TEAM KENTUCKY®

CABINET FOR HEALTH AND FAMILY SERVICES

Senate and House Joint Health Services Committee

Overview of the Department for Medicaid Services

January 12, 2023

Veronica Judy-Cecil, Sr. Deputy Commissioner
Steve Bechtel, Chief Financial Officer

Kentucky Medicaid at a Glance

- Approximately 1.7 million members
  - Over half of Kentucky's children
  - Traditional and Expansion
  - 138% Federal Poverty Level: $18,754
- Over 69,000 enrolled providers
- $15.1 billion in total SFY 2022 expenditures
  (Administrative and Benefits combined)

Department at a Glance

- Fiscal Management
- Health Care Policy
- Health Plan Oversight
- Information Systems
- Long-Term Services and Supports
- Program Integrity
- Quality and Population Health

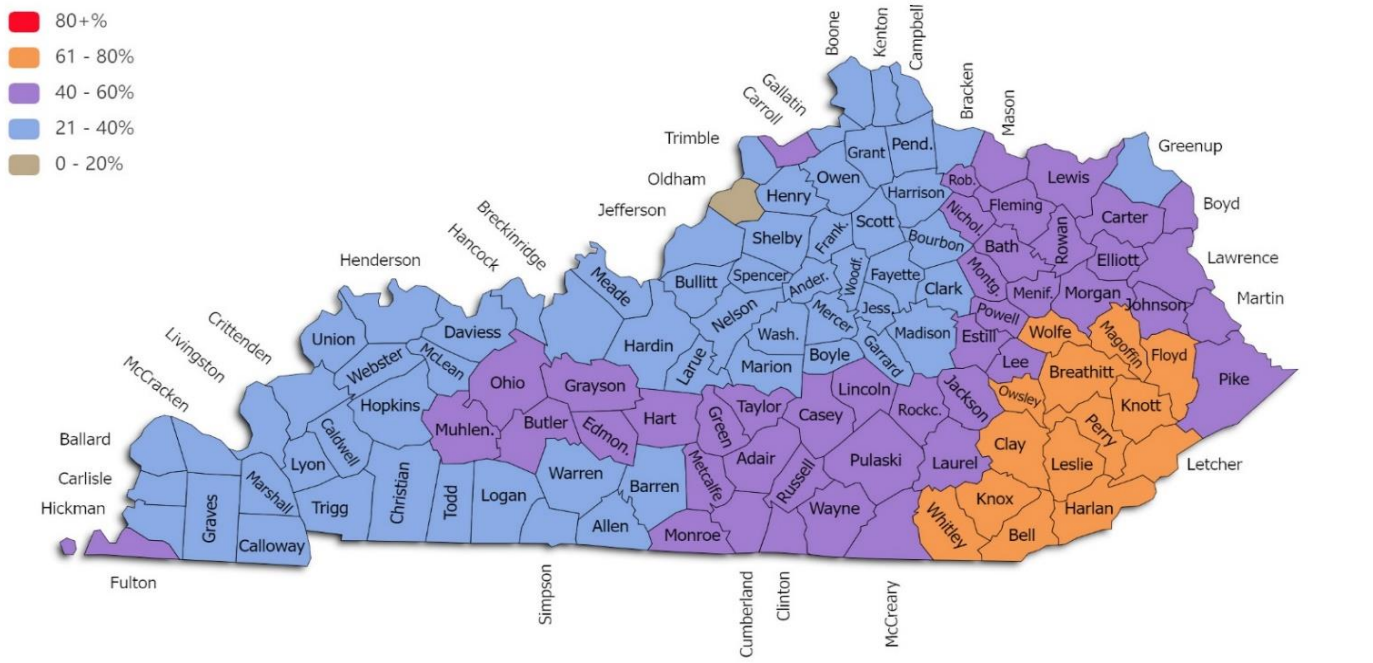
Covered Populations

- Deemed Eligible Newborns
- Low-income Children
- Kentucky Children's Health Insurance Program
- Foster Children
- Adoption Subsidy
- Department of Juvenile Justice
- Low-income Adult
- Parents and Caretaker Relatives
- Pregnant Women
- Modified Adjusted Gross Income Spend Down
- Former Foster Care
- Transitional Medicaid Assistance
- Emergency Time-Limited
- Advance Premium Tax Credit
- KY Integrated Health Insurance Premium Payment
- Non-SSI Regular Medicaid
- Time-Limited for Aged, Blind or Disabled Immigrants
- Regular Social Security Income (SSI)
- Ex Parte SSI
- Pass Through Disabled Adult Children
- State Supplementation
- Long Term Care
- Qualified Medicare
- Specified Low-Income Medicare
- Medicare Qualified Individuals
- Qualified Disabled Working Individuals

