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# KENTUCKY CABINET FOR HEALTH AND FAMILY SERVICES

## **Budget Overview for the Department for Medicaid Services** Prepared for the Budget Review Subcommittee on Human Resources

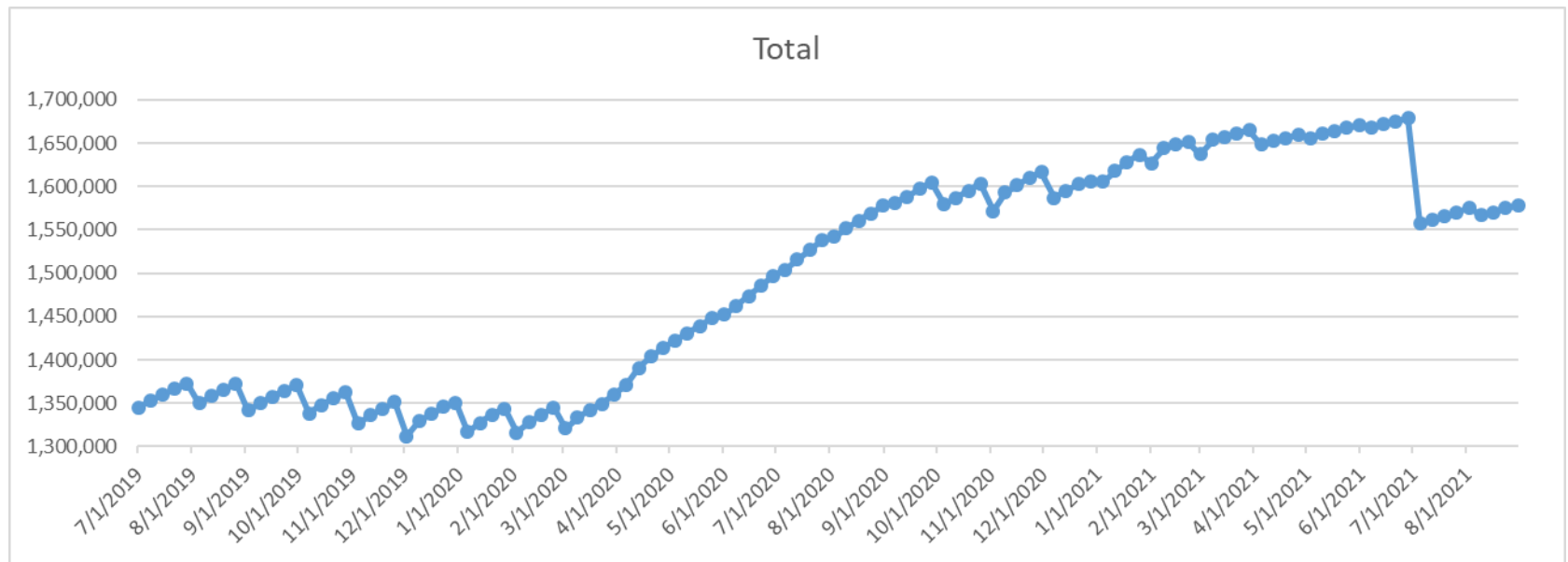
**Lisa Lee, Commissioner, DMS**  
**Steve Bechtel, Chief Financial Officer, DMS**

**September 8, 2021**

# Kentucky Medicaid at a Glance

- Approximately 1,631,834 eligible Kentuckians (SFY 2021 monthly average)
  - 101,092 children covered under KCHIP
  - 627,254 covered under Medicaid expansion (ACA)
  - 903,488 covered under traditional (Non-ACA)
- Over 59,300 enrolled providers
- \$14.7 billion in total SFY 2021 expenditures (administrative and benefits combined)

# ELIGIBILITY EXPERIENCE



- The above graph illustrates our enrollment since July 2019:
  - Monthly average enrollment experienced a 17.8% increase in SFY 2021 compared to SFY 2020.
  - Since the end of SFY 2021, enrollment has experienced a 6.0% decrease from June 30, 2021 to August 30, 2021. This is mainly due to a 120,000 drop in presumptive eligibility on July 1, 2021.

