Senate Public Health and Welfare Committee

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SB 122

Presented by:

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Testimony of:

Secretary Laura Howard
Kansas Department for Children and Families
On Behalf of DCF and KDHE

Testimony on:

SB 122

Chair Suellentrop, Vice Chair Berger, Ranking Member Bollier and Members of the Committee:

My name is Laura Howard, and I serve as the Secretary of the Department for Children and Families (DCF). Today I will be providing joint testimony on behalf of DCF and the Kansas Department of Health and Environment (KDHE). Both agencies appreciate the opportunity to provide input on SB 122.

SB 122 would require KDHE to contract with a non-profit managed care organization (MCO) to administer our state Medicaid services for children in foster care. This single foster care managed care organization would be operational by July 1, 2020. As the state agency that manages all the foster care contracts, DCF will be significantly affected by the bill as well.

The objective of this bill appears to be well intentioned, but there are likely to be unintended consequences related to the passage of this bill. While we understand and support the need to have coordinated services for the children in foster care, we want to ensure that this committee is aware of the impacts this bill would have were it to pass.

There are several operational issues that arise should KDHE have to implement SB 122. Some of these relate to their partnership with the Centers for Medicare and Medicaid Services (CMS), some involve the two large systems we use for eligibility and program management – KEES and MMIS – and others relate to the resources needed to complete a large procurement and implement the managed care program this bill envisions.

Federal regulations governing the Medicaid program require that any beneficiary who is required by a state to be in a managed care program must be offered a choice of at least two managed care entities. (42 CFR 438.52) To waive this regulation, we would need to amend our existing 1115 waiver, a process that requires us to notify CMS four months in advance of submitting the waiver amendment and then some months afterward negotiating the amendment with them.

This bill does not consider youth who are of Native American descent. Section 5006(d) of the Recovery Act mandates these youths have a choice to opt out of managed care. It is unlikely that CMS would waive this requirement for these youths.

To comply with the requirements of the bill, KDHE would also have to make changes to both the eligibility system, KEES, to allow a fourth MCO as a choice, and to the managed care assignment logic in the MMIS to default all foster care youth to the 4th MCO. Both systems already have numerous changes in the pipeline that would either have to be put on hold in order to enact the necessary changes for this bill or would delay the implementation date of this bill. KDHE is implementing the new Kansas Modular Medicaid System (to replace our existing MMIS). For that project to meet its implementation date, a coding freeze is in place. Changes necessary to implement this bill will either push back KMMS implementation or will be delayed beyond the date noted in the bill.

The implementation date this bill envisions would not allow for the time such a procurement usually takes. There are numerous steps in such a process, each of which can take a few weeks or a few months. These steps include:

- Development of an RFP
- Approval of RFP by CMS
- Submission of bids
- Evaluation of bids
- Negotiation
- Awarding a contract
- Obtaining CMS approval of the contract

Adding a fourth MCO and transitioning all foster care youth to the new MCO will take some time. The original implementation of KanCare occurred six months after contract signing. Bringing Aetna up to replace Amerigroup has also taken six months.

All children and youth taken into DCF custody are provided a medical card (if they are already enrolled in KanCare, they are enrolled into a new medical program) and are assigned to an MCO. Anywhere from 54 to 68 percent of children entering foster care each month (approx. 200-300 children) are already on KanCare. This bill would require the MCO to change when the child enters DCF custody, and change again when they are released from or age out of foster care, which could result in a complicated process for families and possible delays.

Children and youth in foster care are often on one of the HCBS waivers; this bill would add a fourth MCO for these providers to work with when most of these providers currently complain about dealing with three MCOs (this applies to any provider serving children and youths om Foster Care). This could also result in a gap in coverage and affect continuity of care. Currently, all children on HCBS waivers or who have chronic

health conditions have a designated care coordinator with the MCO to which they have been assigned; this bill as proposed could result in a needed change in care coordinator, which could cause delays and interruption of already established relationships with existing designated care coordinators.

In addition to administering state medicaid services, any bidder for the medicaid contract would also be required to provide and coordinate services that promote employment, housing, education, food security, transportation, transition to adulthood, and coordinate with the judicial system. These services are currently provided by DCF and our case management contractors and would require substantial and often duplicative work to coordinate between the department, its contractors and the court if an additional MCO-associated case manager were added to the team.

DCF and KDHE are neutral on SB 122. We appreciate the intent of this legislation but are extremely wary of the unintended administrative consequences of implementing it. I appreciate the opportunity to testify on behalf of DCF and KDHE on this very important issue facing our state's child welfare system and am happy to answer any questions.