

AUDIT PROPOSAL
**Medicaid: Evaluating Issues Related to KanCare and Other
Important Components of the State's Medicaid System**

SOURCE

The objectives included in this proposal were either requested or suggested by individual legislators or legislative committees.

BACKGROUND

Launched in January 2013, KanCare is the program through which the State of Kansas administers Medicaid. KanCare offers health care for people with limited income, which may include pregnant women, children, and low-income families with children. The Kansas Department of Health and Environment (KDHE) and the Kansas Department for Aging and Disability Services (KDADS) jointly administer KanCare. KDHE maintains financial management and contract oversight of the KanCare program, and KDADS administers the Medicaid waiver programs for disabilities, mental health issues, and substance abuse problems, as well as overseeing the state hospitals and institutions.

As the state's Medicaid program, KanCare focuses on providing person-centered care coordinated through three private managed care originations (MCOs): Amerigroup of Kansas, Inc., Sunflower Health Plan, and United Healthcare Community Plan of Kansas. The state also contracts with Maximus, a private company that processes the state's Medicaid applications and provides support services during the eligibility process.

Developed and administered by the Kansas Department of Health and Environment (KDHE), the Kansas Eligibility and Enforcement System (KEES) was intended to create an information system to help determine eligibility for the state's Medicaid program (KanCare) and a variety of social service benefits. In December 2015, our office released an audit which found that the core of the KEES project was approximately two and half years behind its original implementation schedule. The audit also found that some important components of KEES had been significantly postponed or reduced.

In November 2016, members of the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight heard testimony about the strengths and weaknesses of the KanCare program, including the KEES system. That testimony, in combination with legislators' communication with KEES users and constituents, raised several concerns about the automation, efficiency, and accuracy of KEES.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below represent the questions that we would answer through our audit work. The proposed steps for each objective are intended to convey the type of work we would do, but are subject to change as we learn more about the audit issues and are able to refine our methodology.

Objective 1: What effect did transitioning to KanCare have on the state's Medicaid costs, the services provided, and client health outcomes? Our tentative methodology would include the following:

- Work with officials from the Kansas Department of Health and Environment (KDHE) and the Centers for Medicare and Medicaid Services (CMS) to identify any available metrics used to track Medicaid costs, services provided, and client health outcomes in the state.
- Review available metrics for the last 5-10 years to identify any significant changes to the state's Medicaid costs, services provided, or client health outcomes before and after KanCare was established.
- Survey a sample of health care providers and Medicaid clients to collect their opinions on the effect transitioning to KanCare had on the state's Medicaid costs, services, and outcomes.
- Interview officials from the Kansas Health Institute, Kansas Hospital Association, Kansas Medical Society, and other medical stakeholders to collect their opinions on the effect transitioning to KanCare had on the state's Medicaid costs, services, and outcomes.
- Based on that cumulative work, determine what effect transitioning to KanCare had on the state's Medicaid costs, services provided, and client outcomes.

Objective 2: How does Kansas' Medicaid and Medicare coverage compare to other states for a select sample of services? Our tentative methodology would include the following:

- Review Medicaid and Medicare benefit summaries and work with CMS and KDHE officials to select a small sample of common services covered by Medicaid and Medicare in the state.
- For the sample, review documentation and work with CMS and KDHE officials to determine how much Medicaid and Medicare will reimburse for the sample of services.
- Work with officials from KDHE, CMS, and a sample of other states to identify any differences in Medicaid and Medicare coverage and reimbursements, and the reasons why any differences exist.

Objective 3: Are reports and notices produced by the Kansas Eligibility Enforcement System useful and reliable? Our tentative methodology would include the following:

- Work with KDHE staff to develop an understanding of the types of reports that are produced by the KEES system and how they are used.

- Work with a sample of entities that receive reports out of the KEES system to identify reports they do not consider useful or reliable.
- For reports that are not considered useful, work with KDHE staff and the entities that receive the reports to identify ways they could be improved or to determine if they should be eliminated.
- For reports that are not considered reliable, work with KDHE staff and review system documents as needed to understand the controls in place to ensure the reliability of these reports.
- Compare a sample of reports to other records or information to determine whether the controls are working as intended.
- Follow up with KDHE staff as necessary to determine the root cause of any control failures we identify through our test work.

ESTIMATED RESOURCES

We estimate this audit would require a team of **four (4) auditors** for a total of **six (6) months** (from the time the audit starts to our best estimated of when it would be ready for the committee).