



CABINET FOR HEALTH  
AND FAMILY SERVICES

## **Reports Required by House Joint Resolution (HJR) 39**

Interim Joint Committee on Health Services  
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# Background

- HJR 39 (Regular Session 2023) directed executive branch agencies to undertake efforts to address the benefits cliff – the sudden and often unexpected decrease in public benefits that can occur with a small increase in earnings.
- Required the Cabinet for Health and Family Services (CHFS) to compile and submit four reports by Nov. 1, 2023.
- Resolution passed on March 16, 2023.



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# Child Care Assistance Program (CCAP)

- CHFS required to study the annual cost to the state of maintaining changes in CCAP that have occurred since Jan. 1, 2020.
- CCAP is a public assistance program for eligible low-income, working families in which the child care provider directly receives part or the entirety of the child's tuition cost from the state (paid largely with federal funds).
- As of November 2023, 32,217 unique children (18,806 families) were enrolled in the program and more than 1,900 child care providers were receiving payments through the program.

# Cost of Child Care

- Average cost of care for one child statewide:

		Average Monthly Rate		
		Infant/toddler	Preschool	School-aged
<b>Licensed Type I</b>				
	<b>Full Day</b>	\$824.10	\$ 719.39	\$ 649.73
	<b>Part Day</b>	\$ 729.71	\$ 574.91	\$ 473.65
<b>Licensed Type II</b>				
	<b>Full Day</b>	\$ 687.57	\$ 617.70	\$ 617.05
	<b>Part Day</b>	\$ 581.15	\$ 525.68	\$ 527.18
<b>Licensed Type I/II Combined</b>				
	<b>Full Day</b>	\$ 755.84	\$ 668.55	\$ 633.39
	<b>Part Day</b>	\$ 655.43	\$ 550.40	\$ 500.52

Type I – 4 or more children in a non-residential setting

Type II – No more than 12 children

Makes up 80% of child care providers in Kentucky

# Recent CCAP Changes

- CCAP eligibility
  - 2022 changes to eligibility from 160% federal poverty level (FPL) to 200% FPL, and then from 200% FPL to 85% state median income (SMI)
  - 2022 transitional exit period implemented for households exceeding income limits (50% payment rates) to address the benefits cliff
  - Child care income exclusion – child care staff are eligible for CCAP regardless of household income
- Increased provider reimbursement rates – requested \$40M per year to continue

# Tax Credit and Filing Services Awareness

- Eligible Kentuckians with low-to-moderate-income are leaving tax credits on the table.
- CHFS directed to provide outreach and education to increase public assistance recipients' awareness and utilization of earned income tax credit and free tax filing services.
- Workgroup created and met during interim
  - Drafted and sent notices for all public assistance recipients and specific to those with earned income on recurring schedules
  - Discussions continue with the Department of Revenue and Internal Revenue Service as we prepare for tax season

# Review of Public Assistance Programs

- CHFS required to conduct a thorough review of all public assistance programs administered by the cabinet to identify flexibilities to tier benefits or gradually step-down benefits.
- Most programs are administered by DCBS, but the report included the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Medicaid.



# Public Assistance Programs

- Supplemental Nutrition Assistance Program (SNAP)
  - Allows for earned income deductions and deductions for out-of-pocket child care expenses.
  - Benefit phase-out structure provides a gradual reduction in benefits.
  - For every dollar earned, benefits decrease by 24-36 cents.
  - SNAP Employment & Training (E&T) supports individuals receiving SNAP with education, training, and work costs such as transportation.
- Kentucky Transitional Assistance Program (KTAP)
  - Many benefits cliff changes became effective early this year.
  - Increasing the resource limit, earned income disregards and income deductions incentivizing earned income, and assistance for work.



# Public Assistance Programs Continued

- Medicaid
  - Qualified health plans with financial assistance for those ineligible due to income
  - Children and pregnant women covered up to 218% of federal poverty level (FPL)
  - Adults aged 18 – 64 covered up to 138% of FPL
  - Expanded coverage for postpartum women
  - Transitional Medical Assistance (TMA) covers parents who would lose eligibility due to excess income after starting work
  - Additional ways to address the benefits cliff:
    - Basic Health Plan
    - Medicaid Buy-In

# KY Medicaid Income Eligibility

# of Persons in Household	2023 Federal Poverty Level for the 48 Contiguous States (Annual Income)			
	100%	138%	150%	200%
<b>1</b>	\$14,580	\$20,120	\$21,870	\$29,160
<b>2</b>	\$19,720	\$27,214	\$29,580	\$39,440
<b>3</b>	\$24,860	\$34,307	\$37,290	\$49,720
<b>4</b>	\$30,000	\$41,400	\$45,000	\$60,000
<b>5</b>	\$35,140	\$48,493	\$52,710	\$70,280
<b>6</b>	\$40,280	\$55,586	\$60,420	\$80,560
<b>7</b>	\$45,420	\$62,680	\$68,130	\$90,840
<b>8</b>	\$50,560	\$69,773	\$75,840	\$101,120

Add \$5,140 for each person in household over 8 persons

# Benefits Cliff Calculator

- Required the cabinet to integrate a user-friendly benefits cliff tool and ensure that DCBS staff who assist individuals applying or reapplying for benefits have access to the tool and are trained to use it.
- The cabinet has been working with KYSTATS on integration, two-phase plan.
- Public assistance case managers use the Family Resource Simulator with participants.

# Questions?

