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State Becomes First To Outsource Disability Services

By Brad Cooper, The Kansas City Star/MCT | February 4, 2014

Life has been stacked against Heather Osipik from the start.

Born two months early weighing just 3 pounds, Osipik has battled mental disability, deafness, cerebral palsy and limited eyesight.

After suffering a brain hemorrhage at 2 weeks, doctors thought her life — if she even survived — would be spent curled in a fetal position sustained with tubes.

Osipik defied the doctors. She is now 32. She lives in an Overland Park, Kan. group home with two other women with developmental disabilities.

She has a steady longtime boyfriend. She holds down a job piecing together medical kits.

But now Osipik's family is worried that she is battling the odds again with KanCare, Kansas Republican Gov. Sam Brownback's signature managed health care program for Medicaid consumers.

Starting Saturday, long-term Medicaid services for Osipik and about 8,500 others with developmental disabilities were moved into a managed care program run by private insurers. People with physical disabilities had been moved into KanCare last year when the program started.

Three companies — Amerigroup, Sunflower State Health Plan and UnitedHealthcare Community Plan — are charged with improving health outcomes while limiting the growth of health care costs.

Kansas is the first state to place its population of people with developmental disabilities with managed care companies, said Gary Blumenthal, president of the Association of Developmental Disabilities Providers in Massachusetts.

"There will be a tremendous number of eyes focused on Kansas to see if this is going to be a successful initiative," said Blumenthal, a regional director of Kansas Social and Rehabilitation Services a decade ago.

The state is shifting services aimed at helping people with developmental disabilities lead full lives, from providing job opportunities to staffing group homes to providing attendants to help with daily living at home.

For more than two years, advocates for people with developmental disabilities fought Brownback's efforts to shift those services into a managed care plan.

They rallied at the state Capitol. They pleaded with lawmakers at meetings. They flooded them with emails.

Critics say the governor's plan turns non-medical care of a vulnerable population over to insurance companies unfamiliar with the special living needs of people with developmental disabilities.

Driven by profits, they say, insurance companies will cut services to achieve savings.

"There's not going to be any way they're going to make money without cutting services," said Osipik's mom, Laurie. "How's this going to harm Heather?"

State officials will not rule out that services might be reduced with the move to KanCare.

The elderly, those with physical disabilities and people with traumatic brain injuries already under KanCare had more than 1,000 instances of reduced community and home-based services last year.

But in this case, state officials said they installed measures to ensure individuals with developmental disabilities keep their case managers and service providers. And there is an appeals process in cases where services might be reduced.

"My staff has worked so hard on trying to put in the protections necessary to maintain the things that people want," said Shawn Sullivan, secretary of the Kansas Department for Aging and Disability Services.

People with developmental disabilities face a combination of medical, behavioral and mental health needs that can better be met within KanCare, Sullivan said.

Under the other system, he said, those separate health care needs were not coordinated under a single umbrella.

The goal, he said, is to integrate medical and behavioral care with the long-term services to ensure a healthier clientele.

For example, managed care would allow case managers and providers in the long-term program to plug into their clients' behavioral and medical needs.

Greater familiarity with a case, they say, might be the key to finding plans that better target the services.

Ultimately, they hope the coordinated approach will save money by reducing emergency room visits and hospitalizations.

Critics aren't persuaded. They say the state is moving into unproven territory.

"There is no data to suggest that managed care works effectively for running programs for people with developmental disabilities," Blumenthal said.

Sullivan acknowledged that Kansas is the first to undertake this kind of initiative. But he said other states have moved in a similar direction, and managed care companies are familiar with the needs of people with developmental disabilities.

Advocates and families of people with developmental disabilities say the state is applying the wrong model.

It's one thing to cut costs for short-term medical care such as an illness, a severe injury or an urgent treatment.

It's another matter, KanCare critics said, to find savings for those with disabilities, who require a lifetime of assistance.

"You are not going to reduce the needs of a person with a very low IQ and very low cognitive skills through some magical insurance formula," said Tom Laing, executive director of InterHab,

which represents groups serving those with developmental disabilities.

The state says it is focused on improving the quality of care.

"We're not trying to change a person's disability," Sullivan said. "That doesn't mean we shouldn't strive to improve their physical health, their behavioral health or their employment situation."

The insurance companies say quality care is important, but they acknowledge costs are a factor.

UnitedHealthcare spokeswoman Molly McMillen said in an email her company wants to provide a unique population with access to quality care "while being good stewards of taxpayer dollars."

Sunflower spokeswoman Monica Stoneking said her company wants to provide better health care too, but at lower costs.

"We will not be cutting services," she said in an email.

KanCare was one of Brownback's major revisions of state government after he was elected governor in 2010.

The long-term goal was to reduce growth in state health care spending by about \$1 billion over five years.

The state's Medicaid program costs about \$3 billion a year, including nearly \$330 million for long-term services for people with developmental disabilities.

KanCare was started last year but did not include community and home services for people with developmental disabilities.

For more than two years, the Brownback administration resisted efforts to carve those with developmental disabilities out of KanCare.

In 2012, following a large rally on the Capitol steps, lawmakers pressured the Brownback administration into a one-year delay for placing long-term, non-medical services for people with developmental disabilities into managed care.

The fight to keep those developmental disabilities out of managed care continued throughout last year's legislative session.

The battle continued right up until last week, when about a third of the state House signed a petition asking the federal government to delay the switch to managed care.

Federal officials approved the change Thursday, dispiriting leading opponents of the switch.

"It's a sad day for Kansas," said Rep. Jim Ward, a Wichita, Kan. Democrat. "These are our most vulnerable citizens. They are being forced into a system that has a rocky-at-best track record."

Questions have persisted for months about whether the state was ready for the endeavor.

In December, the National Council on Disability asked the federal government to delay the move for a year, citing many "unresolved issues," including payment delays to providers.

The state started test billing for service providers in October.

Sullivan acknowledged there were payment delays because of problems with billing protocol. Data showing how long the delays lasted were not available.

But Sullivan said those issues have been resolved. Through Jan. 17, about 8 percent of 5,717 claims filed during the pilot for people with developmental disabilities were denied.

Sullivan thinks the figure is lower because it includes duplicate claims.

Late payments can squeeze small providers that don't have a financial cushion to wait long periods to get paid. The state is requiring the insurers to advance cash to providers in distress.

State Sen. Jim Denning, an Overland Park Republican, has worked with several providers that have encountered billing problems. Last week he warned Sullivan during a committee hearing that the insurance companies should work out any kinks before the program starts.

"If they don't have their systems in place," Denning said, "my patience is zero."

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