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David A. Byerman
Director

MEMORANDUM

TO: DeeAnn Wenk, Committee Staff Administrator
Interim Joint Committee on Health and Welfare and
Family Services

FROM: David Byerman, Director

RE: Executive Order 2018-325

DATE: May 16, 2018

Please find enclosed, Executive Order 2018-325 relating to Reorganization of the Cabinet for Health and Family Services. This order is hereby referred to the Interim Joint Committee on Health and Welfare and Family Services. KRS 12.028(4) requires that the appropriate committee complete its review and report its findings to the Legislative Research Commission within sixty days of LRC's receipt of the plan.

/cmg
Enclosure



MATTHEW G. BEVIN
GOVERNOR

3 MAY 16 '18 PM 2:04 RCV

EXECUTIVE ORDER

RECEIVED AND FILED
DATE May 15, 2018
1:52 pm

2018-325
May 14, 2018

Secretary of State
Frankfort
Kentucky

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

**RELATING TO REORGANIZATION OF THE
CABINET FOR HEALTH AND FAMILY SERVICES**

WHEREAS, this Administration desires and will implement a more effective and efficient organizational and management structure of state government operations in order to better align with current initiatives; and

WHEREAS, greater efficiency, economy and improved administration will result from the alteration of current organizational units within the Cabinet for Health and Family Services as provided in this Executive Order; and

WHEREAS, the Cabinet for Health and Family Services is charged with the improvement of the health of all Kentuckians, and is to do so in a financially prudent and sustainable manner; and

WHEREAS, the Cabinet for Health and Family Services is committed to identifying and innovating strategic initiatives to inform public policy initiatives and provide opportunities for improving the health outcomes of all Kentuckians through data analytics; and

WHEREAS, the Governor's Office of Electronic Health Information is a secure, HIPAA compliant interoperable electronic network that supports the statewide exchange of patient health information among healthcare providers across the Commonwealth; and

WHEREAS, with the approval of The Centers for Medicare & Medicaid Services and The Center for Consumer Information & Insurance Oversight, Kentucky currently operates the Kentucky Office of Health Benefit Exchange, a Health Insurance Exchange as a State Based Model on the Federal Platform, using healthcare.gov, to facilitate the purchase of individual and small business health insurance coverage by Kentucky citizens and businesses; and



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WHEREAS, Kentucky Access was created within the Department of Insurance of the Public Protection Cabinet to “ensure that health coverage is made available to each Kentucky individual applying and qualifying for coverage” as provided in KRS 304.17B-005 and to be managed and operate independent of the insurance regulatory agency; and

WHEREAS, the Kentucky Health Care Improvement Authority was established within the Department of Insurance within the Public Protection Cabinet under KRS 304.17B-003 to perform the public functions of administering programs financed by the funds appropriated by the Kentucky Access Program; and

WHEREAS, the provisions of this Executive Order will streamline each of these governmental operations, resulting in greater efficiency, economy and improved administration, while also enhancing the provision of services to the citizens of the Commonwealth of Kentucky:

NOW, THEREFORE, I, Matthew G. Bevin, Governor of the Commonwealth of Kentucky, by virtue of the authority vested in me by the Constitution, Sections 69 and 81, and KRS 12.028, do hereby Order and Direct:

- I. The Cabinet for Health and Family Services shall have the following changes in organizational structure:
 - A. The Office of Health Data and Analytics is hereby created and shall be headed by an executive director appointed by the Secretary of the Cabinet for Health and Family Services pursuant to KRS 12.050 who shall report to the Secretary of the Cabinet for Health and Family Services.
 1. The Division of Health Benefit Exchange is hereby created within the Office of Health Data and Analytics and shall be headed by a director appointed by the Secretary of the Cabinet for Health and Family Services pursuant to KRS 12.050 who shall report to the executive director of the Office of Health Data and Analytics.



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2. The Division of Health Information is hereby created within the Office of Health Data and Analytics and shall be headed by a director appointed by the Secretary of the Cabinet for Health and Family Services pursuant to KRS 12.050 who shall report to the executive director of the Office of Health Data and Analytics.
3. The Division of Analytics is hereby created within the Office of Health Data and Analytics and shall be headed by a director appointed by the Secretary of the Cabinet for Health and Family Services pursuant to KRS 12.050 who shall report to the executive director of the Office of Health Data and Analytics.

B. The Office of Health Policy is hereby abolished. All files, funds, functions, personnel, and equipment are hereby transferred to the newly created Division of Analytics within the newly created Office of Health Data and Analytics.

C. The Division of the Certificate of Need is hereby created within the Office of Inspector General and shall be headed by a director appointed by the Secretary of the Cabinet for Health and Family Services pursuant to KRS 12.050 who shall report to the executive director of the Office of Inspector General.

D. The Office of the Secretary shall have the following changes in organizational structure:

1. The Governor's Office of Electronic Health Information is hereby abolished. All files, funds, functions, personnel, and equipment are hereby transferred to the newly created Division of Health Information within the newly created Office of Health Data and Analytics.

II. The Public Protection Cabinet shall have the following changes in organizational structure:

A. The Division of Kentucky Access within the Department of Insurance is hereby abolished. All personnel, files, funds, functions, and equipment within the Division of Kentucky Access are hereby transferred to the newly created Office of Health Data and Analytics within the Cabinet for Health and Family Services.

