



# **Budget Overview for the Department for Medicaid Services**

**Prepared for the Budget Review Subcommittee on Human Resources**

**Carol Steckel, Commissioner, DMS  
Steve Bechtel, DMS Chief Financial Officer  
Jessin Joseph, DMS Pharmacy Director  
Pam Smith, DMS Division Director**

**August 20, 2019**

# Kentucky Medicaid at a Glance

- Approximately 1,385,788 Eligibles (SFY2019 monthly average)
  - 88,928 children covered under KCHIP
  - 452,183 covered under Medicaid expansion (ACA)
  - 844,677 covered under traditional (Non-ACA)
  - 90.64% of total eligibles are enrolled in managed care (approximately 1,256,038)
- Over 46,000 enrolled providers
  - Approximately 92% of Kentucky's providers are enrolled with the Department for Medicaid Services (DMS).
- \$10.64 billion in total SFY2019 expenditures (administrative and benefits combined)

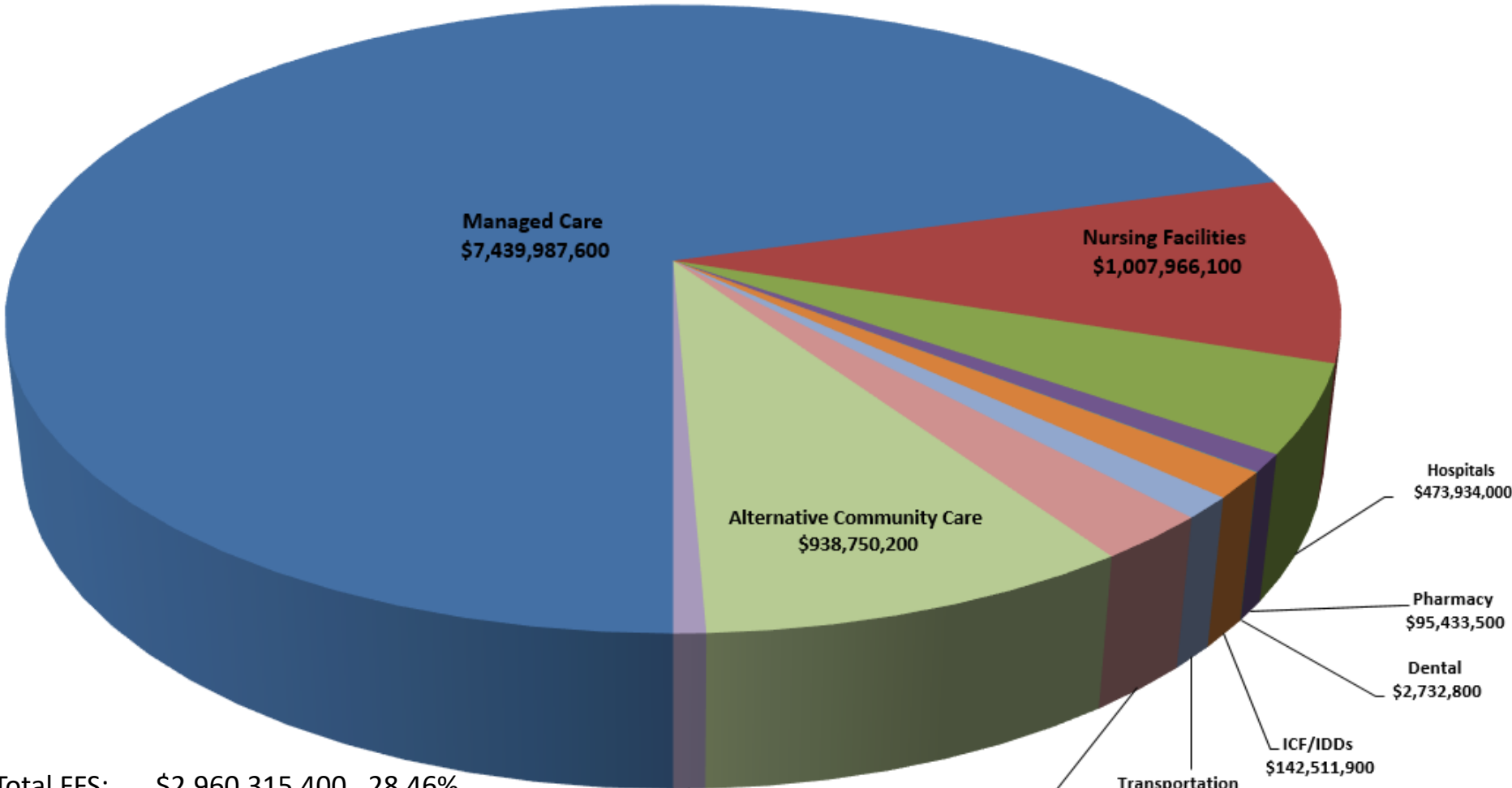
# SFY 2019 Closeout Benefits Budget

# MEDICAID EXPENDITURES BENEFITS (INCLUDES KCHIP)

## Historical Expenditures and Enacted Budget

	SFY15 ACTUAL	SFY16 ACTUAL	SFY17 ACTUAL	SFY18 ACTUAL	SFY19 ACTUAL	SFY20 ENACTED
General Fund	\$1,525,524,400	\$1,578,193,200	\$1,707,980,000	\$1,880,812,400	\$1,825,369,800	\$1,983,649,500
Restricted Agency Funds	505,812,700	509,663,700	491,271,700	500,620,700	506,680,600	521,341,800
Federal Funds	7,609,302,200	7,804,711,000	7,928,095,500	8,149,996,200	8,068,252,600	9,298,956,300
<b>TOTAL</b>	<b>\$9,640,639,300</b>	<b>\$9,892,567,900</b>	<b>\$10,127,347,200</b>	<b>\$10,531,429,300</b>	<b>\$10,400,303,000</b>	<b>\$11,803,947,600</b>

# MEDICAID EXPENDITURES – BENEFITS SFY2019



Total FFS: \$2,960,315,400 28.46%  
 Total MCO: \$7,439,987,600 71.54%  
 Grand Total: \$10,400,303,000

