



MARCIA J. NIELSEN, PhD, MPH
Executive Director

K A N S A S
KANSAS HEALTH POLICY AUTHORITY

ANDREW ALLISON, PhD
Deputy Director

September 22, 2006

Dear Medicaid/HealthWave Provider and Community Partner,

At the end of August, the Kansas Health Policy Authority (KHPA) announced two new managed care providers for beneficiaries in the state Medicaid and S-CHIP programs (HealthWave Title XIX and Title XXI Managed Care Services). The Authority awarded a statewide contract to UniCare Health Plan of Kansas, Inc. and a contract to Children's Mercy Family Health Partners for the Northeastern and Southeastern (Regions I and II) of Kansas. ***These contracts will begin on January 1, 2007.***

Our goal is to provide all of our partners with information as we work together to deliver quality health care to Kansans. To that end, I am providing you an update on our plans to implement this contract in order to ensure a smooth transition. In addition, I hope that the enclosed attachment will be helpful in providing answers to several frequently asked questions (FAQs). All information on the Medicaid transition will be available and updated daily on our new website, www.khpa.ks.gov, beginning September 27, 2006.

- ***Commitment to serving Kansans:*** The HealthWave program provides funding for medical care and preventive services that low income families in Kansas could not otherwise afford. The success of the HealthWave program in meeting the needs of these families relies on providers' willingness to accept these funds and serve our beneficiaries. We have made significant progress in meeting the health care needs of uninsured Kansans, in large part because of your cooperation. Our legal obligation to engage in a competitive bidding process and our commitment to provide the enhanced services possible through managed health plans brings us into this period of transition. We understand that these changes are real, but they do not change our commitment to provide beneficiaries with the widest possible access to care. To meet those commitments, we need your support and participation.
- ***Building an adequate provider network:*** The MCO provider network is the key to ensuring that beneficiaries continue to receive needed health care. We encourage you to contract with at least one, if not both, of our new MCO partners soon to ensure a smooth transition and adequate access for the low-income families we serve. Of course, you will need to make business decisions about contracting with either Children's Mercy Family Health Partners or UniCare or both. The new MCO contracts will begin **January 1, 2007** for Medicaid, HealthWave and some HealthConnect Kansas (HCK) beneficiaries. I understand this will require many of you to make a timely decision about contracting. Please know that we have heard your concerns about the timing of the contract and the capability of the MCOs to build an adequate provider network. Ensuring an efficient transition is the most urgent priority for the KHPA, and we will be working closely with our partners to continue implementing our detailed transition plan.

Address: Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

**Medicaid and State Children's
Health Insurance (SCHIP) Programs:**

Phone: 785-296-3981
Fax: 785-296-4813

**State Employee Health
Benefits and Plan Purchasing:**

Phone: 785-296-6280
Fax: 785-368-7180

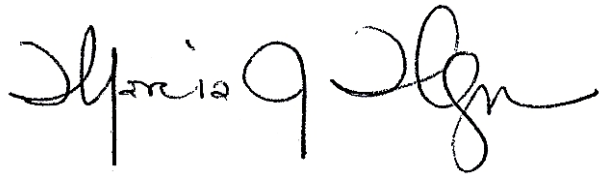
State Self Insurance Fund:

Phone: 785-296-2364
Fax: 785-296-6995

- **Transition team:** We have appointed a dedicated full time transition team to monitor the implementation of the new contracts, with a specific emphasis on provider network development. This team is led by one of my senior directors and will include invited participants from UniCare, Children's Mercy Family Health Partners, EDS and key Kansas stakeholder associations. The transition project team will be monitoring the implementation of the new contracts, with a specific emphasis on provider network development. This group will receive weekly updates and identify issues that need to be resolved by the MCOs or KHPA.
- **Commitment to Fee-For-Service rates:** One of the specific questions that many providers have raised is whether the new MCOs will honor previous commitments to providers to pay historical fee-for-service rates, including any increments attributable to the Health Care Access Improvement Fund. I want to assure you that we are working with our MCO partners on this issue. Both UniCare and Children's Mercy Family Health Partners have agreed to pay the state's fee-for-service rates, including the increments associated with the Fund, will be honored, and neither hospital rates nor DSH payments will be affected by this transition.

Please be assured that the Kansas Health Policy Authority will implement the contracts with UniCare and Family Health Partners on **January 1, 2007**. Beneficiaries will begin receiving information about the two contractors very soon, and they will need to make choices about their MCO. We will keep you informed of our progress working with the contractors, provider associations, and other state agencies as that date approaches. If you have questions, please contact a member of my KHPA managed care staff at 785.296.3981, a representative of UniCare at 866.268.1473 or a representative of Children's Mercy Family Health Partners at 800.347.9363.

Sincerely,

A handwritten signature in black ink, appearing to read "Marcia J. Nielsen". The signature is fluid and cursive, with the first name "Marcia" being more legible than the last name "Nielsen".

Marcia J Nielsen, PhD, MPH
Executive Director

Frequently Asked Questions

Question: How will this transition affect provider rates?

