KENTUCKY ASSOCIATION
OF HEALTH PLANS

Building an Effective, Affordable, and Accountable Healthcare System for the Commonwealth

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Five Medicaid Managed Care Plans

Humana Healthy Horizons® in Kentucky

WellCare® of Kentucky

aetna™ Aetna Better Health® of Kentucky

UnitedHealthcare

PASSPORT BY MOLINA HEALTHCARE

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What Is Medicaid Managed Care?

41 States Use Managed Care in Medicaid

KY in 2011 – Medicaid Managed Care Organizations largely replaced a disjointed, pay-by-volume system Fee-for-Service (FFS) that lacked care coordination, prevention, and predictable budgeting.

What is Medicaid Managed Care & How Does It Work?

Medicaid Managed Care is a system where a state contracts with private health insurance companies to provide health services to people enrolled in Medicaid.

- The state pays an MCO a fixed monthly amount per enrollee called a capitation payment
- The MCO pays for the Medicaid member's health care including doctor visits, hospital care, prescriptions, and preventive care.
- The MCO takes on the financial risk. If care costs more than the capitation payment, the MCO covers the difference.
- MCOs can pay for additional wrap-around such as (could be a slide with our list of additional service offerings or some examples)

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What Is Medicaid Managed Care?

Benefits of Managed Care:

- ✓ Promotes private competition to innovate, attract members, and improve national health metrics (HEDIS)
- ✓ Expands consumer choice and personal responsibility
- ✓ Ensures predictable, stable budgeting for the Commonwealth
- ✓ Encourages preventive care
- ✓ Prioritizes value-based care and outcomes
- ✓ Features strong contract standards, including one of the nation's strictest Medical Loss Ratios (profit caps)
- ✓ Invests in Social Determinants of Health

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What Is Medicaid Managed Care?

Examples of Value-added Benefits:

- Rewards and incentives: healthy behaviors, habits
  - Well-child visit series completion
  - Prenatal visit completion
  - Diabetes screening
  - Weight coaching
  - Doula services
- Employment coaching, free GED certification & job skills training + completion bonus
- Transportation
  - 10 free round-trip rides per year for job interviews/training, health appointments
- Free blood pressure cuff + other self-monitoring devices
- Home-delivered meals upon discharge

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BUILDING ON HEALTH GAINS

$4.3M IN TARGETED HEALTH GRANT PROGRAMMING

The KAHP Grants Committee maximized the organization's impact across the Commonwealth through focused interventions with hyperlocal organizations, zeroing in on:

- ✓ Oral Health,
- ✓ Food Insecurity
- ✓ Behavioral Health/Substance Use Disorder (SUD) Treatment/Prevention
- ✓ Opportunities for At-risk Youth
- ✓ Social Drivers of Health (SDOH)
- ✓ Health Emergency Preparedness