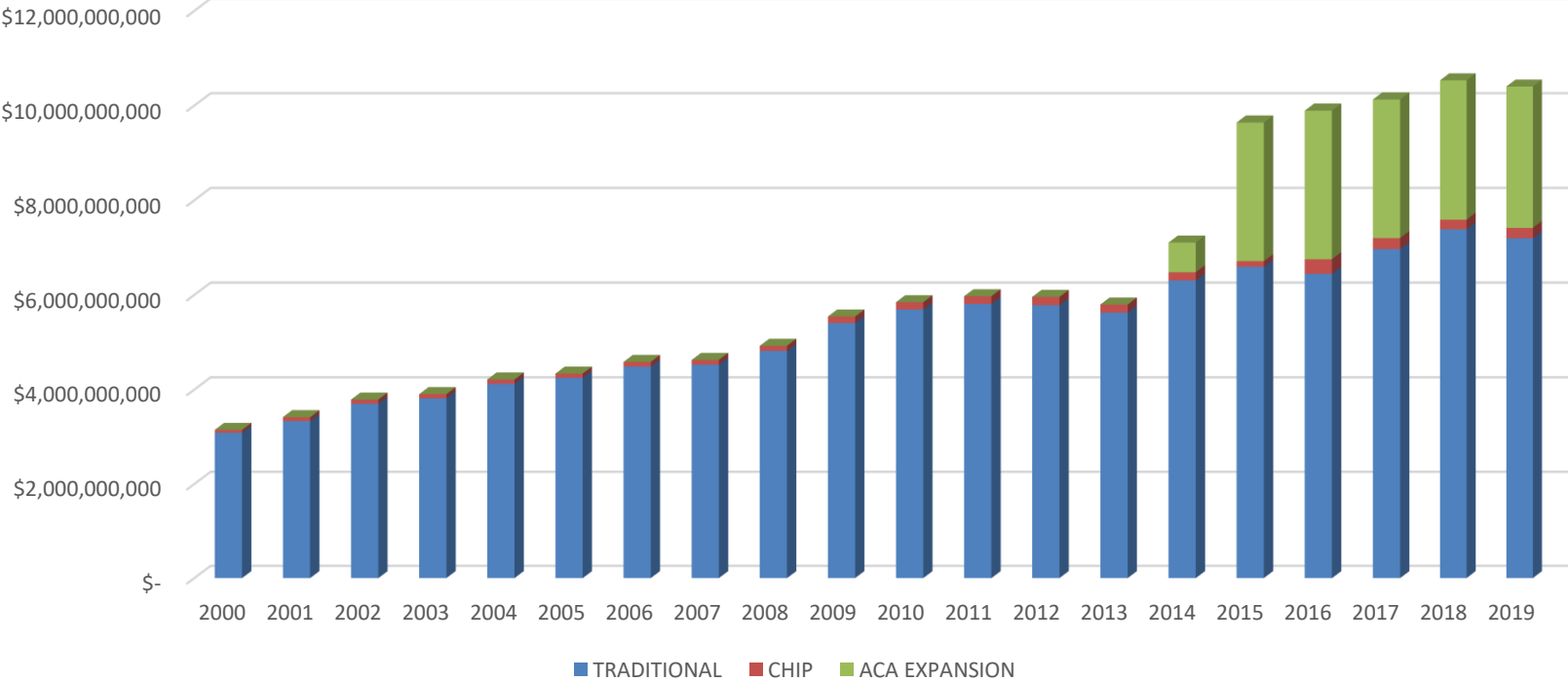
# MEDICAID EXPENDITURES BENEFITS

## SFY2019 Budgeted vs. Actual

Benefits Budget	SFY19 Budgeted Appropriations	SFY19 Actual Expenditures	SFY19 \$ Variance
General Fund	\$1,825,369,800	\$1,825,369,800	\$0
Restricted Agency Funds	\$536,245,100	\$506,680,609	\$29,564,491
Federal Funds	\$8,920,198,300	\$8,068,252,573	\$851,945,727
<b>TOTAL</b>	<b><u>\$11,281,813,200</u></b>	<b><u>\$10,400,302,981</u></b>	<b><u>\$881,510,219</u></b>

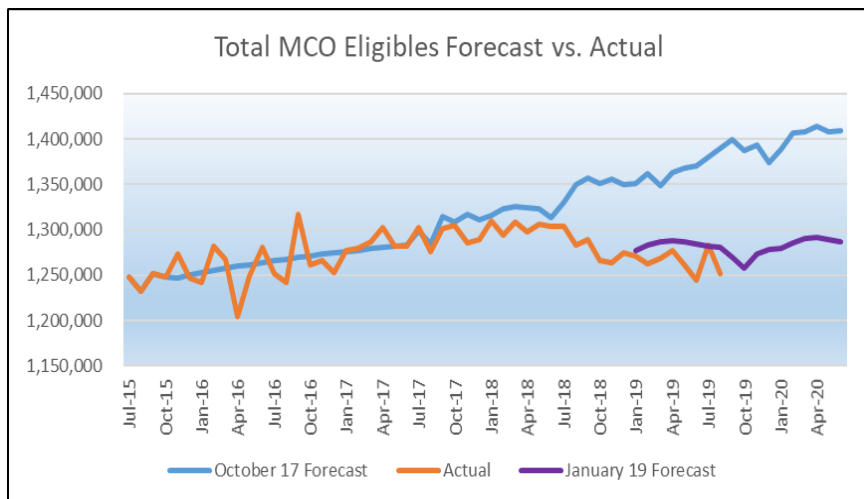
- 96.65% of unobligated benefits funding were in federal funds
  - The 6.25% budget reduction for SFY2019 was not applied to the Federal Fund Appropriations (The approximate value of the \$122M state fund reduction is a \$420M loss of federal funds)
- The remaining 3.35% of unobligated benefits funding were in restricted agency funds

# 20-year Historical Expenditures



- Yearly benefit expenditures decreased in SFY2019 for only the third time in the past 20 years. The other two times were in SFY2012 and SFY2013

# ELIGIBILITY EXPERIENCE



- The above graph illustrates a comparison of:
  - The Original MCO Eligibles forecast (Blue)
  - The Actual MCO Eligibles (Orange)
  - The Updated January 2019 MCO Forecast (Purple)
- This shows that our updated forecasts are more in line with the actual experience

- The above graph illustrates our actual total enrollment experience since July 2016.
- This illustrates a sharp decline beginning in March 2018.
- Eligibility has declined by approximately 69,000 since March 2019 but has established some stabilization the past six months.



