

CABINET FOR HEALTH AND FAMILY SERVICES

Reports Required by House Joint Resolution (HJR) 39

Interim Joint Committee on Health Services
December 13, 2023

Department for Community Based Services (DCBS)

Andrea Day, Division of Child Care Director

Laura Begin, Staff Assistant



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.



This Photo by Unknown Author is licensed under <u>CC</u> <u>BY-NC</u>



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		
Licensed Type I						
	Full Day	\$824.10	\$ 719.39	\$ 649.73		
	Part Day	\$ 729.71	\$ 574.91	\$ 473.65		
Licensed Type II						
	Full Day	\$ 687.57	\$ 617.70	\$ 617.05		
	Part Day	\$ 581.15	\$ 525.68	\$ 527.18		
Licensed Type I/II Combined						
	Full Day	\$ 755.84	\$ 668.55	\$ 633.39		
	Part Day	\$ 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



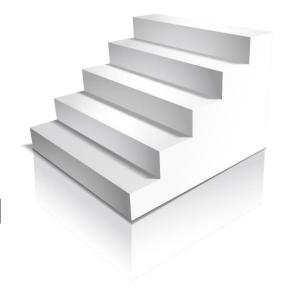
Tax Credit and Filing Services Awareness

- 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	2023 Federal Poverty Level for the 48						
Household	Contiguous States (Annual Income)						
	100%	138%	150%	200%			
1	\$14,580	\$20,120	\$21,870	\$29,160			
2	\$19,720	\$27,214	\$29,580	\$39,440			
3	\$24,860	\$34,307	\$37,290	\$49,720			
4	\$30,000	\$41,400	\$45,000	\$60,000			
5	\$35,140	\$48,493	\$52,710	\$70,280			
6	\$40,280	\$55,586	\$60,420	\$80,560			
7	\$45,420	\$62,680	\$68,130	\$90,840			
8	\$50,560	\$69,773	\$75,840	\$101,120			
Add \$5.140 for each person in household over 8 persons							

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, twophase plan.
- Public assistance case managers use the Family Resource Simulator with participants.



Questions?