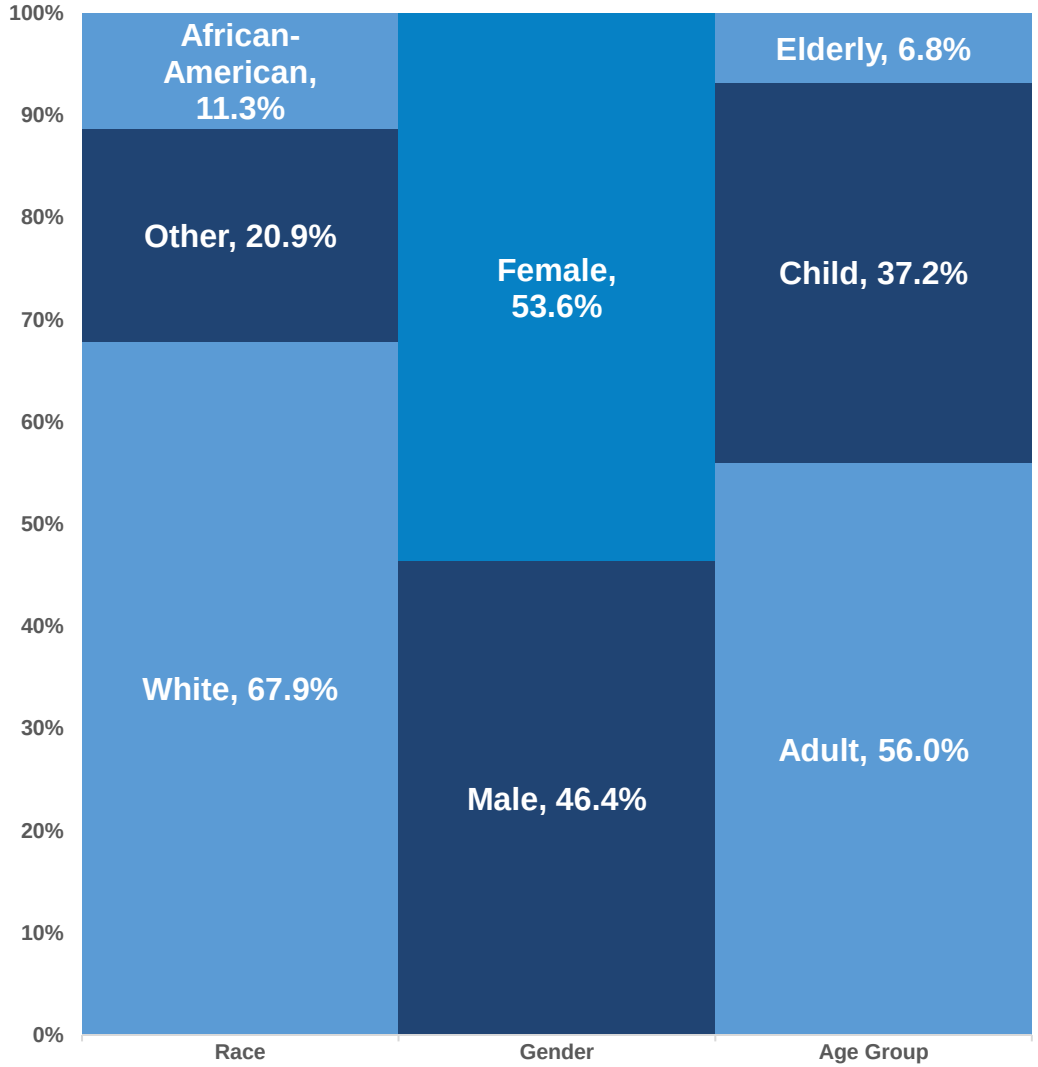
Covered Services

- Medically Necessary (mandatory and optional)
- Non-Emergency Medical Transportation
  - Administered by Office of Transportation Delivery within Transportation Cabinet
- School Based Services
  - Billed through KY Department of Education and includes administration and services
- Health Access Nurturing and Development Services (HANDS)
