MEDICAID OVERSIGHT AND ADVISORY COMMITTEE

Minutes

June 20, 2018

Call to Order and Roll Call

The Medicaid Oversight and Advisory Committee meeting was held on Wednesday, June 20, 2018, at 1:30 PM, in Room 131 of the Capitol Annex. Representative Kimberly Poore Moser, Chair, called the meeting to order at 1:35 PM, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Kimberly Poore Moser, Co-Chair; Senators Danny Carroll, Morgan McGarvey, and Stephen Meredith; Representatives Jim Gooch Jr. and Melinda Gibbons Prunty.

Guests: Adam Meier, Secretary, Eric Clark, Chief of Staff, Cabinet for Health and Family Services; Jill Hunter, Acting Commissioner, Steve Bechtel, Chief Financial Officer, John Inman, Chief of Staff, Stephanie Bates, Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; Deck Decker, Executive Director, Office of Administrative and Technology Services, Cabinet for Health and Family Services; David P. Jude, Deloitte Consulting LLC; Keith Mason, United Healthcare; and Sarah S. Nicholson, Kentucky Hospital Association.

LRC Staff: DeeAnn Wenk, CSA and Becky Lancaster.

Approval of Minutes

A motion to approve the minutes from the October 11, 2017, November 15, 2017, and December 13, 2017 meetings was made by Senator Alvarado, seconded by Representative Gooch, and approved by voice vote.

Introduction of Acting Commissioner

Steve Bechtel, Chief Financial Officer, Department for Medicaid Services (DMS), Cabinet for Health and Family Services (CHFS), stated that DMS is projecting an approximate budget shortfall of $154 million in state fiscal year (SFY) 2019 and a $140 million shortfall in SFY 2020. DMS worked with the CHFS budget staff and the Office of the State budget staff to create a consensus forecast. A 10 percent support for community living (SCL) rate increase, a pharmacy rate increase, a June 29 cycle paid out of the new year appropriations, and a disproportionate share hospital (DSH) reduction freeze, added to the expenditures of the consensus forecast completed in November 2018. Eligibility, benefits, and appropriations drive the Medicaid budget. Centers for Medicare and Medicaid

Services (CMS) states that there are eligibility groups and benefits that are considered mandatory or optional. With the projected shortfall, DMS must consider a plan for the optional eligibility groups and benefits. Appropriations allocated fund the mandatory and optional eligibility groups and benefits.

Jill Hunter, Acting Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services, stated that DMS is finalizing the managed care organizations (MCOs) contracts to be effective July 1, 2018 through June 30, 2019. DMS has added the 1115 Kentucky HEALTH waiver expectations into the contracts. DMS expects to develop a request for proposal (RFP) for new MCO contracts by early 2019. The 1115 Kentucky HEALTH waiver is a priority and is ready to function on July 1, 2018.

Adam Meier, Secretary, Cabinet for Health and Family Services, stated that oral arguments regarding the 1115 Kentucky HEALTH waiver were heard on June 15, 2018 in Washington D.C. The presiding judge signaled that a ruling is likely to occur prior to July 1, 2018. An adverse ruling could affect technology changes and costs, communication changes, or immediate benefit cuts to optional eligibility groups. Commissioner Hunter stated that DMS and Navigant Consulting Inc. conducted 10 town hall meetings statewide to present the preliminary recommendations and solicit stakeholder feedback with over 500 individuals in attendance. Navigant Consulting Inc. is working to finalize recommendations and compile a comprehensive report. DMS is expecting the project to review and revise the waiver program to last until 2020. Secretary Meier stated that waiver project would incorporate the Red Tape Reduction initiative to continue to streamline the processes within the Medicaid system.

In response to questions from Senator Meredith, Secretary Meier stated that there are many unknowns regarding the projected savings with the 1115 Kentucky HEALTH waiver. The savings that the 1115 Kentucky HEALTH waiver may produce were not considered in the consensus forecast. Secretary Meier stated that CHFS has a provider portal in a pilot stage that automates many of the provider licensure applications and processes.