& much more

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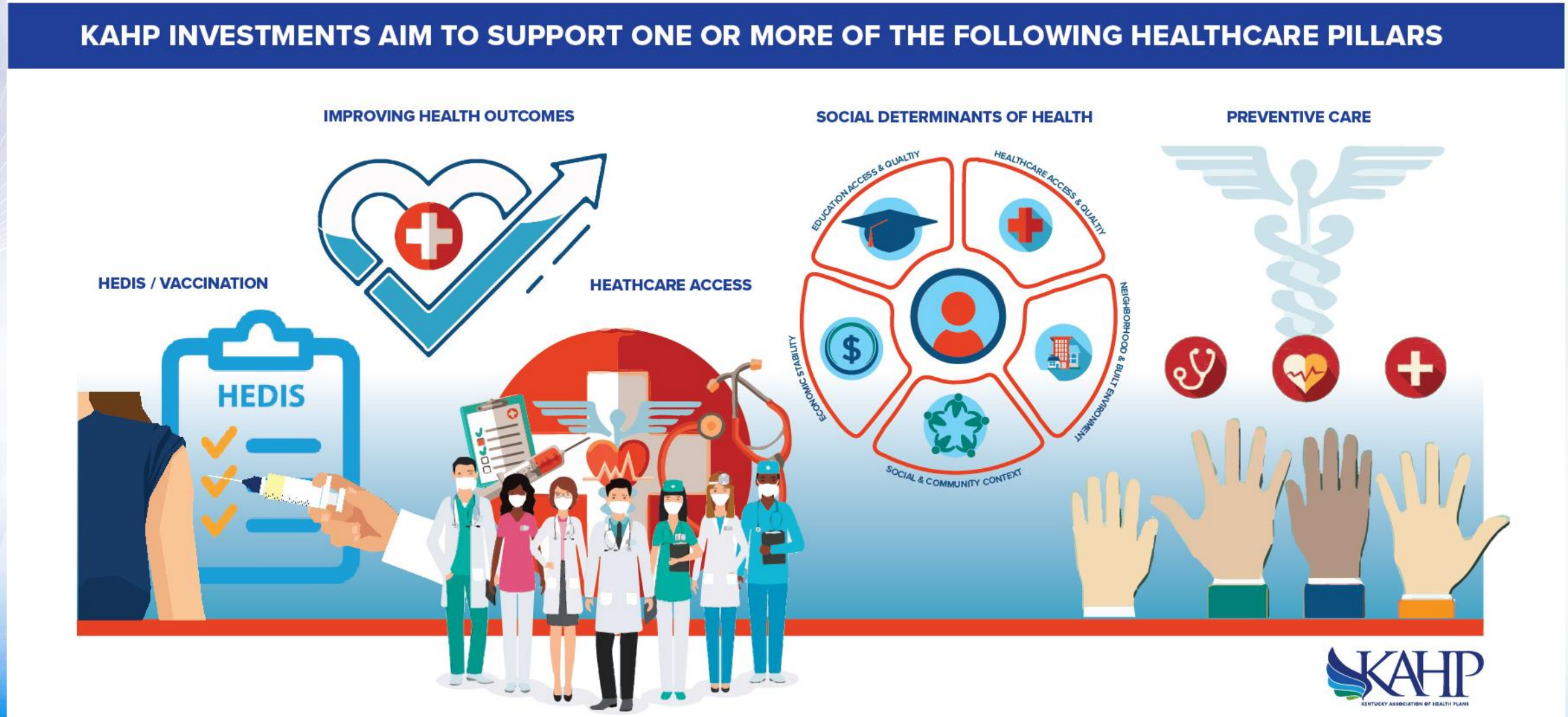
BUILDING ON HEALTH GAINS



