



TO: Robert G. (Bob) Bethell Joint Committee on Home and Community-Based Services and KanCare Oversight

FROM: Shannan Flach  
Vice President of Health Care Finance & Reimbursement

Tara Mays  
Vice President State Legislative Relations

DATE: February 3, 2023

RE: Testimony

The Kansas Hospital Association (KHA) appreciates the opportunity to provide comments on our experiences with the KanCare program to the Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight.

#### **Prior Authorization Delays and Denials**

Since its inception, KHA has strived to work collaboratively with the KanCare managed care organizations and the Kansas Department of Health and Environment. One example of the partnership is the quarterly meetings hosted by KHA with the KanCare MCOs and KDHE to discuss the latest happenings and issues with the KanCare program. These meetings are an opportunity to learn and educate each other on potential issues facing KanCare providers. Most recently, KHA coordinated a meeting with the KanCare MCOs and KDHE to discuss the issue of prior authorization and subsequent denials in our health care facilities. While we are hopeful to make some improvements to avoid unnecessary prior authorization denials, there is much work that needs to be done to accomplish this. Items to consider as we work towards addressing this subject may include identifying and addressing potential policy changes, which may include minimizing prior authorization requirements, and removing other administrative burdens for the KanCare providers.

To assist us in gathering the experiences of our members, KHA recently conducted a poll on prior authorization issues. Each of our hospitals indicated they experienced prior authorization delays and/or denials in 2021. Forty-three percent of those hospitals reported that they had a serious adverse event because of the prior authorization process, including those that involved extending the recovery time and causing a readmission stay in the hospital. In this current environment where workforce remains a top concern for hospitals and other health care providers, a prior authorization

request can take up to five hours of administrative time to resolve. Unfortunately, this is time taken away from direct patient care.

Additionally, some hospitals are reporting that they are experiencing situations where insurance companies are “down-coding” the level of patient care from an inpatient level to an observation (outpatient) level. This process creates patient and reimbursement challenges and deserves some further attention. We appreciate the willingness of the Medicaid MCO Medical Directors’ to meet with the KanCare providers on this and other issues. It remains the goal of our members to continue to improve the overall KanCare program.

#### **Financial Impact of COVID-19 on Kansas Hospitals**

It is well documented that the COVID-19 pandemic placed significant stress on Kansas hospitals and health care providers. Kansas’ health care providers and hospitals are driven by their mission of providing quality care to patients 24/7/365, regardless of ability to pay. The stability of health care system is often assumed. In today’s current environment, health care providers face a national healthcare worker shortage, rapidly increasing expenses to supplies and materials, fewer places to safely discharge patients, and structural revenue and cost imbalance. While health care providers are exploring creative solutions to these challenges, it will be essential for policymakers to assist in stabilizing our health care system by carefully reviewing protections, reimbursement changes, and waivers to ensure a sustainable, viable health care system.

Thank you for this opportunity to provide testimony.