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Legislative Post Audit Performance Audit Report Highlights

Highlights

Medicaid: Determining Whether Kansas Could Save Money by Expanding the Use of Managed Care in the Kansas Medicaid Program

Report Highlights

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Audit Concern

Legislators have expressed interest in knowing whether implementing managed-care systems for Medicaid clients in Kansas has the potential to save significant amounts of money.

Other Relevant Facts

Most high-cost Medicaid clients, such as the aged and disabled, receive care under a fee-for-service system. That means that these clients seek out the services they think they need and providers are reimbursed for the services they provide.

In Kansas, aged and disabled Medicaid clients account for 27% of all Medicaid clients, but 71% of total Medicaid costs.

Kansas is similar to other states in that aged and disabled clients account for a majority of Medicaid costs. Aged and disabled clients account for 55% or more of total Medicaid expenditures in 36 of 42 states (86%) that had reported fiscal year 2008 data.

Other states commonly cite a number of positive non-dollar results related to better managing care for high-cost clients such as improved care coordination, increased cost predictability, and improved care quality and access.

AUDIT QUESTION: *To what extent could managed-care practices employed in other states be used to achieve potential cost savings in Kansas?*

AUDIT ANSWER and KEY FINDINGS:

- Kansas and other states have tried various strategies aimed at better managing care for high-cost Medicaid clients, both to improve services and to reduce costs. However, few states, including Kansas, have estimated the dollar savings or effects of these efforts. This prevented us from estimating potential cost-savings related to increased use of managed care for high-cost clients in Kansas.

- Most cost-savings strategies for high-cost Medicaid clients attempt to replace high-cost services with low-cost ones. For example, providing more health screenings (a low-cost service) to clients in the hope of preventing complications that require surgery or hospitalization (high-cost services).

  We found little empirical evidence to confirm that Medicaid costs would actually increase or decrease this way.

- Kansas policymakers will need to weigh possible options such as Statewide data analyses or creation of additional pilot programs that will help them identify and select effective cost-savings strategies for high-cost Medicaid clients.

We Recommended

- That the Kansas Health Policy Authority take a number of actions to provide policymakers with information on which cost-savings strategies for high-cost clients might be most effective in Kansas.

Agency Response: The agency generally concurred with the report's findings, conclusions, and recommendations.

DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.

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