



KENTUCKY ASSOCIATION OF PRIVATE PROVIDERS

# Health and Human Services Delivery Systems Task Force

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August 22, 2023

# Overview

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1. 2020 and 2021 1915(c) Waivers Interim Legislative Taskforce Update
2. 1915(c) Waivers Waitlists
3. Funding for 1915(c) Waivers
4. Recommendations



2020 and 2021  
Interim  
Legislative Task  
Force

# 2021 Interim: 1915c Waiver Services Task Force

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- Bi-Partisan Legislative Task Force
- 6 Findings
- 15 Recommendations



# Waitlist Management

# Current Member and Waitlist Counts

Numbers current as of 07/07/2023

Waiver	Funded Slots	Filled Slots	Reserved Slots	Available Slots	Waitlist Count
ABI LTC	438	402	24	12	N/A
ABI-Acute	383	230	16	120	N/A
HCB	17,050	16,105	800	145	1,094
MIIW	100	27	15	58	N/A
MPW	10,500^	10,191	72	237	8,398
SCL	4,941^	4,731	29	181	3,231*
<b>TOTAL</b>	<b>33,412</b>	<b>31,686</b>	<b>956</b>	<b>753</b>	<b>12,723</b>

*\*For the SCL waitlist there are 84 individuals categorized as Urgent and 3,147 categorized as Future Planning.*

*^50 slots will be added to the MPW and SCL waivers once approval is received from CMS.*

# Waitlist Management Policies: Recommendations

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- Standardize waitlist management policies across waivers.
- Create and implement emergency criteria for all 1915(c) waivers.
- Seek federal approval for immediate reallocation of a waiver slot when a person:
  - Dies
  - Voluntarily, permanently relinquishes the waiver slot



# Eliminating the Waitlist



# Reducing HCB Waivers Wait Lists @ 50/Year

Wait List as of July 7, 2023

Waiver	Wait List Count	50 Persons/Year	Year Wait List Ends
ABI – LTC	N/A		
ABI – Acute	N/A		
HCB	1,094	22 Years	2045
MII	N/A		
MPW	8,398	168 Years	2191
SCL	3,231	65 Years	2088

# 1915(c) Waiver Waitlists

## Assumptions Guiding Wait List Funding Models

1. There are three (3) funding models:
  1. Reduce wait lists to zero (0) in two-years (SFY '25 & '26)
  2. Reduce wait lists to zero (0) in four-years (SFY '25, '26, '27 & '28); only two (2) years are included since 2024 General Assembly will enact the SFY '25 & '26 biennium budget
  3. Reduce wait list to zero (0) in six-years ((SFY '25, '26, '27, '28, '29 & '30); only two (2) years are included since 2024 General Assembly will enact the SFY '25 & '26 biennium budget
2. It should be noted that new names will be continually added to the wait lists, so this model only addresses the point-in-time wait list.
3. Wait list growth projections could be incorporated

# 1915(c) Waiver Waitlists

## Assumptions Guiding Wait List Funding Models (cont'd)

4. The wait list approach includes phasing in the total number of new individuals served throughout the year. It is not feasible to support 100% of new individuals projected for the fiscal year in July.
  1. The phase-in model is one-twelfth (1/12) of the total to be added each month.
  2. New enrollees in July will have twelve (12) months of services, in August, eleven (11) months . . . In June, one (1) month of services in that fiscal year.
5. Year 1 – SFY 2025 is based upon the phase-in 1/12 model for new waiver participants.
6. Year 2 – SFY 2026 is based upon (1) 12 full month of service from SFY '25 waiver participants plus the phase-in 1/12 model for new waiver participants added in the second year of the biennium.

# 1915(c) Waiver Wait Lists

## Assumptions Guiding Wait List Funding Models (cont'd)

7. It should be noted there is most likely some duplication on the waiver wait lists which should reduce some of the wait time toward the goal of completely eliminating the current wait list.
8. Federal Match Rate for 10/1/22 – 9/30/23: **0.7217**
9. KY Match Rate for 10/1/22 – 9/30/23: **0.2783**

# 1915 (c) Waiver Waitlists

Month-By-Month Phase-In Model showing months of services received, depending on the month the individual is put into the waiver.

