

CHFS ORGANIZATIONAL STRUCTURE, OPERATIONS & ADMINISTRATION TF

Minutes of the 2nd Meeting of the 2022 Interim

July 19, 2022

Call to Order and Roll Call

The 2nd meeting of the CHFS Organizational Structure, Operations & Administration TF was held on Tuesday, July 19, 2022, at 3:00 PM, in Room 131 of the Capitol Annex. Representative David Meade, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative David Meade, Co-Chair; Senators Julie Raque Adams and Karen Berg; Representatives Danny Bentley and Kimberly Poore Moser.

Guests: State Representative Daniel Fister; State Representative Timmy Truett; Eric Friedlander, Secretary, Cabinet for Health and Family Services; Lisa Lee, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; and Veronica Judy-Cecil, Senior Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services (CHFS).

LRC Staff: Samir Nasir, Eric Rodenberg, and Mariah Derringer-Lackey.

Approval of Minutes - July 6, 2022

Representative Meade requested a motion for approval of the minutes. Senator Meredith made a motion, Representative Bentley seconded, and passed by voice vote.

Overview of Budget, Staffing, and Programs at the Kentucky Department for Medicaid Services

Eric Friedlander, Secretary, Cabinet for Health and Family Services; Lisa Lee, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; and Veronica Judy-Cecil, Senior Deputy Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services, provided testimony and a presentation on the department including the covered populations of Medicaid, organizational structure, personnel, functions, services, funding, expenditures, waivers, and the Medicaid funded IT initiatives catalog.

Commissioner Lee spoke about the history and evolution of Kentucky's Medicaid program. One of the biggest expansions of Medicaid occurred in 1997, with the enactment of the Kentucky Children's Health Insurance Program (K-CHIP). Medicaid is the go-to program to solve health care issues that commercial insurers are unwilling or unable to solve.

Commissioner Lee discussed Medicaid's covered populations. Each type of assistance has its own federal poverty level and requirements which can make determining eligibility longer. Commissioner Lee highlighted an enacted bill that extends the eligibility of pregnant women to a year. There are at least 25 or 26 categories of eligibility or programs through Medicaid.

Deputy Commissioner Judy-Cecil discussed the reorganization and the structure of the department. There are now seven divisions instead of five. Highlights included renaming and restructuring the former Program Quality and Outcomes division into the Quality and Population Health division. Within the division, there will be branches dedicated to equity and determinants of health. The reorganization created two new divisions: Health Plan Oversight and Information Systems. Health Plan Oversight determines eligibility enrollment and reviews managed care organizations to ensure compliance with contracts. Information Systems focuses on the Medicaid IT systems.

In response to questions from Senator Raque Adams, Deputy Commissioner Judy-Cecil said the reorganization allows the cabinet to gather information and turn that data into actionable policies and hold managed care organizations (MCOs) accountable. Secretary Friedlander testified to the reorganization allowing the cabinet to move the Office of Data Analytics into the Secretary's office.

In response to questions from Representative Moser, Secretary Friedlander spoke to the lack of staff who are dedicated to data analytics for departments and divisions. The cabinet is creating positions that include data analytics and strategic planning, within each department. Commissioner Lee spoke of gathering a baseline and creating a report to measure the impact of policies and see what is or not working.

Senator Berg made several comments regarding the gathering, understanding, and interpreting data. Senator Berg pointed out several things she believed were beyond the MCOs scope of care or responsibility.

Senator Meredith shared an anecdote from his time as a CEO for a hospital and recruiting an ENT physician from Canada. He spoke on equitable distribution of resources. Senator Meredith then spoke on the idea of having MCOs, if they want to participate in the Medicaid system, offer commercial insurance as well.

Representative Meade requested the cabinet provide an updated structural organization chart to the committee that shows the implemented reorganization plan.

The presentation continued with the personnel breakdown for the department. The majority of the 94 contractors listed is mainly IT systems. Deputy Commissioner Judy-Cecil testified that it is incredibly difficult to recruit and retain qualified staff.

Commissioner Lee discussed that one of the main functions of the department, is to serve as the only agency authorized by the Center for Medicare and Medicaid Services (CMS) to administer the Medicaid program. Other functions include the administration of the State Health Benefit Exchange and provide administrative support to the Medicaid Advisory Council and Technical Advisory Committees. Secretary Friedlander explained how the department is connected to CMS and on the integrated eligibility system.

In response to questions from Senator Meredith, Secretary Friedlander explained how the cost allocation system works with this department.

In response to questions from Senator Meredith, Commissioner Lee explained the partnership with CMS, how CMS funds the Medicaid program, and the standards on CMS on where the money can be spent.

In response to questions from Senator Meredith, Deputy Commissioner Judy-Cecil discussed the contractors coming to the department during the IT transition and the desire to have the contractor positions be filled by state employees.

In response to questions and comments from Senator Berg, Commissioner Lee explained the presumptive eligibility, how the process expanded during the COVID-19 emergency, and how the cabinet has gone back to its original presumptive eligibility process. Secretary Friedlander discussed the changes to presumptive eligibility from 2022 Regular Session House Bill 7.

In response to questions and comments from Senator Berg, Commissioner Lee explained the eligibility rolls and how someone is removed or added. Deputy Commissioner Judy-Cecil described the process of how the department will go about removing people.

