



CABINET FOR HEALTH
AND FAMILY SERVICES

Budget Overview for the Department for Medicaid Services

Prepared for the Budget Review Subcommittee on Human Resources

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Kentucky Medicaid at a Glance

- Approximately 1,658,949 members
(as of June 30, 2022)
 - 128,901 children covered under KCHIP
 - 614,043 covered under Medicaid Expansion (ACA)
 - 916,005 covered under Traditional (Non-ACA)

- Over 69,000 enrolled providers

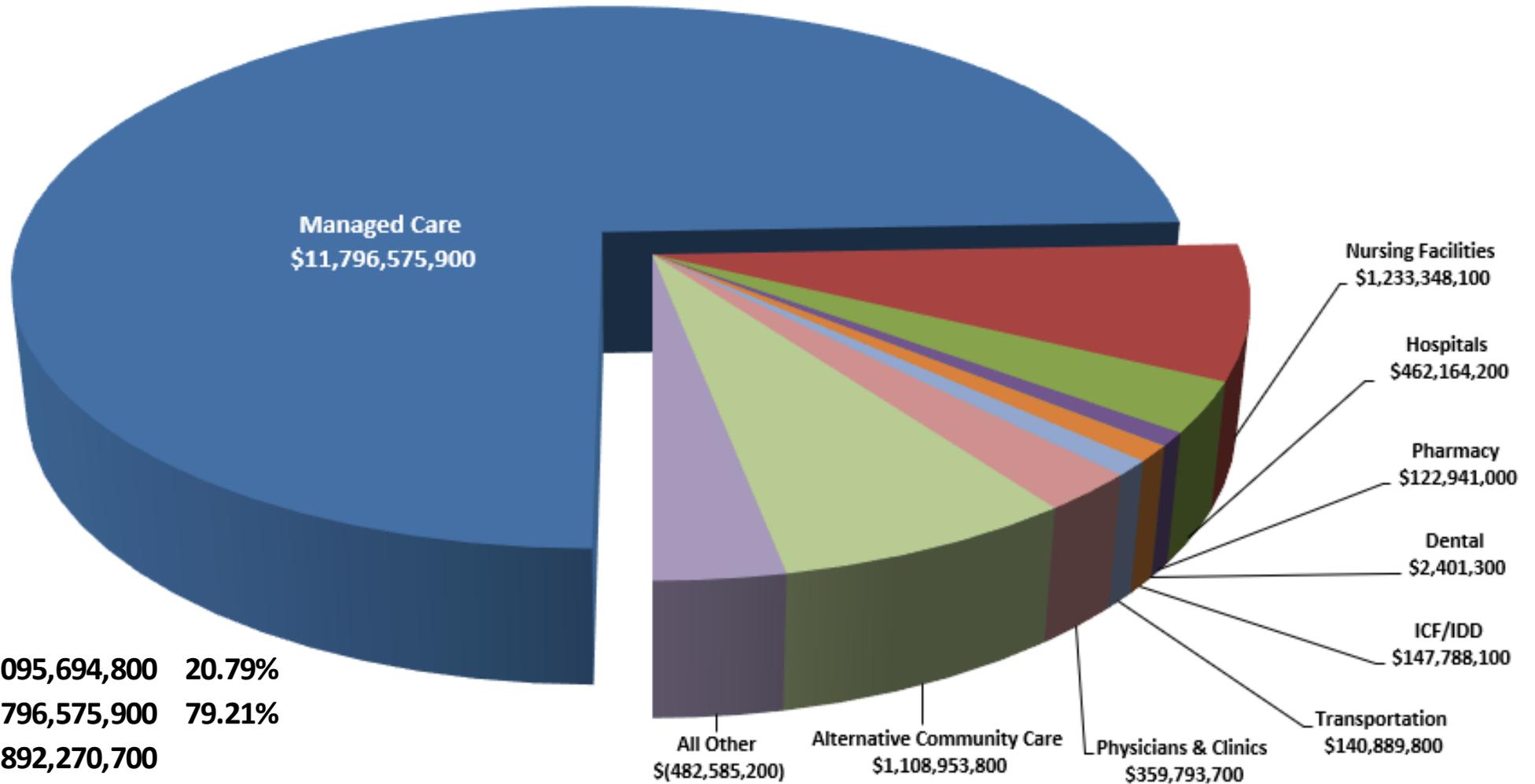
- \$15.1 billion in total SFY 2022 expenditures
(Administrative and Benefits combined)

Medicaid Benefits Budget

Benefits w/KCHIP (Dept 748)

| | SFY 2021 ACTUAL | SFY 2022 ACTUAL | SFY 2023 Budgeted | SFY 2024 Budgeted |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| General Fund | \$2,018,893,700 | \$1,934,395,200 | \$1,962,892,300 | \$2,402,688,700 |
| Restricted Agency Funds | \$662,841,900 | \$599,576,300 | \$1,586,012,300 | \$1,383,080,900 |
| Federal Funds | \$11,703,230,300 | \$12,358,299,200 | \$11,723,695,600 | \$12,061,242,200 |
| TOTAL | \$14,384,965,900 | \$14,892,270,700 | \$15,272,600,200 | \$15,847,011,800 |