  - Administered by Department of Public Health
- First Steps
  - Administered by Department of Public Health

KY Medicaid Enrollment

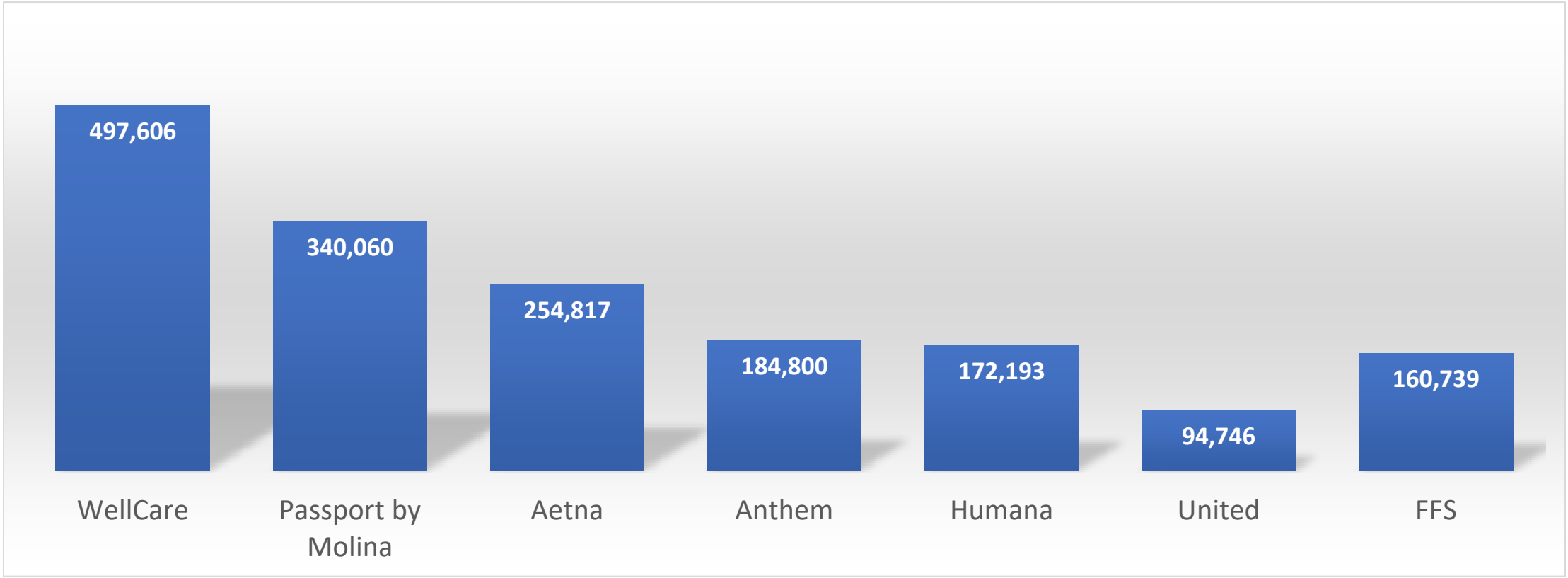


Percentage by County



TEAM KENTUCKY
CABINET FOR HEALTH AND FAMILY SERVICES

KY Medicaid Enrollment by Plan



NOTE: Aetna includes 27,808 Supporting Kentucky Youth(SKY) members

Fee-for-Service v Managed Care

Fee-for-Service (FFS)