July – 12 months

January - 6 months

August – 11 months

February – 5 months

September – 10 months

March – 4 months

October – 9 months

April – 3 months

November – 8 months

May – 2 months

December – 7 months

June – 1 month

# 1915(c) Waiver Wait Lists

## Wait List Proposal 2 – 4 – 6 Years Phase In Summary

<b>Two-Year Wait List Cost</b>		<b>Total Cost</b>	<b>SGF</b>	<b>FFP</b>	<b>People Served</b>
Year 1 - Total	SFY '25	\$ 219,148,405	\$ 60,989,001	\$ 158,159,404	6,362
Year 2 - Total	SFY '26	\$ 623,803,505	\$ 173,604,515	\$ 450,198,990	12,724
<b>Four Year Wait List Cost</b>		<b>Total Cost</b>	<b>SGF</b>	<b>FFP</b>	<b>People Served</b>
Year 1 - Total Cost	SFY '25	\$ 109,591,313	\$ 30,499,262	\$ 79,092,051	3,181
Year 2 - Total Cost	SFY '26	\$ 311,844,661	\$ 86,786,369	\$ 225,058,292	6,362
<b>Six Year Wait List Cost</b>		<b>Total Cost</b>	<b>SGF</b>	<b>FFP</b>	<b>People Served</b>
Year 1 - Total Cost	SFY '25	\$ 73,071,950	\$ 20,335,924	\$ 52,736,026	2,121
Year 2 - Total Cost	SFY '26	\$ 207,979,465	\$ 57,880,685	\$ 150,098,780	4,242



# Funding for Rates

# Funding: The Basics

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- Appendix K
  - A standalone appendix for each 1915(c) waiver that may be utilized by states during emergency situations to amend 1915(c) waivers.
  - Kentucky has used the Appendix K process to make significant changes to the way waiver services were provided during the pandemic.
  - Kentucky used the Appendix K process to implement the HB 1 Rate increase.
  - Expires 11/11/23
- 2022 HB 1 Rate Increase
  - Phased-in 20% rate increase for all waivers and all services.
  - Made 50% rate increase for certain residential services permanent.
  - No pass-through requirement.

