Approved: February 12, 2008
Date

MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE

The meeting was called to order by Chairman Brenda Landwehr at 1:30 P.M. on February 6, 2008 in Room 526-S of the Capitol.

All members were present except:
Representative Kiegerl, excused
Representative Colyer, excused
Representative Quigley, excused
Representative Hill, excused

Committee staff present:
Dianne Rosell, Revisor of Statutes Office
Melissa Calderwood, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Chris Haug, Committee Assistant
Shelley Barnhill, Committee Assistant

Conferees appearing before the committee:
Fred Schuster, US Department of Health and Human Services
Admiral John Babb, Regional Health Administrator, US Dept. Of Health and Human Services
Patrick Cogley, Regional Inspector General, US Dept. Of Health and Human Services
Mandy Hanks, Centers for Medicare and Medicaid Services for State of Kansas, US Dept. Of Health and Human Services
Robert Epps, Centers for Medicare and Medicaid Services (Provider Liaison), US Dept. Of Health and Human Services

Others Attending:
See Attached List.

Bill Introductions - Representative Flaharty, Introduced a bill on Family leave and making it easier to take leave, fashioned after state of Washington. Representative Morrison Seconded. Motion Carried.

Fred Schuster, Regional Director US Department of Health and Human Services, thanked the chair for the opportunity to come and present every year. They had originally had someone from the Food and Drug Administration and Aging and someone from ACF that handles children's issues to come but they were unable to come because of the weather. He then turned it over to Admiral John Babb for the first presentation.

Admiral John Babb, Regional Health Administrator, Health and Human Services. His presentation is attached as (Attachment 1). Representative Flaharty stated that better health will improve quality of life for an individual. Recently she read a remark last weekend that while that was great for the individual it wouldn't save the state more money because the longer life will cost the state more money. Admiral Babb saw the article and he knew that was going to come up. He said, "It's downright inconsiderate for us healthy folks to continue to live". Vice Chairperson Mast asked about two things. "I saw an article recently about radon killing more people than 2nd hand smoke. Can you verify that?" Admiral Babb said he couldn't verify that, but could find out. Second question was about how much money will it cost the state to pay for people on Medicaid. Admiral Babb said Medicaid pays for the health related costs associated with smoking, but it doesn't pay for cigarettes. Chairperson Landwehr asked for a copy of what he presented so the secretary would have it for the minutes. He will provide this.

Patrick Cogley, Regional Inspector General for the US Department of Health and Human Services. Mr. Cogley gave an overview of what his office does and focus's on. His presentation is attached as (Attachment 2). Chairperson Landwehr asked if he could give an example of a contingency fee contract. Mr. Cogley said one in particular in Kansas that is no longer in place but the contingency contractor about 5 years ago was in the area of child welfare services under Medicaid and there was a state only program at the time and the contingency fee contractor saw their were federal dollars available if you rolled it into Medicaid they would be eligible for Medicaid. They were trying to complete a retro-active claim and tried to go back several years and put together a claim. There are agenda's are basically to find untapped federal dollars. We are looking

at the provider area and are trying to make sure providers are billing for eligible services and in the correct amounts. Representative Otto had a concern about the emergency care for illegal aliens from a hospital perspective, to me someone comes in with pneumonia, do they give them a couple of pills and push them out the door. To me, if someone comes in for emergency care, they should get them well enough to get them out the door. Mr. Cogley said every hospital has to treat an emergency. The hospital is in a catch 22. Basically the issues we are looking at are there are some states put them in a medicaid program, give them a medicaid, card for a temporary basis and then they go out and get doctors services 2 or 3 months later. Chairperson Landwehr mentioned that he said every hospital has to treat an emergency. We have a unique situation in KS where we have speciality hospitals. Mr. Cogley said they would have to have an acute care facility.

Chair person Landwehr asked what does ACF stand for? Mr. Cogley said, Agency for Children and Families. Chairperson Landwehr asked if he could elaborate on the DSH payment issue. Mr. Cogley said DSH is Disproportionate Share for Hospitals. It's money to compensate for uninsured. There is both Medicaid and Medicare DSH money. Most common they are intercity hospitals in intercity where you have poorer, uninsured people. In the early 1990s legislation said that states can't give DSH money to hospitals with utilization rate under 1%. There were some state mental hospitals involved. There is a big population that is the state's responsibility and the federal government won't cover them under Medicaid. It is a certain age group that falls under the state's responsibility.