- State pays providers directly
- Budget difficult to predict and if costs exceed budget then must make program cuts if no additional appropriation
- Population is generally individuals in long-term care, have intellectual or developmental disabilities or need supports to remain in home or community
- Not able to offer value-added benefits or incentives
- Pilot programs and value based payments must be done through waivers which require federal approval, budget neutrality, and use of limited resources for implementation, monitoring and evaluation
- Difficult to innovate or quickly adjust to changing health care landscape and staff needs due to personnel limits and state hiring practices
- Directed Payments are limited to Upper Payment Limit (UPL) on reimbursement

Managed Care Organization (MCO)

- State pays MCO a fee for each person enrolled in the MCO and it pays providers
- Budget predictability as MCO takes on the risk if spending exceeds payments – minimum medical loss ratio ensures funds are spent on health care services
- Population is generally non-disabled children and adults under 65
- Offer value-added benefits and incentives
- Pilot programs and value based payments are easier to implement through agreements between MCO and provider or vendor
- Able to quickly innovate or adjust to changing health care environment including hiring staff for care management and call centers
- Directed Payments are limited to Average Commercial Rate for reimbursement which is higher than UPL

Types of Medicaid Waivers

- **Section 1115 waivers** – Often referred to as research and demonstration waivers, these allow states to temporarily test out new approaches to delivering Medicaid care and financing.

- **Section 1915(c) waivers** – Home and Community-Based Services (HCBS) waivers are designed to allow states to provide home and community-based services to people in need of long-term care. This means they can stay in their own home or a community setting (such as a relative's home or a supported living community) instead of going into a nursing facility.

- **Section 1915(b) waivers** – "Freedom of choice waivers" allow states to provide care via managed care delivery systems. These organizations contract with state Medicaid agencies, and are paid from the state Medicaid fund for providing health care services to the beneficiaries, thus limiting the individual's ability to choose their own providers.

TEAM KY 1115 Waiver

- Extends coverage to former foster care youth under age 26 who were in foster care under the responsibility of another state on the date they turned 18 and who were enrolled in Medicaid
- Substance use disorder (SUD) program available to all Medicaid members
- Waives non-emergency medical transportation (NEMT) for methadone treatment services
- Aligns Medicaid member redeterminations with their employer-sponsored insurance open enrollment period
- Expires September 20, 2023 – Extension filed 9/30/22
- Amendment pending to include SUD for incarcerated (submitted 11/25/20)

Kentucky's 1915(b) Waivers

- Managed Care
  - Allows KY to use MCOs to deliver care to enrollees
  - Risk based capitated payment model
- Non-Emergency Transportation (NEMT)
  - Operated through a contract with the Kentucky Department of Transportation (DOT)
  - DOT contracts with brokers
  - Brokers contract with transportation providers
  - Risk based capitated payment model