A: The provider assessment provided a new source of matching funds that are used to raise hospital and physician rates and make supplemental payments to hospitals for specific services. These payments are reflected in Medicaid fee-for-service rates. There are certain limitations on these payments. Under current federal regulations, Medicaid can pay up to a maximum amount for all in-patient hospital services, commonly referred to as the upper payment limit (UPL). Many providers have raised questions about whether a large and quick shift of Medicaid beneficiaries into managed care could reduce the UPL, and thus, lower the total amount that can be paid to hospitals through fee-for-service rates, Health Care Access payments, and disproportionate hospital payments. Many providers have also asked whether the new MCOs would choose to honor previous commitments to providers to pay historical fee-for-service rates, including any increments attributable to the Health Care Access Improvement Fund, such as the physician rate increases made effective in June of 2006.

Working together with providers, we have examined the potential impact of managed care expansion and project no negative impact on provider rates. We shared these findings with the Health Care Access Improvement Panel, which oversees the provider assessment, on September 18th, 2006, and we offered our assurance that current rates will not be affected by the MCO transition and expansion of Medicaid managed care. In addition, our new MCO partners have provided written assurance that they will, at a minimum, honor the state's fee-for-service rates, including the increments associated with the Health Care Access Improvement Fund. In short, we want to assure our hospitals that neither their rates nor DSH payments will be affected by the MCO transition.

Question: When will these contracts be implemented?

A: We are moving ahead with implementing these contracts to transition HealthWave beneficiaries and many HealthConnect beneficiaries on **January 1, 2007**. KHPA strongly encourages all providers to consider enrolling with UniCare Health and Children's Mercy Family Health Partners. In addition, beneficiaries will begin receiving information very soon about the two contractors and will need to make choices about their MCO.

Question: As a provider, will I be taking on new members?

A: This transition is only causing a change in vendor, not members. The members who you will be serving are ones that you have already been serving and will continue to do so. It is to your advantage, as well as your current members', to enroll with a vendor.

Question: Have the vendors begun building an adequate network of providers?

A: Prior to the announcement of the winning contracts, vendors began to reach out to hospitals, physicians, and other health care professionals and facilities. Even in the Request for Proposal (RFP), each vendor had to present Letters of Intent from providers and contracted providers and an implementation plan on how their network will be developed. Both UniCare and Children's Mercy Family Health Partners have been actively recruiting providers. Additional recruitment of providers will be a top priority and a necessity over the next three months, which will be monitored closely by KHPA to ensure adequate provider networks in each region.

Question: Should providers wait to sign up with the new MCOs until the appeal filed by FirstGuard is

decided?

Answer: FirstGuard Health Plan, the current vendor for Medicaid managed care services in Kansas, has filed an appeal in protest of the August 25th contract decision to award contracts to UniCare and Family Health Partners. While the appeal is being decided, interested providers are NOT prevented from contracting with the new MCOs and are encouraged to sign up if they are interested. For additional information about the appeal, please contact: Angela Hoobler at the Kansas Division of Purchasers angela.hoobler@da.state.ks.us

Question: What will happen to beneficiaries from HealthConnect Kansas (HCK)?

Answer: On Thursday, September 21, 2006, KHPA announced that all capitated managed care eligible beneficiaries will be moved into HealthWave on January 1, 2007. This means that the primary care case management program, HCK, will not be available to the HealthWave population in MCO regions I and II where a choice between Family Health Partners and UniCare is available. In earlier communications, we had considered a phased implementation of beneficiaries from HCK into the MCOs by region or population. However, we are confident that the initial disruption for these beneficiaries will be easier to manage by moving everyone at once, rather than keeping these populations separate.

Question: What are characteristics of UniCare?

A: UniCare has a proven record of providing quality care to its clients. In one state alone, care management offered by UniCare has decreased hospital stays by 38%. In addition, UniCare has formed a Kansas-specific Quality Management Plan with a thorough and extensive fraud and abuse plan. They offer a nationally recognized asthma disease management program, sports physicals for children, statewide childhood obesity program tailored for Kansans, a self-care initiative promoting a medical home and preventing inappropriate use of emergency rooms. Other options include a 24-hour, seven days a week nurse call line and 24-hour teen line. UniCare plans to have two education outreach vans, educating Kansans on the importance of health and wellness. UniCare will be establishing two offices in Topeka and one in Wichita, each of which will be called "The Community Resource Centers."

Question: What are characteristics of Children's Mercy Family Health Partners?

A: Children's Mercy Family Health Partners provides quality health care and prevention with higher than required standards for physician office wait times. They have a record of increasing blood lead screenings in a neighboring state, and Kansas is looking forward to experiencing the same results. They offer non-emergency medical transportation provided to all members and a disease care management program for children with ADHD. Family Health Partners provides a member focused "hands on" approach to health care. The Childhood Obesity Program is an example of this approach. In this program, Children's Mercy Family Health Partners staff does presentations at schools promoting healthy habits. They have teams of Case Managers for high risk OB, special health care needs and lead screening for pediatrics and adults.

Question: Who can I contact for more information?

A: If you have questions, please contact a member of the KHPA managed care staff at 785.296.3981, a representative of UniCare at 866.268.1473 or a representative of Children's Mercy Family Health Partners at 800.347.9363.