# **SFY 2021 Closeout Benefits Budget**

# MEDICAID EXPENDITURES BENEFITS (INCLUDES KCHIP)

## Historical Expenditures and Budgeted

	SFY 2018 ACTUAL	SFY 2019 ACTUAL	SFY 2020 ACTUAL	SFY 2021 ACTUAL	SFY 2022 BUDGETED
General Fund	\$1,880,812,400	\$1,825,369,800	\$1,983,649,500	\$2,018,893,700	\$1,934,395,200
Restricted Agency Funds	\$500,620,700	\$506,680,600	\$478,112,300	\$662,841,900	\$1,510,913,700
Federal Funds	\$8,149,996,200	\$8,068,252,600	\$9,381,017,300	\$11,703,230,300	\$11,483,841,700
<b>TOTAL</b>	\$10,531,429,300	\$10,400,303,000	\$11,842,779,100	\$14,384,965,900	\$14,929,150,600

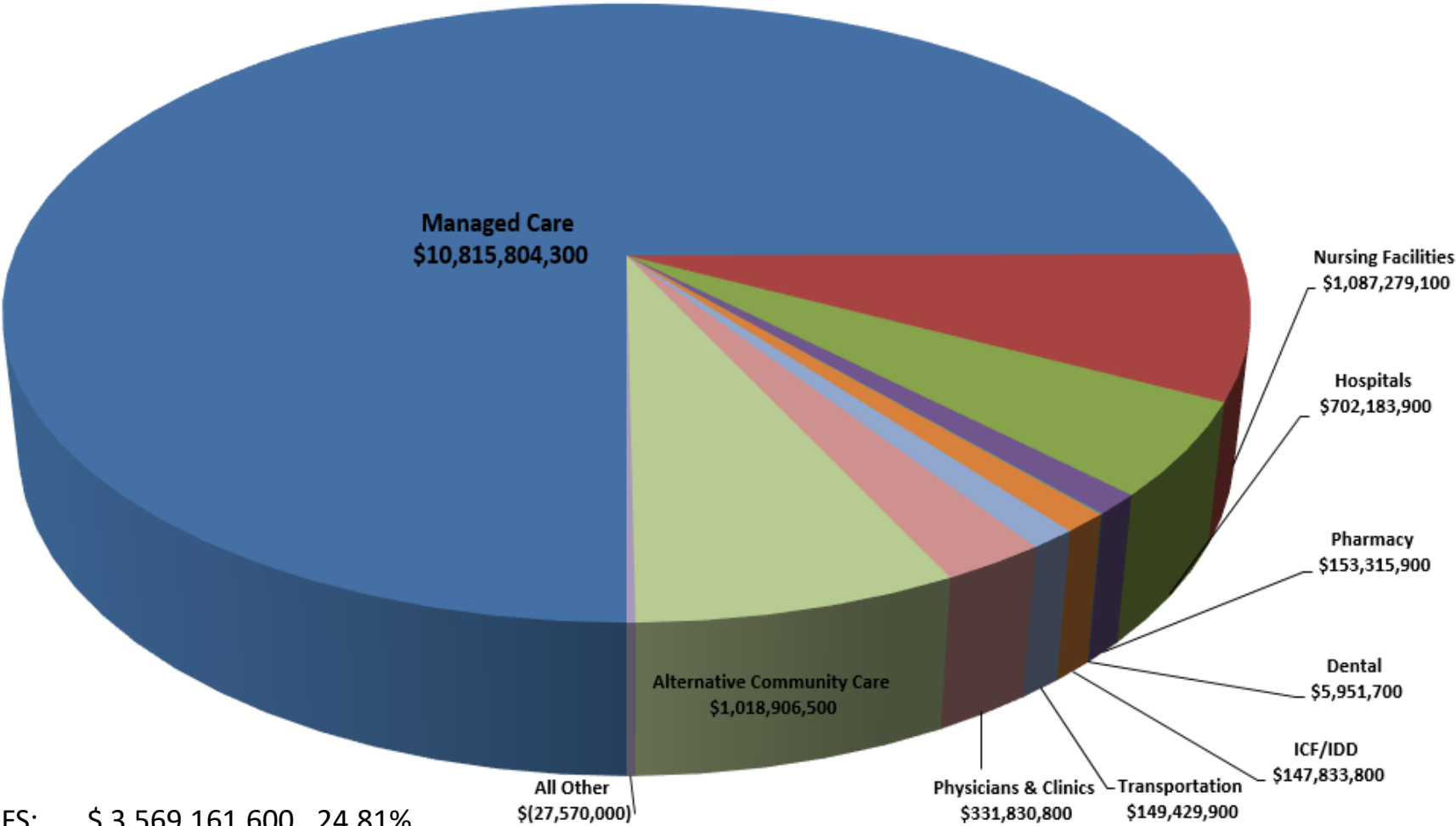
# MEDICAID EXPENDITURES

## BENEFITS

SFY 2021 Budgeted vs. Actual

Benefits Budget	SFY 2021 Budgeted Appropriations	SFY 2021 Actual Expenditures	SFY 2021 \$ Variance
General Funds	\$2,018,893,700	\$2,018,893,700	\$0
Restricted Agency Funds	\$713,921,500	\$662,841,900	\$51,079,600
Federal Funds	\$11,745,488,200	\$11,703,230,300	\$42,257,900
<b>TOTAL</b>	<b><u>\$14,478,303,400</u></b>	<b><u>\$14,384,965,900</u></b>	<b><u>\$93,337,500</u></b>

