



Department for Medicaid Services

Interim Joint Committee on Appropriations and Revenue

Carol Steckel, Commissioner
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BRIEF HISTORY OF KENTUCKY MANAGED CARE ORGANIZATIONS

- **1986**: The first managed care program, the Kentucky Patient Access and Care (KenPAC) Program primary care case management program (PCCM), was introduced.
- **1997**: Kentucky Health Partnership, a comprehensive risk-based managed care program was implemented.
- **2011**: The KenPAC (PCCM) program was terminated and Medicaid received approval to expand managed care statewide to cover beneficiaries in regions, not served by Kentucky Health Partnership.
- **2013**: The state began awarding contracts to additional MCOs to manage care for beneficiaries in the region served by the Kentucky Health Partnership.
- **2014**: Kentucky expanded Medicaid Managed Care to the expansion population through an Alternative Benefit Plan (ABP).

MANAGED CARE EXPENDITURES

(by funding levels)

Total Funds	SFY2019 - ACTUAL	SFY2020 - BUDGETED
Traditional Medicaid	\$4,126,632,400	\$4,149,963,300
ACA Expansion	\$3,091,275,500	\$3,218,320,800
CHIP	\$222,079,700	\$239,635,100

Total Managed Care	\$7,439,987,600	\$7,607,919,200
Total Benefits Budget	\$10,400,303,000	\$11,803,947,600
Percentage of Budget	71.54%	64.45%

Total State Funds	SFY2019 - ACTUAL	SFY2020 - BUDGETED
Traditional Medicaid	\$1,174,148,600	\$1,171,015,900
ACA Expansion	\$200,879,400	\$273,557,300
CHIP	\$0	\$14,791,500

Total Managed Care	\$1,375,028,000	\$1,459,364,700
Total Benefits Budget	\$2,332,050,400	\$2,504,991,300
Percentage of Budget	58.96%	58.26%

- Managed care represents approximately 90% of Medicaid's total enrollment
- The remaining 10% of the population (FFS) represents approximately 28.5% of Medicaid's spending

FEDERAL FUNDING

- Federal match (FMAP) changes every October for the traditional population and is based on a rolling three year average of a state's per capita income.
 - Traditional FMAP is usually around a 70/30 split
 - Effective October 1, 2019, the traditional FMAP will increase from 71.67% to 71.82% requiring less state matching funds.
- FMAP for the ACA Expansion population will change from 93% to 90% on January 1, 2020 at which time the State Funding level will increase from 7% to 10% for all benefit expenditures related to Expansion, requiring more state matching funds.
- FMAP changes every October for the CHIP population
 - CHIP is usually around a 80/20 split
 - Currently Kentucky receives an additional 23 basis points (not to exceed a total of 100% FMAP) for the CHIP population as part of the Affordable Care Act.
 - Effective October 1, 2019, the additional basis points will be phased out with states only receiving half (11.5 basis points) for FFY20 and completely phased out in FFY21
 - CHIP FMAP will decrease from 100% to 91.77% on October 1, 2019 and then decrease to 80.62% on October 1, 2020

BRIEF HISTORY OF KCHIP

- The Children's Health Insurance Program (CHIP) was signed into law in 1997
- It provides federal matching funds to states to provide health coverage to children in families with incomes too high to qualify for Medicaid, but who cannot afford private coverage
- The Kentucky Children's Health Insurance Program (KCHIP) is free or low-cost health insurance for uninsured children, younger than 19, who live in families with income at or less than 218 percent of the federal poverty level.

Covered services include:

- Doctor visits
- Dental care
- Hospitalization
- Outpatient hospital services
- Psychiatrists
- Laboratory tests and X-rays
- Vision exams
- Hearing services
- Mental health services
- Prescription medicines

Children can also get:

- Glasses
- Immunizations
- Well-child checkups
- Physical therapy
- Speech therapy
- And many other services

Historical KCHIP Expenditures and Enacted Budget

	SFY2017 ACTUAL	SFY2018 ACTUAL	SFY2019 ACTUAL	SFY2020 ENACTED
General Fund	\$ -	\$ -	\$ -	\$ 15,000,000
Restricted Agency Funds	-	-	-	500,000
Federal Funds	232,968,000	203,386,000	218,940,100	221,500,000
TOTAL	\$ 232,968,000	\$ 203,386,000	\$ 218,940,100	\$ 237,000,000

QUESTIONS?