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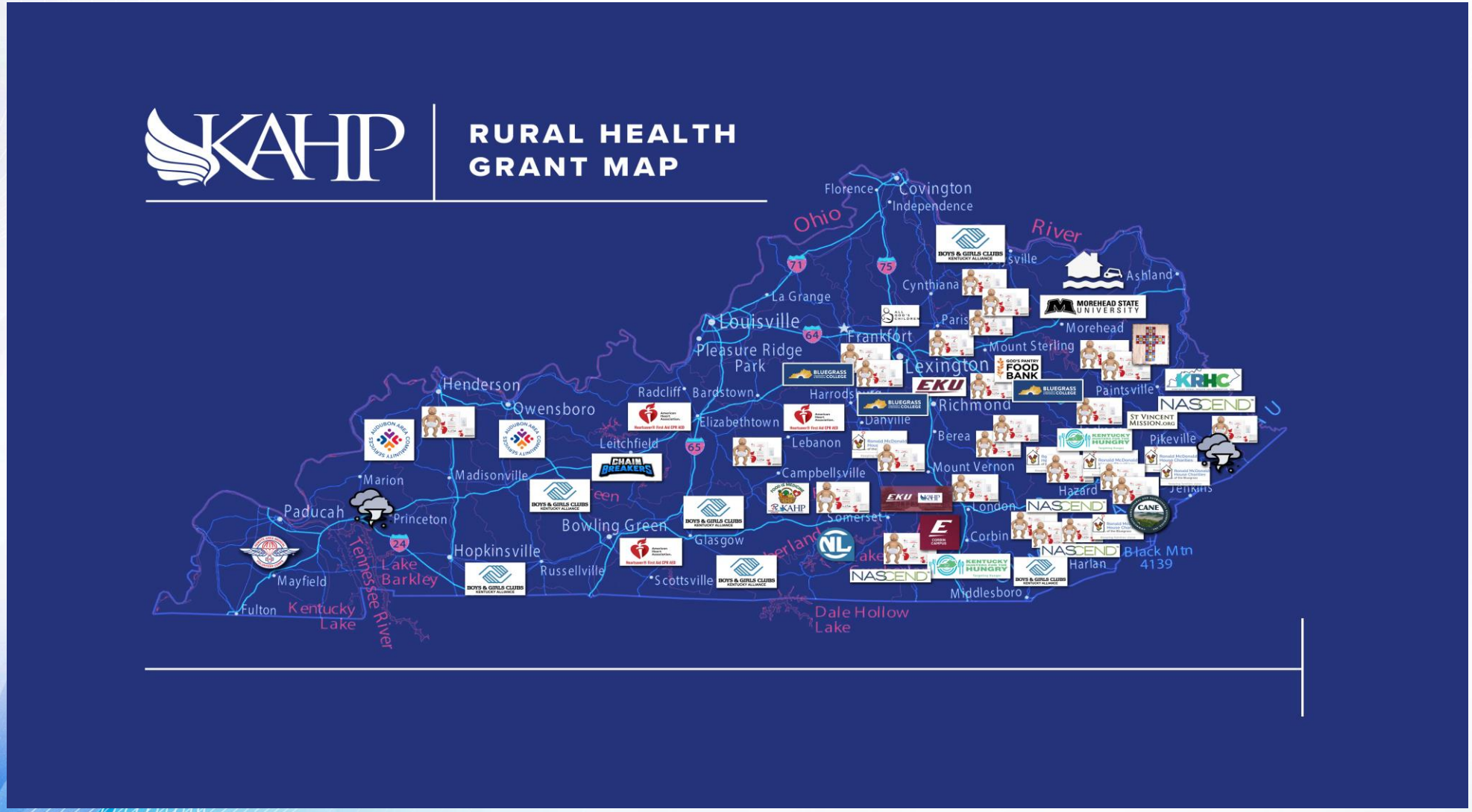
Rural Health Grants

KAHP CARES



Community IMPACT

PARTNERING WITH AG COMMISSIONER SHELL TO PROVIDE KENTUCKY-GROWN FOOD TO FAMILIES DURING THE GOVERNMENT SHUT DOWN

A $100,000 grant to support Commissioner Jonathan Shell's efforts to fund food boxes distributed through Feeding Kentucky's statewide network, focusing on Kentucky-grown products. This timely aid is helping feed Kentucky families during the government shut down as well as benefit Kentucky farmers.

USING FOOD AS MEDICINE TO FIGHT CHRONIC CONDITIONS

Backed by a $300,000 KAHP grant, the three-year initiative will help patients with type 2 diabetes access fresh, Kentucky-grown foods along with nutrition education and follow-up support. The program is part of the Kentucky Department of Agriculture's Food is Medicine initiative to improve health outcomes while supporting local farmers.

FOOD IS MEDICINE

RUSSELL COUNTY HOSPITAL

KAHP

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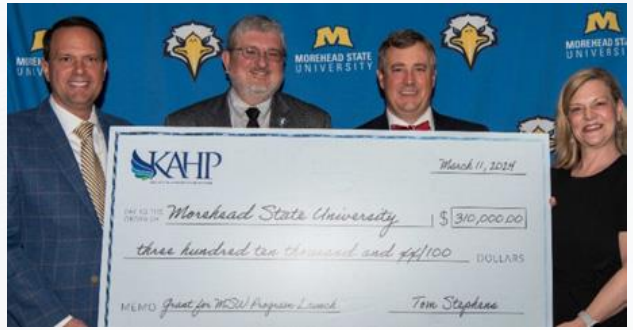
Community IMPACT

STABILIZING PREGNANT AND PARENTING WOMEN SUFFERING FROM SUD IN CENTRAL KENTUCKY

$1,500,000 grant over three years to build and open VOA's Freedom House in Lincoln County that will provide SUD residential treatment to pregnant and parenting women and their children. The evidence-based, family-focused model is unique in that it allows mother to enter residential treatment with their minor dependent children.