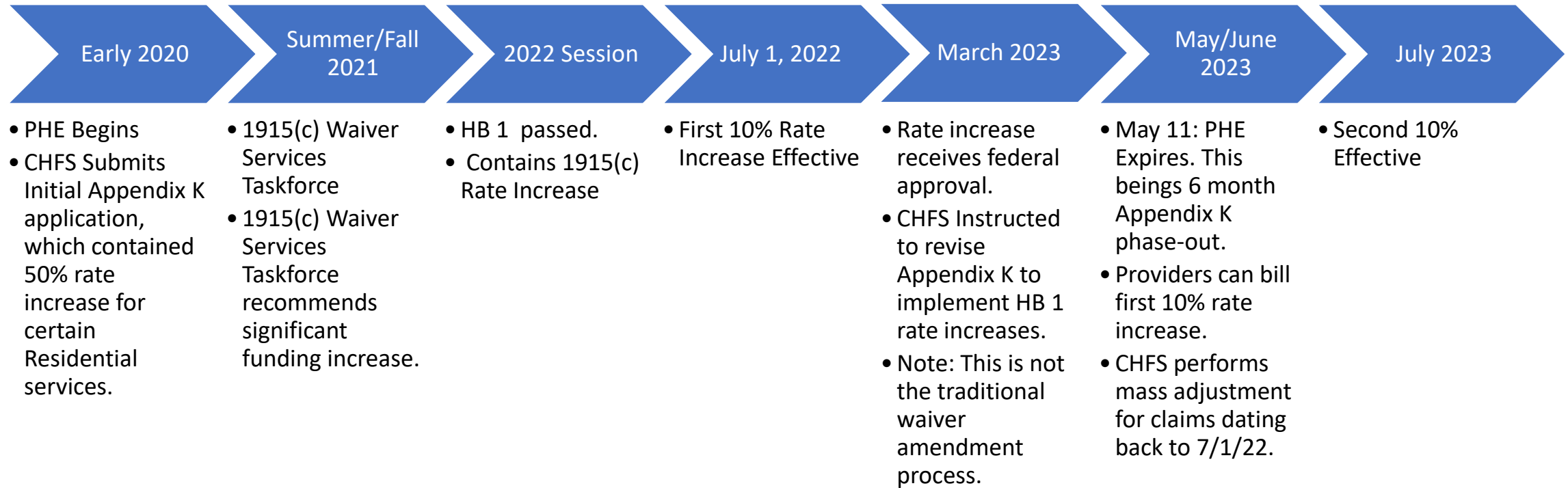


# The Basics

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- American Rescue Plan Act (ARPA) Funds
  - ARPA contained a specific provision that increased states' federal match for HCBS services.
  - The increased federal matching funds could only be used to expand, strengthen or enhance Kentucky's HCBS services.
  - The Kentucky Legislature appropriated a portion of Kentucky's HCBS ARPA funds to fund the first two years of the HB1 rate increases.
- Rate Study
  - The Centers for Medicare and Medicaid Services (CMS) requires states to have verified rate methodologies for HCBS programs.
  - Kentucky does not have a verified rate methodology.
  - Creation of a verified rate methodology and rate setting are two distinct processes.
  - Kentucky has conducted two rate studies since 2017.
  - The most recent rate study was completed in November 2022 and was scheduled to be fully implemented by Q4 2023 but has yet to be finalized.

# Timeline

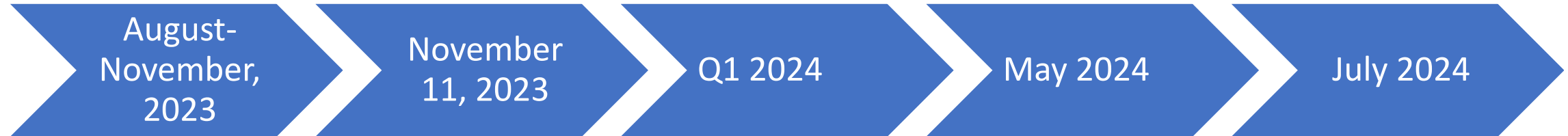


# August 2023 CMS State Medicaid Director Letter

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- CMS has previously indicated that Appendix K authority for COVID-19 provisions would expire no later than six months after the expiration of the PHE.
- In its August 2, 2023 letter, CMS outlined that COVID-19 Appendix K flexibilities may be extended if the state takes action by November 11, 2023 to incorporate desired Appendix K provisions into underlying HCBS programs.
- The expiration extension allows states to avoid a lapse in approved provisions and only applies to Appendix Ks with flexibilities that are incorporated into underlying section 1915(c) waiver programs. The applicable Appendix K will remain in effect until the effective date of the section 1915(c) waiver action (amendment or renewal).
- Any flexibility that a state would like to continue will need to be incorporated by formal submission of an amendment to or renewal of each underlying waiver to which it will apply. Each amendment or renewal request must be submitted to CMS by November 11, 2023, otherwise the Appendix K authority will expire on that date.

# Timeline



- CHFS must prepare and submit amendments for each of Kentucky's 6 waivers.
- This requires a public comment period.

- Appendix K Expires
- Waiver amendment Submission Deadline
- 22 HB 1 Rate Increase will end if amendments are not submitted.

- Potential Funding Gap

- 6 Month Appendix K extension expires

- FY 24/25
- Budget Effective

# Recommendations

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- Implement the recommendations of the 2020 and 2021 1915(c) Legislative Task Forces.
- Encourage CHFS to submit waiver amendments to the Centers for Medicare and Medicaid Services (CMS) on or before 11/11/23 to extend and make permanent certain Appendix K flexibilities.
  - Encourage CHFS to include the 2022 HB 1 1915(c) rate increases in those amendments to ensure those rates do not expire on 11/11/23.
- Include technical language in the upcoming budget making the 2022 HB 1 1915(c) rate increases permanent.
  - This is a technical step to finalize the rate increase already granted by the General Assembly.
- Include funding for the 2/4/6 year wait list phase-out proposal in the upcoming budget.
- Encourage CHFS to finalize the 1915(c) rate study.



Questions?