1915(c) Waivers

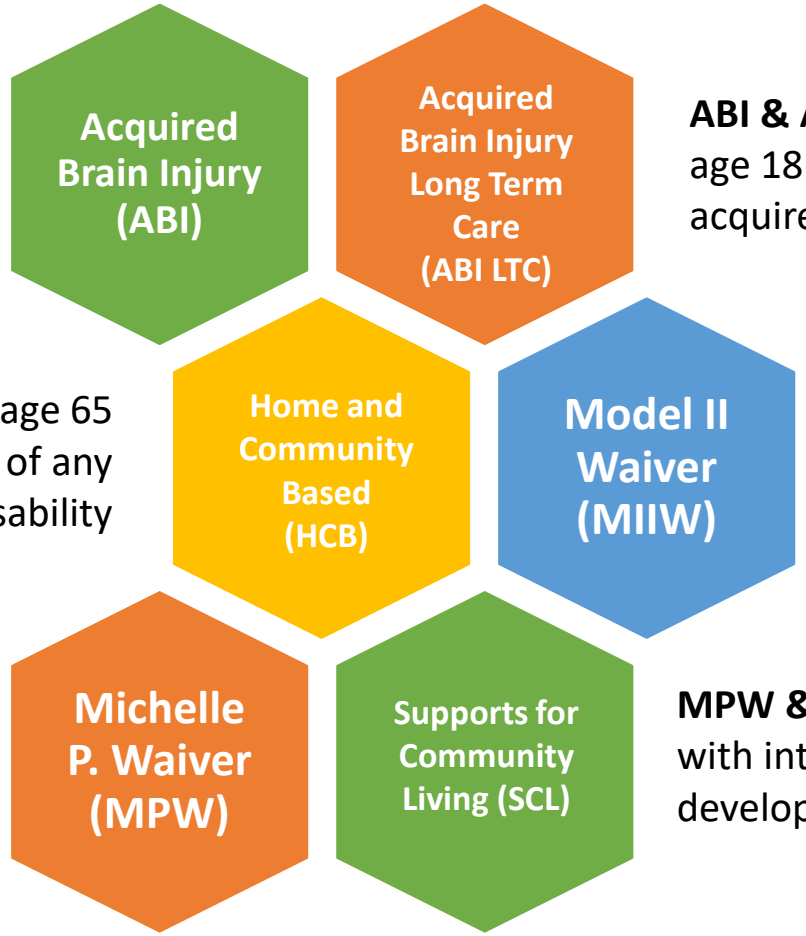
- Specific Services in HCBS
  - Case management
  - Homemaker
  - Home health aid
  - Personal care
  - Adult day health
  - Habilitation
  - Respite
- Members also receive all State Plan services

Participant Directed Services: Some waivers allow individuals to hire their own providers for non-medical, non-residential waiver services. This option gives waiver participants more choice, flexibility and control over their supports and services.

Kentucky's 1915(c) HCBS Waivers

Department for Medicaid Services operates **ABI, ABI LTC** and **Model II**

Department for Aging and Independent Living operates **HCB** and **PDS**



ABI & ABI LTC: For individuals age 18 or older with an acquired brain injury

HCB: For individuals age 65 and older or individuals of any age with a physical disability

MIIW: For individuals dependent on a ventilator 12 or more hours a day or on an active, physician monitored weaning program

Department for Behavioral Health, Developmental and Intellectual Disabilities operates **SCL** and **Michelle P**

MPW & SCL: For individuals with intellectual or developmental disabilities

1915(c) Waiver Enrollment

WAIVER	MEMBERS
ABI Acute	232
ABI LTC	426
HCB	14,634
Model II	24
Michelle P	10,040
SCL	4,833

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

Approximately 22% of MCO payments are related to directed payments

	SFY 2020	SFY 2021	SFY 2022	SFY 2023 (to date)	Total
Hospital Rate Improvement Program (HRIP)	$98,359,800	$781,227,100	$1,145,677,000	$513,614,100	$2,538,878,000
Ambulance Provider Assessment Program (APAP)	$0	$26,248,700	$41,463,500	$22,295,000	$90,007,200
University Directed Payment	$831,091,500	$1,162,908,100	$1,490,850,400	$614,388,800	$4,099,238,800
	$929,451,300	$1,970,383,900	$2,677,990,900	$1,150,297,900	$6,728,124,000

Medicaid Waiver Expenditures

	SFY 2021	SFY 2022	Increase/Decrease	% change from 2021	SFY 2023 (Thru Nov)
Supports for Community Living Waiver	$ 384,843,900	$ 395,915,100	$ 11,071,200	2.88%	$ 190,076,100
Michelle P Waiver	$ 333,053,200	$ 346,373,800	$ 13,320,600	4.00%	$ 151,197,100
Home & Community Based Waiver	$ 17,229,100	$ 18,976,400	$ 1,747,300	10.14%	$ 11,111,500
Adult Day Care Waiver	$ 202,120,400	$ 265,984,600	$ 63,864,200	31.60%	$ 185,381,100
Brain Injury Waiver	$ 29,211,300	$ 26,760,500	$ (2,450,800)	-8.39%	$ 11,883,600
Brain Injury Long term Care Waiver	$ 27,810,000	$ 31,168,500	$ 3,358,500	12.08%	$ 15,908,100
	$ 994,267,900	$ 1,085,178,900	$ 90,911,000	9.14%	$ 565,557,500

