

**Kansas Department of Social and Rehabilitation Services
Gary J. Daniels, Acting Secretary**

Legislative Budget Committee
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Billing and Payment Practices of EDS as the Medicaid Fiscal Agent

Chairman Morris and members of the Committees, thank you for the opportunity to appear before you today to review billing and payment practices of EDS as the Medicaid fiscal agent. My name is Scott Brunner, and I am the Director of Medical Policy and Medicaid for the Department of Social and Rehabilitation Services.

In an ongoing process of troubleshooting issues as they are reported, SRS and EDS conduct research on affected claims and providers and reviews those concerns as system changes occur. In addition, on June 30, 2004, EDS Corporate and EDS account staff met with Laura Howard, Deputy Secretary for Health Care Policy, staff from the Governor's Office, Medical Policy staff and myself. State staff expressed the need for corporate support to provide the necessary resources to stabilize the new system at no additional cost.

SRS asked EDS to formulate a detailed plan regarding moving the process forward. EDS added resources and has corrected all of the identified critical payment issues as of October 31. EDS has also identified claims in need of reprocessing and will complete all clean up activities by the end of November. EDS will not ask providers to resubmit claims except in very rare circumstances. Progress under the plan is monitored weekly and resources adjusted accordingly to meet the deadlines.

The project is still on budget. SRS' contract with EDS runs through FY08 with five, 1-year options extending beyond that point. The cost of the contract for FY 2005 is \$31.9 million. The additional resources and maintaining the implementation level of staffing has been provided by EDS at no additional cost. EDS has responded to recommendations made by SRS on priorities for resolving issues, especially related to customer service, and responding to provider concerns. 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 rate in order to meet its contractual obligations. SRS expects EDS to complete the stabilization process so the agency is totally satisfied with the system and the system is certified by the Center for Medicare and Medicaid Services (CMS). The certification review is scheduled to begin on November 30 and we anticipate having a final report by March 2005.

SRS and EDS remain committed to solving all billing problems and ensuring prompt and accurate payments to its providers. Overall, the new system offers providers greater access to information. Through the use of web-based technology, providers can access information such as real time claims submission and viewing of status, claim correction, submission of prior authorization requests and viewing of status, eligibility verification, adjustment requests, and access to remittance advices. The system also provides new tools for the state to monitor utilization of services, to detect fraud and abuse, and to ensure greater accuracy of payments.

EDS provided workshops statewide prior to implementation of the new system. They also continue to assist providers as needed, including conducting on site visits to providers' offices to assist providers with billing issues. While some providers continue to experience challenges with claim payments, many issues have been addressed to the providers' satisfaction. A list of claims payment and system processing issues has been maintained since March 2004 to notify providers of common problems and the schedule for system repairs and claim reprocessing. This list is updated weekly. In addition, the Kansas Medical Assistance Program (KMAP) also uses the web and internet capabilities to provide timely information to providers. KMAP now has a tool to publish global messages to the provider community over the internet. Messages can be delivered to a specific provider, certain types of providers or the entire provider community. KMAP also uses the web to publish provider bulletins, provider manuals and corresponding updates.

SRS and EDS also continue to print banner messages on weekly remittance advices and mail out providers bulletins for provider staff who may not have access to the internet. SRS and EDS also notify provider associations via email with information that may pertain to the associations' membership.

As part of the deployment of the new system, the various billing methods have been communicated to providers via written communication, workshops, task force meetings, and personal visits to the provider sites by provider representatives. These education efforts will be sustained throughout the life of this contract.

While SRS and EDS continue to work with all provider groups, dental providers have had particular problems that have received special attention. The payment mechanism for dental providers was designed to have a single point of contact for billing and provider relations. Building on the Title XXI SCHIP managed care contract with Doral Dental, SRS chose to enter an additional contract for Doral to provide administrative services for the Title XIX Medicaid providers and beneficiaries. Doral receives all dental claims, adds prior authorization for required services, and performs provider relations functions such as answering enrollment and billing questions. EDS processes the claims and issues payment to providers using the MMIS and makes information available to Doral to respond to claims payment questions. The dual responsibility has caused confusion among providers that was compounded by system defects and processing problems. To begin addressing the concerns, SRS modified the contractual relationship to more clearly define which contractor was responsible for parts of claims handling and

processing. SRS, EDS, and Doral also combined our lists of dentists that were experiencing claims problems and assigned SRS, EDS, or Doral to work with particular providers and monitor the status of outstanding claims. SRS is committed to resolving all outstanding dental claim issues, including the reconciliation of older claims, by the end of December. We are also in the process of evaluating the contractual relationships that exist to determine if they are meeting the needs of Medicaid beneficiaries, dental providers, and SRS.

This concludes my testimony regarding the MMIS update from SRS. I will gladly stand for any questions.