# MEDICAID EXPENDITURES – BENEFITS SFY 2021



Total FFS: \$ 3,569,161,600 24.81%  
 Total MCO: \$10,815,804,300 75.19%  
 Grand Total: \$14,384,965,900

# MEDICAID EXPENDITURES

	SFY 2020	SFY 2021	\$ Variance	% of Variance
Managed Care (MCO)	\$ 8,219,759,100.00	\$ 10,815,804,300.00	\$ 2,596,045,200.00	31.58%
Managed Care (NEMT)	\$ 103,779,100.00	\$ 142,994,248.33	\$ 39,215,148.33	37.79%
Drug Rebate	\$ (659,184,700.00)	\$ (827,591,000.00)	\$ (168,406,300.00)	25.55%
FFS	\$ 4,178,425,600.00	\$ 4,253,758,351.67	\$ 75,332,751.67	1.80%
	\$ 11,842,779,100.00	\$ 14,384,965,900.00	\$ 2,542,186,800.00	21.47%

- SFY 2021 total expenditures increased by \$2.5B (21.5%) over SFY 2020
- The 31.58% increase in managed care payments were mainly due to the following:
  - \$1,338M (51.54%) estimated increase due to increased enrollment and program changes
  - \$ 683M (26.31%) increase due to implementation of HB183 from the 2021 legislative session for the Hospital Reimbursement Improvement Plan (HRIP)
  - \$ 332M (12.79%) increase in university directed payments
  - \$ 26M ( 1.00%) increase due to implementation of HB8 from the 2020 legislative session for an ambulance per trip add-on payment



# Per Member Per Month (PMPM)

<b>Monthly Average ELIGIBLES</b>	<b>SFY 2020</b>	<b>SFY 2021</b>	<b>% Change</b>
Traditional Medicaid	836,468	903,488	8.01%
ACA Expansion	458,669	627,254	36.76%
CHIP	90,122	101,092	12.17%
	<b>1,385,259</b>	<b>1,631,834</b>	<b>17.80%</b>

<b>PMPM</b>	<b>SFY 2020</b>	<b>SFY 2021</b>	<b>% Change</b>
Traditional Medicaid	\$831.45	\$894.52	7.59%
ACA Expansion	\$591.47	\$584.01	-1.26%
CHIP	\$223.36	\$239.76	7.35%
	<b>\$712.43</b>	<b>\$734.60</b>	<b>3.11%</b>

# What has Medicaid implemented to help providers during the public health emergency (PHE)?

- **Presumptive Eligibility (PE)**: Received approval from Centers for Medicaid and Medicare Services (CMS) that allowed Department for Medicaid Services (DMS) to expand the PE enrollment process. This allowed Kentuckians to get access to Medicaid services without having to wait for their application to be fully processed and reduced uncompensated care for providers.
- **Prior Authorization Requirements**: DMS eliminated prior authorizations for COVID-19 related services, including hospitalizations and office visits.
- **Diagnostic Related Group (DRG) Reimbursement**: DMS updated the DRG to MS-DRG Grouper V37.2, which included the diagnosis codes for COVID-19 and implemented a 20% add-on to the weight of the DRG (any DRG) assigned to the claims with a COVID-19 diagnosis code.
- **Pharmacy Refills**: DMS allowed early refills of 30, 60, and 90 day supply of prescriptions.
- **Telehealth**: In order to reduce in-person trips to medical facilities, DMS encouraged and expanded the use of telehealth services.

# What has Medicaid implemented to help providers during the public health emergency (PHE)?

- **Cost Reporting Process:** Consistent with CMS, DMS extended due dates for cost reports for 6 months.
- **Recoupments:** DMS allowed all providers to request stays on recoupments.
- **Payment Intercepts:** DMS worked with the Department of Revenue to temporarily discontinue the payment intercepts on Medicaid fee-for-service reimbursements.
- **Nursing Facilities:** DMS implemented the following items:
  - \$270 per diem add-on for any COVID-19 positive patient in a long-term-care facility
  - Extended bed hold from 14 to 30 days
  - DMS increased the bed reserve reimbursement rate from 50% to 75%
  - Implemented a \$29 per day add-on to be used specifically to address personal protective equipment, COVID-19 testing, and staffing
  - Streamlined resident application process by accepting client statements for verification of assets