In response to questions and comments from Representative Meade, Deputy Commissioner Judy-Cecil stated that approximately 94 contractors are located with the IT division; however, that number could include nurses contractors.

In response to questions and comments from Representative Meade, Deputy Commissioner Judy-Cecil testified about the responsibilities of the temporary employees; such as preparing records for archiving, administrative functions, and filing. Secretary

Friedlander discussed using temporary employees within DCBS as a way to get people hired quickly then working through the process to a permanent position.

In response to questions and comments from Senator Raque Adams, Secretary Friedlander spoke on his philosophy about programmatic expertise and employees with the expertise should reside in the department that best matches them. However, since Medicaid funds additional programs, Medicaid believes all additional programs, regardless of which department oversees it, should reside in the Department for Medicaid Services.

Mandatory services provided through the Medicaid program, include hospital services, physician services, and long-term care services. Optional services include pharmacy, dental, and vision services. Medicaid provides funding for services delivered through other departments such as the Non-Emergency Medical Transportation, administered by the Office of Transportation Delivery in the Transportation Cabinet.

The presentation then focused on funding and the budget for the department. Approximately 70 percent of federal funds are for the traditional Medicaid population. Currently, approximately 50 percent of the administrative expenses are covered by federal funds and approximately three percent of the total budget is administrative expenses. An estimated 79.21 percent of the budget are payments to MCOs, which represent over 90 percent of the Medicaid population. The other 20.79 percent are payments to the fee for service (FFS) providers, such as nursing facilities and 1915c waiver participants which represents the rest of the Medicaid population.

The panel discussed the evolution, types, and administration of waivers available through Medicaid. There is a new type of 1115 waiver pending with CMS. The 1115 waiver would cover substance use disorder services for incarcerated individuals. Highlighted within the presentation was the participant directed services (PDS), which falls in with the 1915c waivers and Kentucky Transitions, which helps people move out of nursing facilities and into their own homes.

Deputy Commissioner Judy-Cecil expressed one of the values of having in-state MCOs. An MCO can often do things that the department cannot do in fee for service such as: provide cribs and car seats, gift cards as an incentive for preventative care, and cover housing and electricity. The MCOs can do pilots without having to go through a request for a waiver.

The panel provided an overview on the Medicaid funding initiatives, such as the integrated eligibility and enrollment system and the model waiver management system. The chart provided a way to show how all IT systems and applications are connected and the importance for department applications to share data.

In response to questions from Senator Meredith, Secretary Friedlander responded by referencing the “Empower Kentucky” program under Governor Paul Patton. The program organized the distribution of services across multiple departments or cabinets to best utilize the expertise of employees within that department or cabinet. During this time period, non-emergency medical transportation for Medicaid services was handled by the Transportation Cabinet. Commissioner Lee said the Office of Transportation Delivery, Transportation Cabinet, still handles inspections and certifications for vehicles and drivers of non-emergency medical transportation. The non-emergency medical transportation service is a CMS required benefit. Senator Meredith stated that this should be a function of the MCOs. Secretary Friedlander testified when speaking to individuals in rural Kentucky, transportation is the number one barrier.

In response to questions and comments from Senator Meredith, Secretary Friedlander spoke about the reorganization and bringing data to the forefront so the cabinet can have some way to establish a baseline.

Senator Berg said she would also like to know the no-show rates and believed this would be a piece of data that the department could analyze.

In response to questions from Senator Raque Adams, Commissioner Lee confirmed that the Kentucky Transitions program had 750 participants since 2008. Senator Raque Adams requested the number of participants currently in the program. Secretary Friedlander spoke to the challenge of transitioning from a nursing home back into the community. Secretary Friedlander referenced the Programs of All-Inclusive Care for the Elderly (PACE) program, where services are provided to keep the participant from going into the nursing facility.

In response to questions from Representative Bentley, Commissioner Lee clarified that children in Medicaid do have an educational requirement and the federal poverty level limit as a requirement as well. Children in KCHIP, administered through Title 21, does not have an educational component.

In response to questions from Representative Bentley, Commissioner Lee testified in order to qualify for Medicaid, one has to be a legally residing immigrant.

In response to questions from Representative Bentley, Deputy Commissioner Judy-Cecil spoke of a report the department is compiling showing an analysis of the changes from switching to a single pharmacy benefit manager. Secretary Friedlander estimated the rebates were up by a minimum of \$300 million.

In response to questions from Representative Moser, Commissioner Lee said she did not have the information regarding the School Based Services program but would be happy to generate reports and relay the information.

In response to questions from Representative Moser, Secretary Friedlander responded by providing two pieces of information: the 1115 waiver allows foster children to receive services through age 26 if they opt in the system, and SB 8 (22 Regular Session) allows children to return to the system after a longer period of time than before.

In response to questions from Senator Meredith, Secretary Friedlander explained that the department spoke to MCOs, providers, and the hospitals about the Basic Health Plan. But when the hospitals were not going to participate, the department stopped moving forward with the plan. Secretary Friedlander said the plan was on hold and were still developing parameters of the program.

Representative Meade made comments regarding the Basic Health Plan. He spoke on the House of Representatives' intention of money allocated in the budget relating to the Basic Health Plan.

Representative Meade announced the next meeting on August 17, 2022 at 3 p.m.

The meeting adjourned at 4:58 p.m.