The Kentucky Association of Health Plans
Legislative Update

Presented to the Kentucky General Assembly Joint Committee on Health and Welfare

Wednesday, January 23, 2019
MEDICAID EXPENDITURES - BENEFITS

Total Benefits Per Member Per Month (PMPM)

- 11/1/2011: MCO Implementation
- 1/1/2014: ACA Expansion

Source: Presentation from the Cabinet for Health & Family Services to the Budget Review Subcommittee on October 26, 2017.
Financial Components

- 90% MEDICAL CLAIMS & QUALITY IMPROVEMENT ACTIVITIES
- 1% ALLOWED MARGIN
- 9% NON-MEDICAL EXPENSES

Elements of Medical Claims & Quality Improvement:
- Medical & pharmacy claim payments to providers
- Capitation payments to providers
- Value based purchasing payments to providers
- Supplemental pass-through payments to providers
- Better healthcare outcome activities
  - Care management (i.e. ensures members timely follow-up with providers)
  - Provide education to improve member health

Elements of Non-Medical Expenses:
- Technology
- Claims Processing
- Utilization Management
- Regulatory Requirements (i.e. taxes, fees, state fair hearings)
- Community sponsorship (contract requirement)
- Member and provider communications
- Office space, wages and benefits

Allowed Margin:
- MCO profit margin as defined in the Rate Setting Process
<table>
<thead>
<tr>
<th>MCO</th>
<th>SFY 2017 / MLR</th>
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<tbody>
<tr>
<td>Aetna</td>
<td>92.7%</td>
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<tr>
<td>Anthem</td>
<td>92.7%</td>
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<tr>
<td>Humana</td>
<td>95.7%</td>
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<tr>
<td>Passport</td>
<td>95.1%</td>
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<tr>
<td>Wellcare</td>
<td>91.9%</td>
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Source: Presentation by DMS to the Medicaid Oversight and Advisory Committee, November 27, 2018
On behalf of KAHP and our MCO Members
(Aetna, Anthem Blue Cross Blue Shield Medicaid, Humana-CareSource & WellCare)

Thank you!