



K A N S A S

JANET SCHALANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR
SOCIAL AND REHABILITATION SERVICES

August 4, 2004

Dear Medicaid Provider:

Since my last letter in May, SRS and EDS have been working diligently to improve Medicaid claims processing and payments to providers. A list of claims payment issues is available on the KMAP provider website (<https://www.kmap-state-ks.us>) and is updated regularly to keep providers posted on system fixes and timelines. The State of Kansas appreciates the willingness of health care professionals to provide needed services to some of the most vulnerable citizens. In return, you should expect to be paid promptly and accurately for your work and the services you provide.

Some defects still need to be corrected. We apologize for the inconveniences that you have experienced as a result of the problems with the system and feel that anything less than a fully operational MMIS is unacceptable. As of August 1, there were 46 known system defects that affect claims processing. Of these, 20 will be activated in the claims processing system by September 10 and the remaining defects will be activated by October 8. All of the claims affected by these defects will be reprocessed by the end of October.

Rather than SRS assessing damages to EDS for non-performance, EDS agreed to apply additional resources to stabilize the Kansas MMIS system. EDS expected to reduce staffing levels to a routine operating level by this point in the implementation schedule. However, due to the issues surrounding claims payment, EDS has maintained more than 100 additional system engineering and analysis staff at the same contractual rate in order to meet its contractual obligations to SRS. However, SRS reserves the ability to assess damages for failure to meet requirements of the contract. In addition, the EDS corporate offices have authorized additional resources from other contracts, including a new project manager, five system engineers, and two business analysts to help Kansas address lingering concerns.

By early October, the remaining known system defects will be corrected. EDS and SRS will then go through a process of identifying and reprocessing claims that were affected by each defect. Reprocessing claims requires no additional work from providers. The weekly remittance advices will show claims that were suspended and how they were resolved for payment. If EDS needs additional information to reprocess claims, you will be contacted by EDS in Topeka or by your regional provider representative.

We know that some providers are experiencing difficulties that are not related to system defects. The MMIS requires providers to be compliant with HIPAA. Some of the billing software and billing clearinghouses that are used to submit claims are not fully HIPAA compliant. This has

delayed or prevented the system from correctly processing claims. EDS can help review the capabilities of your billing system to ensure that claims are submitted in the correct format. EDS also has free software available to submit claims electronically or via the Internet.

When the MMIS was implemented there were more than 30 new policies that were introduced at the same time. Some of these policies affected the amounts paid for procedures or applied some new limits on the amount of services that could be provided. EDS and SRS are working together to improve the policy documentation in the provider manuals to clarify these new policies. Our goal is to help providers understand the services they are eligible to provide, the codes they can bill, and what they should expect to be paid for those services.

We hope that this information has given you an understanding of the progress that has been made and some level of optimism about the continuing corrections we are working with EDS to achieve. We are encouraging providers to work with us to resolve the issues they are facing as a result of the system's implementation. Please contact Dorothy Hunt at (785) 368-6245 if you have questions or concerns related to the fixes that are being made to MMIS.

The transition to the new MMIS has been difficult. SRS is continuing to review payment processes and benefit plans to improve the Medicaid system for beneficiaries and providers. Thank you for working with us through this process and thank you for your commitment to the health of Kansans.

Sincerely,

A handwritten signature in dark ink, appearing to read "Janet Schalansky", with a stylized, flowing script.

Janet Schalansky
Secretary