In response to questions from Senator Alvarado, Mr. Bechtel stated that there will be a $2 increase on the MCOs pharmacy dispensing fees in the contracts starting on July 1, 2018. DMS has requirements in the MCOs contracts that Pharmacy Benefit Managers (PBMs) be more transparent. Mr. Bechtel clarified that who is eligible for the Medicaid expansion can be optional. Commissioner Hunter stated that there are 200 additional brain injury waiver openings. There are opportunities to work with MCOs and to teach members that there are other alternatives than going to the emergency room first.

In response to questions from Representative Moser, Secretary Meier stated that with the 21st Century Cures Act, one of the restrictions is it that cannot replace another

federal funding stream. The 21st Century Cures Act helps to drive down substance use disorder and the need for Medicaid services.

Update on House Bill 69

John Inman, Chief of Staff, Department for Medicaid Services, Cabinet for Health and Family Services, stated that the Uniform Credentialing Verification Organization (CVO) has unified the process that was fractured amongst MCOs. DMS has started the initial drafting stages of the RFP requirements. DMS has received input from other Medicaid departments in Indiana, Texas, and Georgia regarding the CVO process. DMS is working on technology coordination. DMS has created a Partner Portal that will eliminate paper applications for enrollment and speed up the process of credentialing a provider. DMS has spent approximately $7 million on the project. DMS has prepared the Advance Planning Document (APD) for Federal Financial Participation (FFP) that would allow for advance funding streams for technology implementation.

Presentation on Benefind

Deck Decker, Executive Director, Office of Administrative and Technology Services, Cabinet for Health and Family Services, stated that Benefind or Integrated Eligibility and Enrollment System (IEES) provides Medicaid benefits to over 1.4 million persons and delivers over $1 billion dollars in Supplemental Nutrition Assistance Program (SNAP) and Kentucky Temporary Assistance Program (KTAP) benefits every year. The Benefind programs are operated by 1,800 workers in the 120 county offices throughout the Commonwealth. DMS is incorporating the 1115 Kentucky HEALTH waiver into Benefind and the Medicaid Management Information System (MMIS). DMS has added the Child Care Assistance program and there has been a positive impact for the Department for Community Based Services (DCBS) workers and children. DMS is continually working to improve fraud detection, security, and system updates. Benefind has reduced provider billing issues, and implemented data and process integration across multiple systems. DMS has estimated that Benefind has created over $20 million in savings per year.

Benefind has eliminated annual recertification interviews by automating the process that verifies Medicaid recipients' information using federal and state data sources. There has been a three percent reduction in DCBS front-line staff and the elimination of mandatory 10 percent overtime. DCBS is processing task completions in less than one day on average. Productivity improvements have resulted in $9 million of annual savings, allowing workers to focus on better customer service with a reduction in fraud and waste.

The Child Care Assistance Program has created a savings of $8 million per year by not renewing the Child Care Council contract. There has been 3,500 new child care applications per month since October 2017. Benefind enabled CHFS to confirm appropriate eligibility for 9,193 cases and close more than 1,000 incorrect child care cases. The Asset Verification System (AVS) implemented real time and yearly verification for

citizen's asset data preventing fraudulent reporting by citizens and issuing accurate benefits.

Kentucky Medicaid has transitioned to the Federal Facilitated Marketplace (FFM) via HealthCare.gov to process Qualified Health Plans (QHPs) and Advanced Premium Tax Credits (APTC) eligibility. FFM has resulted in $2 million savings in annual operating costs. Kentucky moved from JP Morgan Chase to FIS as its electronic benefit transfer (EBT) vendor. The transition was carried out with no interruption to client benefits or service interruptions to the retailers. DMS has added waiver case management with Benefind to improve self-service capabilities to bring more accountability and transparency to the program. The DMS application processing scorecard produces metrics that report daily on case backlogs and call times. For the week of June 6, 2018 to June 14, 2018, the longest wait time for a call to be answered was 23 minutes with an average of 11 to 15 minutes. Call times usually spike during the open enrollment period in October. Before Benefind, the average call wait time was approximately one hour with a maximum of two hours.

In response to questions from Representative Moser, Mr. Decker stated that the abandonment rate relates to when the phone lines are too busy, the caller is kicked off the line and must call back.

Adjournment

There being no further business, the meeting was adjourned at 2:24 PM.