HELPING KENTUCKY MEET ITS NEED FOR SOCIAL WORKERS

KAHP awarded $310,000 grant awarded to Morehead State University (MSU) to support the creation of a new Master of Social Work (MSW) program. This grant addresses a shortage of licensed clinic social workers so the Commonwealth can better address issues such as behavioral health and SUD.



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Community IMPACT

UPGRADING NURSING SIMULATION LABS AT MIDWAY U.

A $300,000 grant is enabling Midway U. to enhance and expand its Nursing Simulation Lab with high-fidelity simulations, including acute care, pediatric, maternal-health, and emergency response scenarios. Increasing training capacity and strengthening clinical readiness at this rapidly growing nursing program supports the development of more qualified nurses and helps address workforce shortages across the Commonwealth.

GROWING THE SPEECH-LANGUAGE PATHOLOGIST PROVIDER POOL IN SOUTHEAST KY & OFFERING NEW OPPORUNITIES FOR CHILDREN WITH DYSLEXIA

A $300,000 grant to Eastern Kentucky University's Corbin Campus to expand Speech-Language Pathology training and support the Word Detective Camp. This funding will increase supervised clinical practice opportunities and help prepare more SLP professionals to serve children and families in Southeastern Kentucky, including pediatric language and literacy needs.

WORD DETECTIVE CAMP
EKU KAHP
Speech-Language Pathology

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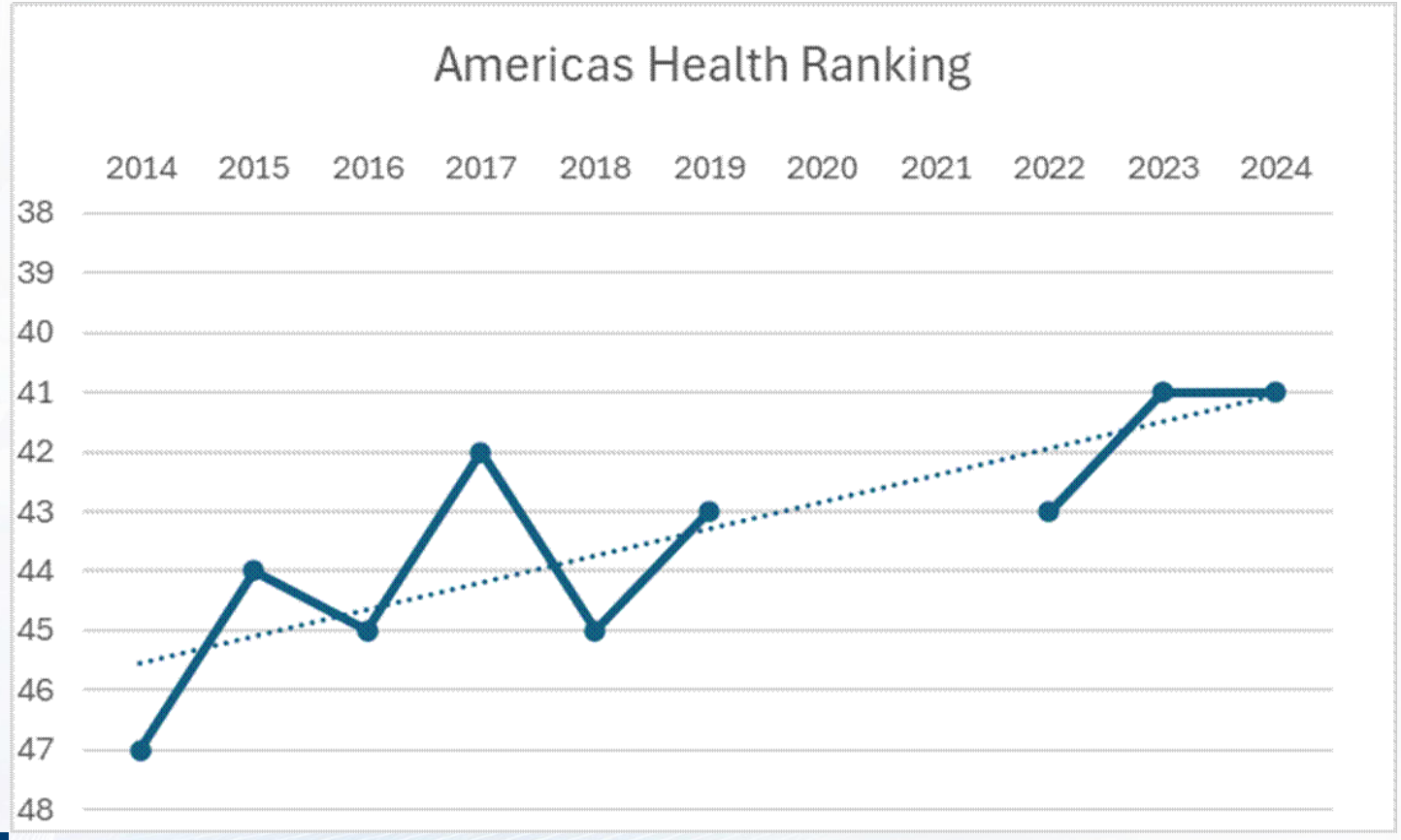
Health Improvement



