



April 20, 2011

Donald R. Speer  
Executive Director  
Commonwealth of Kentucky  
Finance and Administration Cabinet  
Office of Procurement Services  
New Capitol Annex  
702 Capitol Avenue, Room 373  
Frankfort, KY 40601  
Sent via electronic mail: [speermco@ky.gov](mailto:speermco@ky.gov)

Dear Mr. Speer,

Kentucky Voices for Health is a broad coalition of nearly 100 organizations working to improve Kentuckians' health and health care coverage. We understand that the Finance Cabinet is accepting questions from vendors today in regards to the CHFS Medicaid Managed Care Organizations RFP. While Kentucky Voices for Health is not a vendor, we do have questions that we would like to submit for response. Given that there are no avenues for consumers and other stakeholders to communicate with the Commonwealth regarding the RFP, this opportunity appears to be the only avenue to seek further information and to share areas of interest with the Finance Cabinet and the Cabinet for Health and Family Services. Our questions center on the fundamental values of access and transparency.

### **Access to Needed Care**

The traditional Medicaid program has very low administrative costs compared to private health insurers. Managed care organizations responding to the RFP will likely have higher administrative costs associated with operating managed care, with the result that less of each Medicaid dollar will be available to pay for care compared to the traditional program. These higher administrative costs, and the savings proposed by managed care, raise several questions:

- Will a limit be placed on the administrative costs and profits of managed care organizations? For example, the Affordable Care Act limits health insurers' administrative costs and profits by requiring 80% to 85% of each premium dollar to be used for payment of health care services.
- Will the Cabinet regularly audit the managed care organizations to ensure that administrative costs are reasonable and do not exceed any limit that is set?
- How will the Cabinet monitor managed care organizations to ensure that they are not limiting a Member's access to needed services by using an unreasonable definition of medical necessity?
- How will the Cabinet assure that higher administrative costs and the need to produce savings will not compromise access to needed services?
- How will the Cabinet monitor the quality of care provided under managed care contracts?

- What mechanisms will be in place to ensure that savings promised from managed care are not achieved by denying coverage to needed care?
- What appeals process will be in place for Members who are denied coverage of services?
- Will Members have access to face-to-face counselors or case managers to discuss denial of coverage, or will such communications be limited to the telephone?
- What process will be in place to allow Members, their families and advocates, as well as providers, to provide input about access and quality of care issues?

## **Public Accountability**

For all practical purposes, managed care organizations will “stand-in” for the state as they will be administering the Medicaid program in the counties in which they will be operating. This raises several questions relating to transparency and public accountability:

- Since they will be receiving large amounts of state funds, will the operations of managed care organizations be subject to Kentucky’s Open Records Law?
- Will key information about the operations of managed care organizations (expenditures for services, administrative costs, quality indicators, utilization trends, etc.) be publically reported at least on an annual basis? And will the information be available via the internet?
- To prevent conflicts of interest, will managed care organizations be subject to the same code of ethics as Executive Branch employees who now administer Medicaid?
- Will managed care organizations be subject to audit by the Kentucky Auditor of Public Accounts?
- Will there be opportunities for Members, their families, and advocates to participate on advisory committees or forums to provide feedback and input to the managed care organizations?
- Will the managed care organizations be required to provide information about their operations to committees and task forces of the KY General Assembly?

Please do not hesitate to contact me at 502-552-1406 of [kvhexec@kyvoicesforhealth.org](mailto:kvhexec@kyvoicesforhealth.org) in response to these questions or to seek any additional information. As a broad-based coalition of health care advocates, we look forward to working with the Commonwealth of Kentucky as you seek to improve on the delivery of quality health care for Kentuckians.

Sincerely,



Jodi Mitchell  
Executive Director