# **SFY 2021 Closeout Administration Budget**

# MEDICAID EXPENDITURES ADMINISTRATION

## Historical Expenditures and Enacted Budget

	SFY 2018 ACTUAL	SFY 2019 ACTUAL	SFY 2020 ACTUAL	SFY 2021 ACTUAL	SFY 2022 BUDGETED
<b>General Fund</b>	\$40,407,600	\$56,622,700	\$58,701,800	\$59,304,800	\$59,310,400
<b>Restricted Agency Funds</b>	\$20,273,900	\$15,112,400	\$4,263,000	\$10,643,664	\$12,568,700
<b>Federal Funds</b>	\$155,792,300	\$169,265,600	\$137,671,700	\$152,392,789	\$165,864,500
<b>TOTAL</b>	\$216,473,800	\$241,000,700	\$200,636,500	\$222,341,253	\$237,743,600

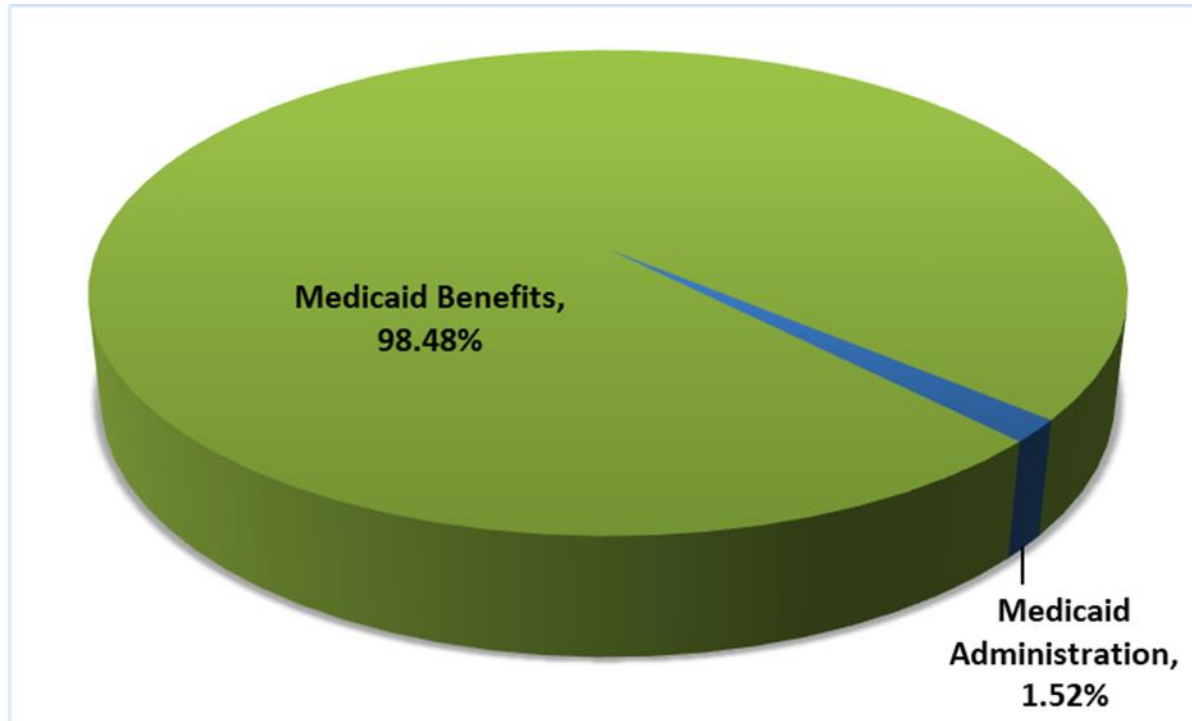
# MEDICAID EXPENDITURES

## ADMINISTRATION

SFY 2021 Budgeted vs. Actual

Administration Budget	SFY 2021 Budgeted Appropriations	SFY 2021 Actual Expenditures	SFY 2021 \$ Variance
General Funds	\$59,304,800	\$59,304,800	\$0
Restricted Agency Funds	\$12,547,500	\$10,643,700	\$1,903,800
Federal Funds	\$165,853,300	\$152,392,800	\$13,460,500
<b>TOTAL</b>	<b><u>\$237,705,600</u></b>	<b><u>\$222,341,300</u></b>	<b><u>\$15,364,300</u></b>

# MEDICAID EXPENDITURES



For total appropriations spent, DMS spent approximately 1.52% for administrative costs (salaries, supplies, etc.) in SFY 2021.

# **QUESTIONS and/or Comments?**