- 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
  - Decrease in Brain Injury Waiver was due to decreased utilization due to COVID in early part of SFY 2022

- The American Rescue Plan Act HCBS spending plan has been submitted to the Centers for Medicare and Medicaid Services (CMS) and is pending federal approval to reallocate the increased HCBS Federal Medicaid Assistance Percentage (FMAP) to provide the 10% rate increase across all waivers as detailed in the SFY 2023 budget

Public Health Emergency (PHE)

The Secretary for the Department of Health and Human Services declared a public health emergency on January 31, 2020, due to COVID-19

The PHE allowed states several flexibilities by:

- Triggering a variety of federal emergency powers
- Temporarily waiving certain Medicaid and Children's Health Insurance Program (CHIP) requirements and conditions
- Permitting continuous coverage

PHE flexibilities remain in effect

- The PHE has been extended numerous times
  - Most recent extension on **October 13, 2022**.
  - CMS has not released a 60-day notice to end the PHE (required); it is assumed the PHE will be extended until (at least) January 11, 2023

Upon PHE expiration

- ✓ Restart Medicaid and CHIP eligibility reviews (renewal process)
- ✓ Resume pre-employment background and screening requirements for various providers
- ✓ Permanently incorporate KY-specific telehealth policies
- ✓ Resume recoupments and payment intercepts

Consolidated Appropriations Act 2023

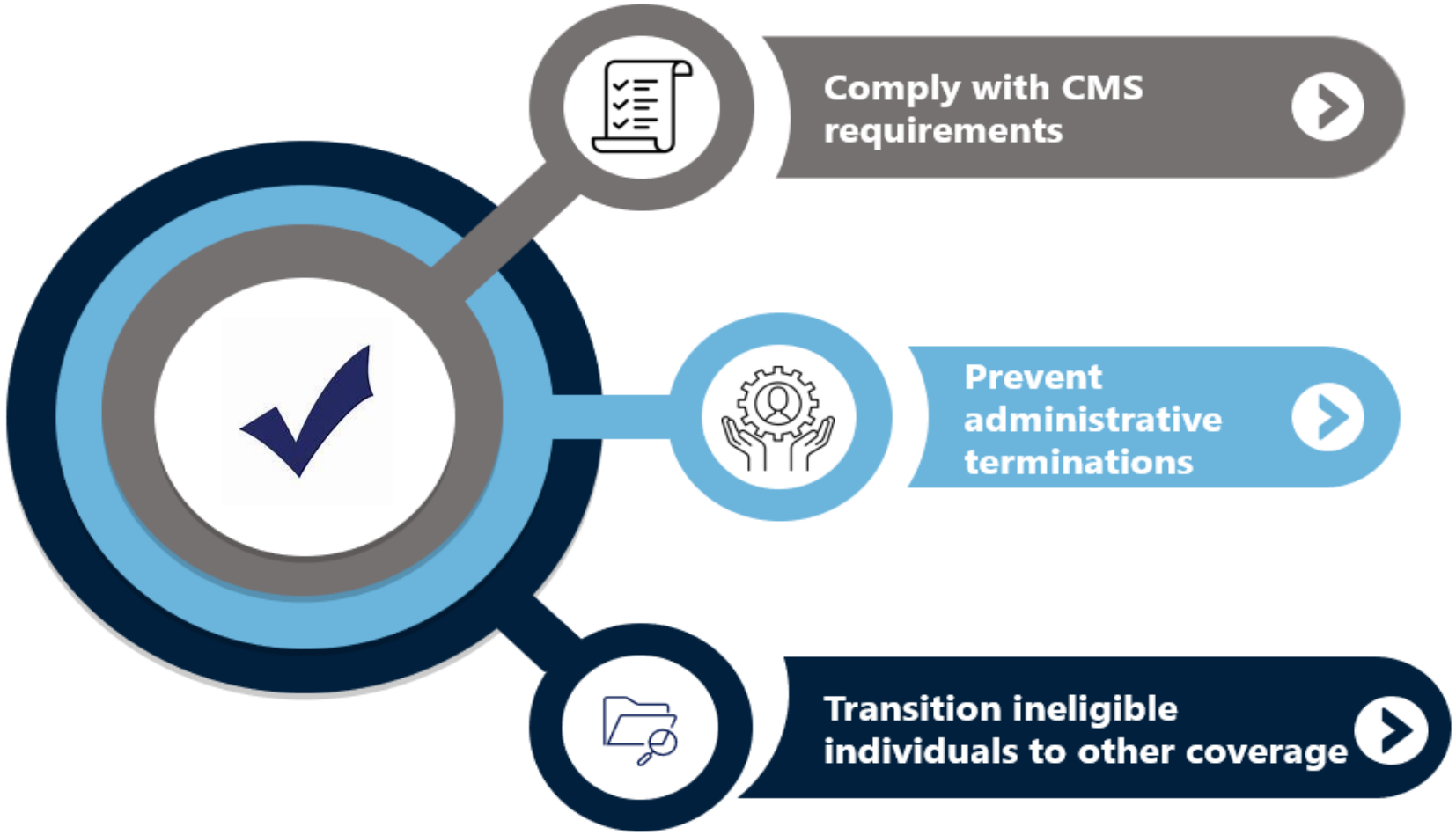
- Delinks maintenance of effort (MOE) continuous coverage from the public health emergency
- Allows states to begin processing Medicaid redeterminations April 1, 2023
- Phases down enhanced Federal Medicaid Assistance Percentage (FMAP)
- Requires states to offer 12 months continuous eligibility for children
- Improves access to behavioral health services
- Extends the Children's Health Insurance Program (CHIP) to 2029
- Extends Money Follows the Person (MFP) rebalancing through 2027
- Provides protections against spousal impoverishment for recipients of home and community-based services