AMERICA'S HEALTH RANKINGS
UNITED HEALTH FOUNDATION

America's Health Rankings Annual Report is the longest running annual assessment of the nation's health on a state-by-state basis, the 35th edition features 88 measures that span five categories of health and well-being

Note: No rankings during COVID years

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Quality

MCO Financial Interests are Aligned with Quality

MCOs are rated at a 1% profit margin. 2% of Revenue is withheld contingent on quality performance based on HEDIS measurement improvement. An MCO is not rated to be profitable without the achievement of quality measures.*

HEDIS and Performance Measurement

The Healthcare Effectiveness Data and Information Set (HEDIS) is one of health care's most widely used performance improvement tools.

Examples of Core Measures	Bonus Measures
GSD Glycemic Status Assessment for Patients with Diabetes	**APM** Metabolic Monitoring for Children, Adolescents on Antipsychotics
PPC Postpartum Care	**WCC** Weight Assessment and Nutrition Counseling for Children, Adolescents
WCV Child and Adolescent Well Care Visit	**CIS Combo 10** Childhood Immunization Status
BCS Breast Cancer Screening	**SNS-E** Social Need Screening and Intervention
CBP Controlling Blood Pressure	**FUM** Follow up after ER visit for Mental Illness
IMA Combo 2 Immunization for Adolescents	**OED** Oral Evaluation, Dental Services

NCQA Measuring quality. Improving health care. 35 YEARS OF QUALITY

**Appendix N of MCO Contract*

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Quality

For NCQA's (National Committee for Quality Assurance) '24-'25 Medicaid MCO Quality Rankings, KY's MCOs are ranked in **TOP 10** of state ratings.

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Improving Networks

Contracts establish requirements for network adequacy AND include provisions to encourage continuous improvement in access to care.

Continuous Improvement Expectations:

- Several clauses and amendments include an expectation for ongoing enhancement:
  - Care Management Programs:
    - MCOs are required to maintain robust care management programs that assess and address members' health (physical and mental) and human service needs holistically. This includes:
      - Proactive identification and assessment of member needs.
      - Coordination of services across providers.
      - Evaluation of intervention impact.

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Improving Networks

Tools Used by MCOs to Discern and Accommodate Member Needs:

- Call Centers
- Member outreach campaigns
- Analysis of grievance and appeal data for trends
- Partnership with DMS in the VBP program not only emphasizing MCO metrics but aligning provider agreements with the state's requirements and expectations
- Integration of SDOH conversations into Health Risk Assessment completion, call center Interactive Voice Recording, case management engagement, etc.
- Screen for levers outside of provider offices that meet holistic health needs (example: housing, food insecurity, etc).