Medicaid Benefits Budget



Total FFS: **\$3,095,694,800** **20.79%**
Total MCO: **\$11,796,575,900** **79.21%**
Grand Total: **\$14,892,270,700**

Medicaid Benefits Budget

- Approximately 22% of the managed care payments are related to directed payments. The following are the SFY 2022 Directed Payments that totaled \$2,613,975,200 paid in SFY 2022:
 - University Directed Payments - \$1,426,834,400
 - Hospital Rate Improvement Program (HRIP) - \$1,145,677,100
 - Ambulance Provider Assessment Program (APAP) - \$41,463,700

- Urban versus rural impact of the Hospital Rate Improvement Program (HRIP):
 - The payment breakdown is approximately 63% urban and 37% rural
 - The breakout of the payments paid in SFY 2022 are as follows:

| | Total Paid (SFY2022) | Assessment Paid (SFY2022) | Net Paid after Assessment | % |
|-------|---------------------------------|--------------------------------------|--------------------------------------|----------|
| Urban | \$ 723,637,200 | \$ 129,832,300 | \$ 593,804,800 | 62.73% |
| Rural | \$ 422,039,900 | \$ 69,292,700 | \$ 352,747,200 | 37.27% |
| | <u>\$ 1,145,677,100</u> | <u>\$ 199,125,000</u> | <u>\$ 946,552,000</u> | |

Medicaid Benefits Budget

| | SFY 2021 | SFY 2022 | Increase/Decrease | % change from 2021 |
|---|-------------------|--------------------|-------------------|--------------------|
| Managed Care (MCO) | \$ 10,815,804,300 | \$ 11,796,575,900 | \$ 980,771,600 | 9.07% |
| Non-Emergency Medical Transportation (NEMT) | \$ 142,994,200 | \$ 140,657,700 | \$ (2,336,500) | -1.63% |
| Drug Rebate | \$ (827,591,000) | \$ (1,246,971,900) | \$ (419,380,900) | 50.67% |
| Fee-For-Service (FFS) | \$ 4,253,758,400 | \$ 4,202,009,000 | \$ (51,749,400) | -1.22% |
| | \$ 14,384,965,900 | \$ 14,892,270,700 | \$ 507,304,800 | 3.53% |

- SFY 2022 expenditures increased by \$507m (3.5%) over SFY 2021 expenditures.
- Nursing Facility \$29 add-on was first implemented just for CY 2021 but has since been extended.
 - \$146m (13.43%) increase over SFY 2020 expenditures due to inflationary adjustment, extending add-on across a full State Fiscal Year, and other COVID related flexibilities.
- The 9.07% increase in Managed Care Payments were mainly due to the following:
 - \$337.2m (34.38%) increase due to increased enrollment and program changes
 - \$364.5m (37.16%) increase in Hospital Reimbursement Improvement Plan (HRIP)
 - \$263.9m (26.91%) increase in University Directed Payments
 - \$ 15.2m (1.55%) increase in Ambulance Directed Payment (APAP)

Medicaid Benefits Budget

| | SFY 2021 | SFY 2022 | Increase/Decrease | % change from 2021 |
|--------------------------------------|----------------|------------------|-------------------|--------------------|
| Supports for Community Living Waiver | \$ 384,843,900 | \$ 395,915,100 | \$ 11,071,200 | 2.88% |
| Michelle P Waiver | \$ 333,053,200 | \$ 346,373,800 | \$ 13,320,600 | 4.00% |
| HCB Waiver | \$ 17,229,100 | \$ 18,976,400 | \$ 1,747,300 | 10.14% |
| Adult Day Care Waiver | \$ 202,120,400 | \$ 265,984,600 | \$ 63,864,200 | 31.60% |
| Brain Injury Waiver | \$ 29,211,300 | \$ 26,760,500 | \$ (2,450,800) | -8.39% |
| ABI LTC Waiver | \$ 27,810,000 | \$ 31,168,500 | \$ 3,358,500 | 12.08% |
| | \$ 994,267,900 | \$ 1,085,178,900 | \$ 90,911,000 | 9.14% |

- In aggregate, the six Medicaid Waiver programs experienced a \$90.9m (9.14%) increase in total expenditures in SFY 2022 when compared to SFY 2021.
 - The decrease in Brain Injury was due to decreased utilization due to COVID in early part of SFY 2022.

- The spending plan has been submitted to CMS and DMS is currently awaiting to receive federal approval to reallocate the increased HCBS FMAP to provide the 10% rate increase across all waivers as detailed in the SFY 2023 budget.

**QUESTIONS
and/or
Comments?**