# SFY 2019 Closeout Administration Budget

# MEDICAID EXPENDITURES ADMINISTRATION

## Historical Expenditures and Enacted Budget

	SFY15 ACTUAL	SFY16 ACTUAL	SFY17 ACTUAL	SFY18 ACTUAL	SFY19 ACTUAL	SFY20 ENACTED
<b>General Fund</b>	\$33,314,500	\$34,654,500	\$40,943,600	\$40,407,600	\$56,622,700	\$59,367,300
<b>Restricted Agency Funds</b>	15,897,300	20,703,300	14,627,400	20,273,900	15,112,400	10,266,400
<b>Federal Funds</b>	\$78,043,100	\$98,509,500	\$101,843,200	\$155,792,300	\$169,265,600	\$164,474,200
<b>TOTAL</b>	127,254,900	153,867,300	157,414,200	216,473,800	241,000,700	234,107,900

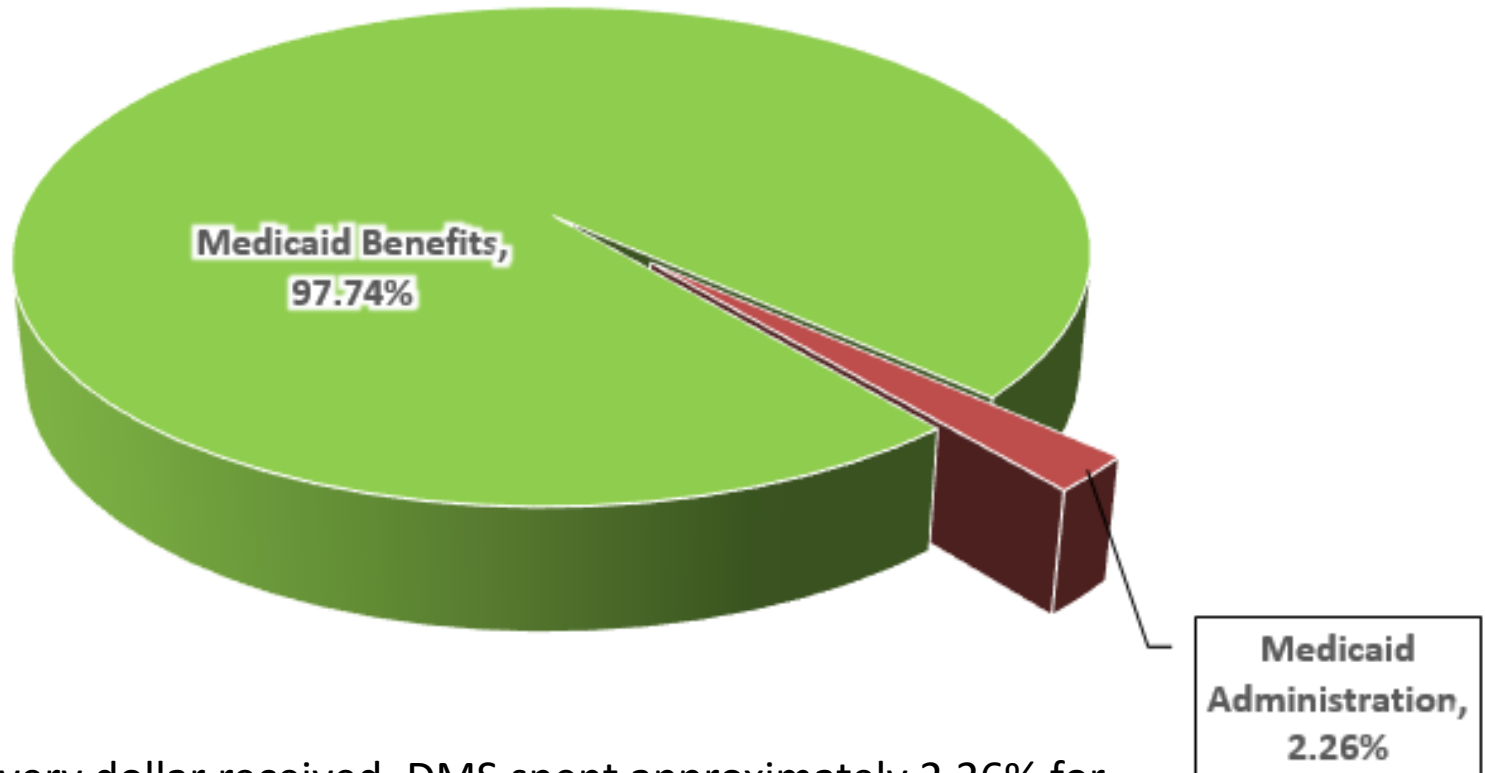
# MEDICAID EXPENDITURES ADMINISTRATION

## SFY 2019 Budgeted vs. Actual

Administration Budget	SFY19 Budgeted Appropriations	SFY19 Actual Expenditures	SFY19 \$ Variance
General Fund	\$56,622,700	\$56,622,700	\$0
Restricted Agency Funds	\$19,027,200	\$15,112,410	\$3,914,790
Federal Funds	\$214,031,000	\$169,265,631	\$44,765,369
<b>TOTAL</b>	<b><u>\$289,680,900</u></b>	<b><u>\$241,000,741</u></b>	<b><u>\$48,680,159</u></b>

- 91.96% of unobligated administrative funding were in federal funds
- The remaining 8.04% of unobligated administrative funding were in restricted agency funds

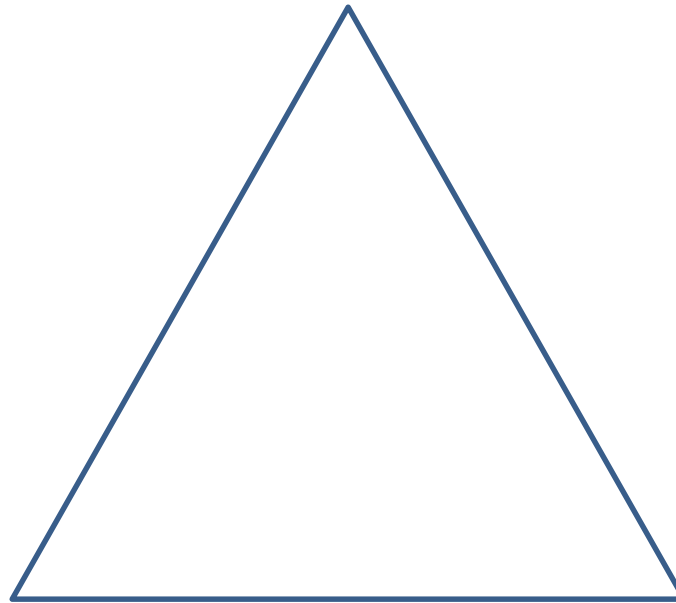
# MEDICAID EXPENDITURES



For every dollar received, DMS spent approximately 2.26% for administrative costs (salaries, supplies, etc.) in SFY 2019.

