

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Human Resources

Minutes of the 2nd Meeting of the 2020 Interim

July 8, 2020

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Human Resources of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, July 8, 2020, at 10:30 AM, in Room 149 of the Capitol Annex. Senator Matt Castlen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Matt Castlen, Co-Chair; Representative Danny Bentley, Co-Chair; Senators Morgan McGarvey and Stephen Meredith; Representatives Adam Bowling, Kimberly Poore Moser, Melinda Gibbons Prunty, Josie Raymond, Steve Sheldon, Cherlynn Stevenson, Russell Webber, Susan Westrom, and Lisa Willner.

Guests: Eric Friedlander, Secretary, Cabinet for Health and Family Services (CHFS); and Eric Lowery, Executive Director, Office of Finance and Budget, CHFS.

LRC Staff: Miriam Fordham, Kevin Newton, and Benjamin Thompson.

Approval of minutes

Senator Stephen Meredith made a motion for approval of the minutes from the June 3, 2020, meeting of the subcommittee. The motion was seconded by Representative Danny Bentley, Co-Chair, and the minutes were approved without objection.

Update of Funding for COVID-19 Related Services

Eric Friedlander, Secretary, Cabinet for Health and Family Services (CHFS), and Eric Lowery, Executive Director, Office of Finance and Budget, CHFS, provided an update on the cabinet's receipt and expenditure of federal coronavirus relief funds.

In response to questions from Senator Meredith, Secretary Friedlander noted that the increased Medicaid rate for providers caring for COVID-19 positive patients has paid out less than one million dollars. Secretary Friedlander stated that Medicare pays a higher rate, so providers usually charge Medicare rather than Medicaid when a patient is eligible. Secretary Friedlander said that the cabinet is attempting to determine how much the federal

government has given directly to long term care facilities, in order to determine how much assistance those facilities may need from the state. Secretary Friedlander noted that the cabinet would like to see the increased Federal Medical Assistance Percentage (FMAP) rate last until at least the end of the year.

In response to a question from Chair Castlen, Secretary Friedlander stated that \$250 million of the \$436 million provided by the federal government so far for the increased FMAP rate has been spent.

In response to a question from Representative Moser, Secretary Friedlander said that a federal epidemiology grant is being utilized to increase testing and laboratory capacity.

In response to questions from Representative Gibbons Prunty, Mr. Lowery stated that areas of the presentation in which no expenditures are listed represent areas where the cabinet had not yet received an invoice for services, so had not yet paid out any funds. Secretary Friedlander noted that the rate of increase for Medicaid enrollment had slowed, though there was not yet a decrease in new enrollments. Secretary Friedlander said that those seeking rent assistance need to contact their local community action agency.

In response to a question from Co-Chair Bentley, Secretary Friedlander stated that the cabinet continues to work toward implementing 2020 Regular Session Senate Bill 50 regarding the Medicaid Pharmacy Program. Secretary Friedlander said the cabinet hopes to have a request for proposal for bids by August 2020 and plans to have a contract signed by January 2021.

In response to a question from Representative Webber, Secretary Friedlander said that there is no state requirement that day care centers must close by 5:00 PM.

In response to questions from Chair Castlen, Secretary Friedlander noted that much of the \$40 million dollars in expenditures from the Child Care and Development Block Grant were for the limited duration child care centers that were set up to care for the children of essential health care workers, including what the cabinet called a "hero bonus" to workers in the limited duration child care centers. The rest of the Child Care and Development Block Grant expenditures were one-time stipends that were provided to child care centers that were shut down during the COVID-19 restrictions. Secretary Friedlander stated that the cabinet also provided a reopening stipend to assist child care providers with purchasing items that would be needed for reopening, though the numbers had not yet been updated to reflect those payouts. Secretary Friedlander agreed to provide an exact breakdown of all Child Care and Development Block Grant expenditures. Secretary Friedlander said that the cabinet had been consulting with Representative Moser, the Kentucky Association of Health Care Facilities, and a few personal care providers regarding assistance for personal care homes. The cabinet has seen some success using the

stipend model for childcare and intends to utilize stipends for personal care homes moving forward. Secretary Friedlander noted that the number of personal care homes participating in the state supplementation program has increased from 17 to 42. The cabinet's intent is to focus on those 42 participating homes, though the number could rise to 70. Mr. Lowery confirmed that the 6.2 percent increase in the FMAP rate reduces the state share of Medicaid costs only on traditional and Kentucky Children's Health Insurance Program (KCHIP) enrollment populations.

In response to a question from Senator Meredith, Secretary Friedlander said that a lawsuit regarding Medicaid managed care organizations (MCO) is being appealed, and the cabinet will be prepared to provide more information on new MCO contracts after appeal.

In response to a question from Representative Raymond, Secretary Friedlander stated that \$10 million dollars in CARES Act funding has been exhausted for reimbursements for local health departments. Secretary Friedlander noted that the Louisville Metro health department is an independent health department and receives funding through different sources. The Louisville Metro government also received CARES Act funding directly from the federal government.

There being no further business before the subcommittee, the meeting was adjourned at 11:23 AM.