FMAP Phase Down

- Continued receipt of enhanced FMAP from April 1, 2023 to December 31, 2023 contingent upon the following conditions:
  - Comply with federal requirements and any other strategies approved (or required at a later date) by the Department of Health and Human Services
  - "Attempt to ensure" up-to-date enrollee contact information (including mailing addresses, phone numbers, and email addresses)
  - Do not disenroll anyone who is determined ineligible for Medicaid based on returned mail, without first making a good faith effort to contact the individual using more than one modality
  - Eligibility standards, methodologies, or procedures cannot be more restrictive than those in place as of January 1, 2020

Transition Period	FMAP Enhancement
Beginning of the PHE through March 31, 2023	6.2 percentage points (as under FFCRA)
April 1, 2023 through June 30, 2023	5.0 percentage points
July 1, 2023 through September 30, 2023	2.5 percentage points
October 1, 2023 through December 31, 2023	1.5 percentage points
January 1, 2024	FFCRA FMAP bump expires

Kentucky's Renewal Goals



Preparing for the Renewal Process

Review CMS Guidance

Review CMS State Health Official (SHO) Letters and additional guidance provided to inform decision-making on KY's renewal approach

Review Internal Processes

Engage key DMS decision makers and internal teams to identify resources and training

Select the Approach to Renewals

Identify the best approach for Kentucky for renewals (engage stakeholders and those actively requiring renewal process)

Prepare the System

Prepare the system to restart renewals and allocate caseload over 12 months

Communications and Stakeholder Engagement

Design communications to support stakeholders and their necessary actions/roles, & work directly with stakeholders to support efforts

KY Medicaid Renewals: Overall Snapshot

Medicaid current population: 1,704,399

Estimated total to lose eligibility: 243,368

Of those, **85,400** are over 138% FPL and may qualify for other coverage such as a Qualified Health Plan (QHP) with Advance Premium Tax Credit (APTC)

Age Group	Member Count	% of Member Count
18 or younger	61,203	25%
19 to 64	166,200	68%
65 or older	15,965	7%
Grand Total	**243,368**	

Data as of 1/4/23

QUESTIONS