollars entrusted to the Medicaid program. ***By not providing competition, in fact delaying any competition or innovation for three years, and by not moving forward on the current RFP process, Kansas is guaranteeing a continuation of the same programs, the same problems and the same issues that the state is currently undergoing. It is only by open and transparent competition that the state will be able to ensure compliance with its goals and requirements.***

Governor Collyer, as Lieutenant Governor, led a yearlong review of KanCare through the KanCare Improvement Working Group. This review involved stakeholders and allowed an in-depth review of issues facing KanCare and created suggestions on how to improve and expand the program. Extending the current program for three years will delay innovation and deny Kansas the opportunity to take advantage of competition to improve the program.

Accountability is vital and must be an ongoing, significant part of the managed care program. A managed care plan being held accountable to its customer, the state, is vital to ensuring innovation, compliance and creativity.

Finally, managed care is an investment—an investment in the healthcare system, an investment in the provider community, and most of all, an investment in improving the healthcare status of a very complex population. It is not something that can be done overnight, nor is it something that can be done without constant monitoring, reviewing and revising. However, done right, we can achieve the ultimate goal—a healthier community.

Thank you.