

**CHAPTER 181****(HJR 136)**

A JOINT RESOLUTION urging the Secretary of the Cabinet for Health and Family Services and the Department for Medicaid Services to implement an Omnibus Medicaid Modernization Program.

WHEREAS, the Kentucky Medicaid Program has experienced considerable cost growth in recent years as it has expanded to provide health care coverage for nearly 670,000 citizens of the Commonwealth; and

WHEREAS, Kentucky expends a disproportionate amount of money on certain high-cost diseases that may be better controlled through a comprehensive education and management approach; and

WHEREAS, recipients' knowledge and education about their health conditions and input with treatment decisions will enable recipients to receive the most appropriate and highest-quality care; and

WHEREAS, Medicaid recipients average more than twice the number of prescriptions each year compared to the national average. Approximately 240,000 recipients in the outpatient pharmacy program take eight or more prescription medications each month, and national studies suggest that persons taking eight or more prescription medications each month are more likely to have an adverse reaction; and

WHEREAS, the use of reliable and complete data will provide the department with information necessary to analyze and modernize the Medicaid program while also improving the quality of care and reducing risks associated with inappropriate care; and

WHEREAS, the Governor's Office and cabinet departments associated with management of the Medicaid program have a critical need to upgrade the program's administrative capabilities consistent with other states' Medicaid programs and consistent with the Commonwealth's commercial health care market;

NOW, THEREFORE,

*Be it resolved by the General Assembly of the Commonwealth of Kentucky:*

Section 1. The Kentucky Medicaid program shall embark on an omnibus plan to modernize Medicaid through improvements in technology, advanced medical management initiatives, and improved benefit management approaches. The impact of these efforts will serve to improve the health care received and overall health status of the Medicaid population. This modernization may be centered on three areas: (1) Technology Improvement, (2) Care Management, and (3) Benefit Management.

Section 2. To improve technology, the Department for Medicaid Services may:

- (1) Assess the computer systems technology that supports the Medicaid program. This integral component of Medicaid modernization may include a review of the program's claims processing, eligibility management, and reporting capabilities both internally and through contracted agents; and
- (2) Create a data warehouse to capture demographic and utilization data on the full spectrum of the Medicaid program. The data warehouse may allow for the accurate and timely retrieval of data in a readily accessible format. The data may be utilized to track programmatic trends and monitor the progress of new initiatives.

Section 3. To improve care management, the Department for Medicaid Services may:

- (1) Institute a disease management initiative. This initiative may contain the following components:
  - (a) Member education. Member education may provide for instruction to Medicaid recipients about the causes and triggers of the medical conditions that are targeted by the initiative and the available treatment options for the conditions. Education may assist recipients with information about appropriate access of the health care system and identifying alternatives to emergency room care for nonemergency conditions; and
  - (b) Case management. Case management may involve the use of a team of medical professionals who may answer questions, give information, and offer medical advice;
- (2) Institute a self-directed care initiative. This initiative may combine educational and delivery system approaches to create consumer-driven health care, including but not limited to Cash and Counseling, that empowers the Medicaid recipient to be an informed participant in the dollar distribution of his or her care management by making more care decisions, thereby facilitating improved accountability and quality of care; and
- (3) Institute a utilization management initiative. This initiative may include a review of the department's utilization review processes to determine whether they conform to industry standards and are the most cost-effective means of achieving those standards. The review may include an analysis and update to any contract with a peer review organization, with the goal of implementing utilization review approaches that are consistent with industry standards.

Section 4. To improve benefit management, the Department for Medicaid Services may:

- (1) Institute pharmacy benefit management. This initiative may include the selection of a pharmacy benefit management firm and implementation of a pharmacy benefit management program to ensure appropriate oversight, appropriate pharmacy usage levels, management, and reporting within the outpatient pharmacy program; and
- (2) Empower the Pharmacy and Therapeutics Advisory Committee. This committee, which assists the department with decisions about appropriate utilization and authorization requirements of prescription medications in the outpatient pharmacy program, may be given increased responsibility with management of the preferred drug list; and
- (3) Secure supplemental rebates. The department may work with the Pharmacy and Therapeutics Advisory Committee and a pharmacy benefit management firm to develop systems to allow the department to secure additional financial rebates from pharmaceutical manufacturers.

Section 5. This Act shall be known as the Omnibus Medicaid Modernization Program Act of 2004.

**Approved April 22, 2004**