Mandy Hanks, Centers for Medicare and Medicaid Services for State of Kansas. Ms. Hanks gave an overview of the Medicaid program with the US department of Health and Human Services. Her presentation is attached as (Attachment 3). Rep. Ward asked how much DSH dollars KS has but hasn't spent. Ms. Hanks said for 2007 it is 2.9 M. Rep. Ward asked about the graduate medical education regulation being postponed, how long has it been postponed? Ms. Hanks said it has been postponed until May 25, 2008. Rep. Ward asked when it was postponed. Ms. Hanks did not know, but said she would find out. Representative Storm said that Representative Ward asked about the 2.9 M. I believe you said you received it in the past tense. Which is it? Ms. Ward said the state receives a 2.9 M allotment that we have. Representative Ward said, "I'm confused, I don't understand how we get this money"? Ms. Hanks stated you can only use 2007 DSH dollars for services in 2007. Representative Ward asked if there is a state match required to get this money. Ms. Hanks stated the way she understood it is an allotment to the state. She said she would do more research and get back to us. Representative Ward wanted to know how we go about accessing the money. Andy Allison, Deputy Director of Kansas Health Policy Authority said the Federal DSH allotments are a ceiling on the federal matching dollars that are available. So it's not like an unmatched federal grant that we haven't received. Representative Ward asked why wouldn't we be able to use it? Mr. Allison said there were not enough hospitals that qualified for the match. Representative Ward wondered if it was a state designation or federal designation, who does the qualification that shorts us the 2.9 million? Mr. Allison said it was a state designation subject to federal rules. The formula is up to us. We endeavor to work with hospitals to initiate a new methodology that will always use all of the available dollars. That proposal is now at CMS for review. We submitted that in September. Representative Ward asked for clarification, the plan has been redone so we don't loose out on the 2.9 mil again. Can we go back and get that 2.9 mil because there are a lot of hospitals that would benefit from that. Mr. Allison did not think we could do that. Chairperson Landwehr said if there is money available that we could to back on, it is worth it to pursue. Our fiscal year and the federal fiscal year are different. Ours is July 1 and theirs is October. Mr. Allison said he could get a response back to the committee if there are any dollars we can get back. Representative Crum asked what our disproportionate share was in 2007. Mr. Allison said there is a portion we devote to state mental institutions and I think that is 16M. The portion going to community hospitals is about 44 million per year, all funds.

Robert Epps, Centers for Medicare and Medicaid Services (Provider Liaison) - Mr. Epps gave a presentation on Medicare Updates. This presentation is attached as (Attachment 4). Mr. Epps said he was aware of a large public hospital in New York City that added a large area next to their emergency room for cost savings or cost control. The way it worked in Kings County Hospital in NYC, involved patients being pulled out of acute setting and placed in an outpatient setting. This hospital received 90% of their money from Medicaid. Chairperson Landwehr said, " the hospital I am most familiar with, you come into door, they ask what your issue is, they take your vitals then they do your paper work for admissions. At what point do they make a triage decision that it really is an emergency. A lot of times what happens is you've got working parents that cannot get out from 8-5 and the doctors in the ER all that are available." Mr. Epps didn't know the answer to that. Chad Austin said what he thought the chairperson was referencing were the Impala rules. If someone comes into the hospital, we have to assess them. Chairperson Landwehr said, "Once you are into

that the billing starts. If we could get these folks to a clinic we could save some money. Do we need to request a waiver of, or a pilot program and see how it works?" In Wichita we actually had a hospital that put a clinic right next to an ER, but once they hit that ER door, they can't shift them down. Right now they are doing 6 days a week from 5 to midnight. A lot of kids end up in the ER because of working parents. Representative Trimmer asked about the statement about not covering or reimbursing any institutionally acquired infections. Mr. Epps said there was a menu going forward from October. There is a relatively small menu of specific hospital required conditions. The plan would be if this works it would be expanded. There are a limited number of conditions. Representative Crum asked, "could you give us an overview of the physical liability of Medicare regarding prescription drug plans in place. Are the premiums charged to medicare recipients in any way cover the cost to CMS?" Mr. Epps said, "in no way shape or form." Medicare in it's current fiscal state is not sustainable. Legislation passed in 2003, one feature said when 45% of total medicare expenditures come from general fund sources, a trigger mechanism goes into affect and obliges the President to come forth with a plan to get it back under the 45% threshold. The last two trustees reports have indicated we have tripped over that threshold. Representative Crum asked if the president acted. Mr. Epps said he wasn't sure. Representative Crum asked if congress is obliged to take any steps to put the medicare program on a more sound footing. Representative Otto said he heard a TV program that our national dept is 10 trillion but when you throw in our commitment it is 58 trillion. Mr. Epps said he has heard that figure. He said Medicare and Social Ssecurity have a lot of similarities, they are both driven by the demographics of the baby boomers. Chairperson Landwehr asked about the open enrollment that medicare and advantage plans offer in the Fall, that companies are required to explain every plan. Why do you have to do every single plan? It also has to be a face to face explanation. Mr. Epps said he was not aware of this. He said he would find out about this.

Chairperson Landwehr asked Ms. Hanks about the GMD program. Could she elaborate on the changes? Ms. Hanks said that Medicaid will not be a source of funding for graduate medical education so with physician training programs, medicaid will not be funding.

Chairperson Landwehr adjourned the meeting at 2:50 p.m.