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Improving Networks

- MCOs do not control appointment availability or daily scheduling practices of contracted providers.
- MCOs incorporate all relevant regulatory requirements into provider contracts, like, network adequacy standards and timeliness.
- MCOs utilize secret shoppers to assess provider compliance with scheduling and access standards.
- Access issues are Industry-wide, unfortunately not unique to Medicaid.
  - Provider shortages, high demand for specialty services, and high no-show rates complicate appointment scheduling.
  - Difficult to find specialist providers who accept Medicaid.

**Medical Group Management Association*

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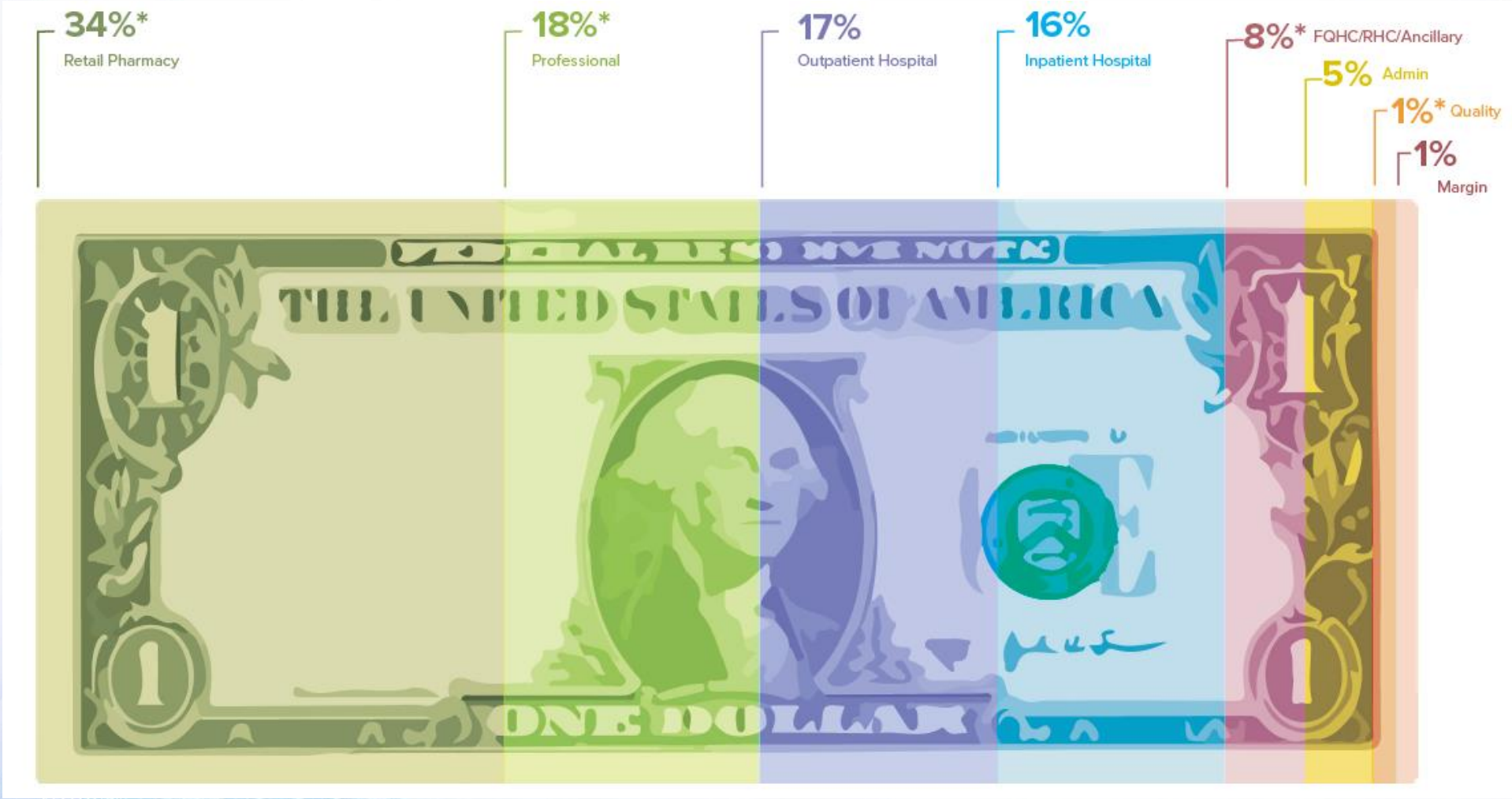
Where Does A Kentucky State Medicaid Dollar Go?