# What Drives our Budget?

Eligibility



Benefits

Appropriations

# SB5 Discussion

# KRS 205.647 Update: Maximum Allowable Cost (MAC) Monitoring Process

- Approximately 80% of prescriptions
- All MAC pharmacy reimbursement changes greater than 5% monitored for **disapproval** within 30 days
- Disapproval decisions based on NADAC, WAC, AWP, and market trends

# 1915c Waivers



# 1915c HCBS Waiver Slot Maintenance

Waiver Program	Funded Slots	Filled	Allocated/Reserved	Slots Available
Acquired Brain Injury – Acute	383	211	72	100
Acquired Brain Injury LTC	398	257	62	79
Acquired Brain Injury LTC – Money Follows the Person	40	4	0	36
Home and Community Based	17,050	10,031	110	6,909
Michelle P	10,500	9,979	325	196
Model II	100	31	0	69

## Current Waitlist

Waiver Program	General	Emergency	Urgent	Future Planning	Total Waitlisted
Acquired Brain Injury LTC	91				91
Michelle P	6,600				6,600
SCL		0	139	2,553	2,692

# 1915c Waiver Redesign Highlights

- Completed public comment period for all 6 waivers
- Posted responses to public comments June 2019
- Held 7 town halls across the state and 1 live webinar –
  - Focusing on patient liability, participant directed services and case management changes
- Finalizing KAR drafts and waiver amendments for submission
- Finalizing Rate Methodology Study

# QUESTIONS?