B. The Kentucky Health Care Improvement Authority currently attached to the Department of Insurance is hereby abolished and recreated as an entity defined by KRS 304.17B-003, and attached to the newly created Office of Health Data and Analytics within the Cabinet for Health and Family Services. All duties, functions, responsibilities, records, equipment, staff and supporting budgets of the Kentucky Health Care Improvement Authority as set forth in KRS Chapter 304.17B and other



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relevant provisions of law, are hereby transferred to the Cabinet for Health and Family Services.

- III. The Finance and Administration Cabinet, Office of State Budget Director and the Personnel Cabinet are directed to initiate all actions that are necessary to effectuate the provisions of this Order.

This Order is effective May 16, 2018.


MATTHEW G. BEVIN, Governor
Commonwealth of Kentucky


ALISON LUNDERGAN GRIMES
Secretary of State



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GOVERNOR

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REORGANIZATION PLAN

INTRODUCTION

The Cabinet for Health and Family Services (“Cabinet”) is seeking to create an office for the ongoing operations of the Kentucky Office of Health Benefit Exchange, the Governor’s Office of Electronic Health Information and the Office of Health Policy in order to promote and achieve greater economy, efficiency, coordination, and better align organizational structure to current initiatives.

SUMMARY OF THE PLAN

The proposed executive order will abolish the Governor’s Office of Electronic Health Information and the Office of Health Policy within the Cabinet for Health and Family Services and create the Office of Health Data and Analytics. The executive order will also create the Division of Health Benefit Exchange, the Division of Health Information, and the Division of Analytics within the new Office of Health Data and Analytics. In addition, the proposed executive order will create the Division of Certificate of Need within the Office of Inspector General, within the Cabinet for Health and Family Services.

Division of Health Benefit Exchange

As a result of the Patient Protection and Affordable Care Act, effective January 1, 2014, Kentucky established a Kentucky Health Benefit Exchange (the “Exchange”). Individuals and small businesses can use the Exchange to purchase health insurance from a choice of products offered by qualified health plans. The Exchange ensures that participating health plans meet certain standards. Individuals and families purchasing health insurance through an Exchange may qualify for reduced cost-sharing if their household income is between 138 and 400 percent of the Federal poverty level. The Exchange also coordinates eligibility and enrollment with the State Medicaid and Children’s Health Insurance Programs (CHIP) to ensure individuals eligible for those programs have affordable health coverage.

The Cabinet for Health and Family Services was designated the lead for the Kentucky Exchange due to the large number of health-related programs housed within the cabinet.

The Exchange successfully transitioned to a State Based Model on the Federal Exchange Platform, meaning the primary enrollment and eligibility portal moved from kynect to Healthcare.gov on January 1, 2017. The Exchange has retained certain responsibilities and obligations to operate as a State Based Model.

In order to manage efficiently and effectively Kentucky’s ongoing responsibilities as a State Based Model on the Federal Platform of healthcare.gov, the Division of Health Benefit Exchange is created to align with those responsibilities and obligations.

In order to promote efficiency, economy and improve administration, the Division of Kentucky Access and the Kentucky Health Care Improvement Authority are abolished within the Public



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Protection Cabinet, Department of Insurance, and established within the Cabinet for Health and Family Services. The goals of these organizational units correspond with the goals of the Division of Health Benefit Exchange and the Office of Health Data and Analytics. Therefore, Kentucky Access will be a part of the Division of Health Benefit Exchange and the Kentucky Health Care Improvement Authority will be attached to the Office of Health Data and Analytics for administrative purposes.

Division of Health Information

The Division of Health Information will coordinate and work with health care providers throughout the Commonwealth in guiding the implementation of electronic health information technology in the Commonwealth.

The Division will include staff from the Governor's Office of Electronic Health Information.

Division of Analytics

The Division of Analytics will be responsible for coordinating the data analytic initiatives of the various departments that regulate health care and social services in order to ensure that policy is consistent with the long-term goals across the Commonwealth. The consolidation of the oversight of policy and research matters of these program areas allows the Commonwealth to be more readily able to address systemic cost drivers impacting the costs of healthcare and social services to its citizens. This will permit the division to identify best practices and perform comprehensive cross-cabinet need assessments for our Commonwealth.

The Division will include staff from the Office of Health Policy.

Division of Certificate of Need

The Division of Certificate of Need will regulate the proliferation of unnecessary, duplicative and underused health care services and will retain the operational duties, responsibilities and staff associated with the current Certificate of Need function within the Office of Health Policy.

The Division will include staff from the Office of Health Policy.

PERSONNEL AND FISCAL IMPACTS

There will be personnel impacts for this reorganization; however, these impacts will create operational and programmatic efficiencies to reduce operational costs. The Office of Health Data and Analytics will be headed by an executive director and the organizational structure will consist of three divisions. Additional positions will be established within the personnel cap and budget.

NET EFFECT

The organizational enhancements being made to the Cabinet are designed to improve efficiencies, advance capabilities, and appropriately satisfy state and federal requirements for an Exchange that is a State-Based Model on the Federal Exchange Platform.