** Professional costs are costs for claims for medical services not provided by a clinician in a healthcare setting and billed on a professional services form.*
** Ancillary is home health, transportation, durable medical equipment, etc.*
** Quality is efforts to improve the quality of delivery including access to care, care coordination, etc.*
Note: This is the health plan dollar as exhibited in the rates. Data based on 2024 experience in the 2026 proposed rate filings.
Pharmacy rebates are not included in the rates and are not included here. Actual results may vary.

MCO's reduce (not just contain) the cost of the Medicaid program

Other ways Kentucky Medicaid in partnership with MCOs could reduce the cost of Medicaid:

1. Compare services provided in Kentucky against other states. Does Kentucky have the right mixture of services covered?
2. Carve out Long Term Support Services (Nursing Facilities) into Managed Care (common practice among many states to better control costs and ensure budget predictability)
3. Change Outpatient Reimbursement from % of Billed Charges to a fixed fee like other states
4. Change Inpatient Reimbursement from MS-DRG to APR-DRG reimbursement model
5. Amend Medicaid legislation passed in recent years; requiring one Medicaid expansion law to be rescinded as a requirement for every new Medicaid bill that is filled
6. Consider funding resources to expedite Fraud Waste & Abuse investigations and eliminate the waste in the system faster
7. Mandate Medicaid reimbursement not exceed 100% of Medicare reimbursement (Medicaid routinely pays more than Medicare – especially for Hospital Outpatient services)
8. Encourage site-neutral payments
9. Promote proper credentialing practices, especially in SUD treatment

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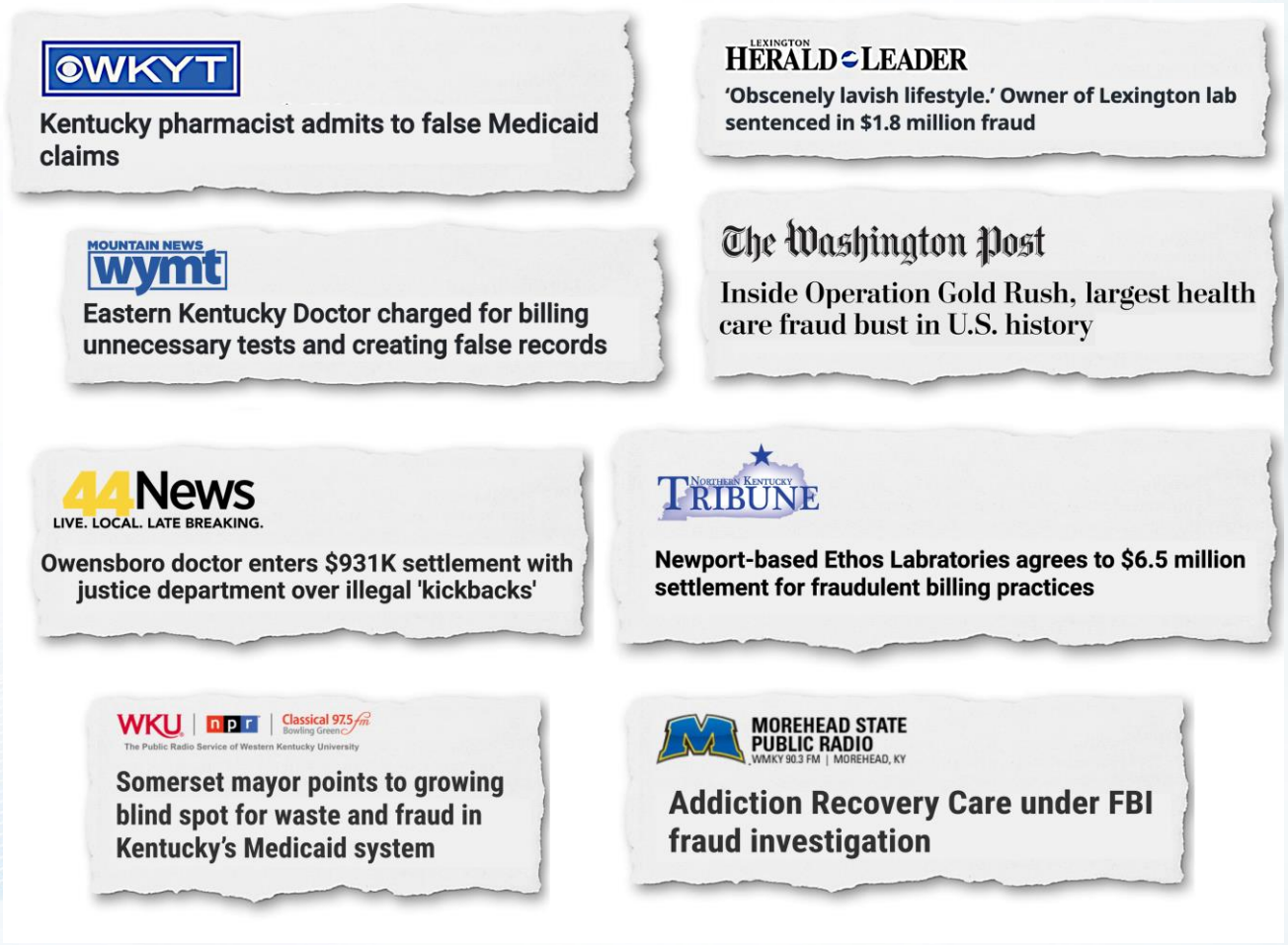
Preventing & Detecting Waste, Fraud, and Abuse

Protecting Medicaid Dollars and Public Trust

- Fraud, waste, and abuse cost the U.S. **3–10%*** of total health spending.
- For Kentucky's $19.1B Medicaid program, that's **$573M–$1.9B** at risk each year.
- Every lost dollar is one not spent on families who truly need care.
- Strong prevention and oversight protect taxpayer funds and program integrity.



(Source: National Health Care Anti-Fraud Association)

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Preventing & Detecting Waste, Fraud, and Abuse

MCOs as Partners in Program Integrity

- **Aligned Incentives:** Fixed, actuarially sound rates make prevention a financial priority.
- **Real-Time Monitoring:** Data analytics and Special Investigative Units flag billing and provider irregularities.
- **Medical Necessity:** Plans review and verify that services are appropriate and documented.
- **Provider Oversight:** Credentialing and audits ensure only qualified providers are paid.
- **Collaboration:** MCOs coordinate closely with the state on investigations and safeguards.

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Preventing & Detecting Waste, Fraud, and Abuse

MCO Master Contract with DMS States:

24.1 Eligibility Determination

The Department shall have the exclusive right to determine an individual's eligibility for the Medicaid Program and eligibility to become an Enrollee of the Contractor. Such determination shall be final and is not subject to review or Appeal by the Contractor.

10.3 Payment Adjustments (Recoupments)

If an Enrollee appears on the Enrollee Listing Report but is determined to be ineligible, the department may request and obtain a refund of, or it may recoup from subsequent payments, any payment previously made to the Contractor.

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Preventing & Detecting Waste, Fraud, and Abuse

Health Plans as the First Line of Defense

- MCOs detect and prevent issues before taxpayer dollars are lost.
- Continuous monitoring catches outlier providers and questionable claims in real time.
- Oversight confirms services are medically necessary and properly supported.
- States must have strong controls to prevent missing documentation or unqualified staff.
- Kentucky's MCO model helps avoid those risks while improving care quality.