Interim Joint Committee on Health, Welfare, and Family Services
September 9, 2019

Eric Lowery, OFB Executive Director
Steve Bechtel, DMS Chief Financial Officer
Overview

The Cabinet for Health & Family Services is the primary state agency responsible for protecting and promoting the well-being of Kentuckians through the delivery of health and human services. From birth (certificates) to death (certificates) and everything in between, everyone in Kentucky utilizes a service provided by CHFS and benefits from its protection.

- CHFS is the largest cabinet in state government
- More than 400 locations
- 6,700 full-time employees and around 1,400 contractors
- Employees located in all 120 Kentucky counties
- CHFS budget is $14.4 billion – 43% of the total state operating budget of $33.4 billion
FY 2019 Expenditures

• Total cabinet expenditures = $13.047B
• $35.7M per day
• $1.5M per hour
• 43% statewide operating expenditures
• 86% of every General Fund dollar is tied to a federal dollar
FY 2019 Expenditures by Fund

- **General**: $2,755,152,900 (21%)
- **Federal**: $9,253,284,590 (71%)
- **Restricted**: $1,012,856,459 (8%)
- **Tobacco**: $25,957,085 (0%)

Total Expenditures: $13,257,153,434
CHFS FY 2019 Expenditures by Type

Grants, Loans, Benefits
$11,948,412,586 92%

Salaries/Fringe
$578,229,518 4%

Operating
$148,919,511 1%

Other Personnel
$371,689,419 3%
Expenditures by Department

Medical Aid
$10,641,303,722 82%

All Other Cabinet Departments
$2,405,947,312 18%
Expenditures by Department without Medicaid

- Community Based Services: $1,265,393,994 (52%)
- Behavioral Health: $438,925,846 (18%)
- Public Health: $332,665,589 (14%)
- Income Support: $104,218,820 (4%)
- Aging and Independent Living: $68,225,480 (3%)
- FRYSC and Serve KY: $66,928,069 (3%)
- Inspector General: $27,841,860 (1%)
- Health Data & Analytics: $17,128,432 (1%)
- Administrative Support: $66,088,363 (3%)
- Children with Special Health Care Needs: $18,530,859 (1%)

Total: $2,260,515,064
Expenditures by Department without Medicaid

- Federal Funds: $1,015,766,387 (42%)
- Restricted Funds: $491,063,440 (21%)
- Tobacco Funds: $25,957,085 (1%)
- General Funds: $873,160,400 (36%)
Notable Budget Items in FY 2019

- $144.9M General Fund budget reduction
- $83.3M increase in total expenditures
- $82.8M increase in Retirement Contributions
- $131.1M decrease in Medicaid Benefit Expenditures
- $44.4M increase in Out of Home Care expenditures
Kentucky Medicaid at a Glance

- Approximately 1,385,788 eligibles (SFY2019 monthly average)
  - 88,928 children covered under KCHIP
  - 452,183 covered under Medicaid Expansion (ACA)
  - 844,677 covered under Traditional (Non-ACA)
  - 90.64% of total eligibles are enrolled in Managed Care (approximately 1,256,038)

- Over 46,000 enrolled providers-
  Approximately 92% of Kentucky’s providers are enrolled with the Department for Medicaid Services.

- $10.64 billion in total SFY2019 expenditures (administrative and benefits combined)
# MEDICAID EXPENDITURES
## BENEFITS (INCLUDES KCHIP)
### Historical Expenditures and Enacted Budget

<table>
<thead>
<tr>
<th></th>
<th>SFY15</th>
<th>SFY16</th>
<th>SFY17</th>
<th>SFY18</th>
<th>SFY19</th>
<th>SFY20</th>
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<tbody>
<tr>
<td></td>
<td>ACTUAL</td>
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<td>ENACTED</td>
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<tr>
<td>General Fund</td>
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<tr>
<td>Restricted Agency</td>
<td>505,812,700</td>
<td>509,663,700</td>
<td>491,271,700</td>
<td>500,620,700</td>
<td>506,680,600</td>
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<tr>
<td>Funds</td>
<td></td>
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<tr>
<td>Federal Funds</td>
<td>7,609,302,200</td>
<td>7,804,711,000</td>
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<td>8,149,996,200</td>
<td>8,068,252,600</td>
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<td>TOTAL</td>
<td>$9,640,639,300</td>
<td>$9,892,567,900</td>
<td>$10,127,347,200</td>
<td>$10,531,429,300</td>
<td>$10,400,303,000</td>
<td>$11,803,947,600</td>
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MEDICAID EXPENDITURES – BENEFITS SFY2019

- Total FFS: $2,960,315,400  28.46%
- Total MCO: $7,439,987,600  71.54%
- Grand Total: $10,400,303,000
Yearly benefit expenditures decreased in SFY2019 for only the third time in the past 20 years. The other two times were in SFY2012 and SFY2013.
The above graph illustrates a comparison of:
- The original MCO Eligibles forecast (blue)
- The actual MCO Eligibles (orange)
- The updated January 2019 MCO Forecast (purple)

This shows that our updated forecasts are more in line with the actual experience.

The above graph illustrates our actual total enrollment experience since July 2016.
- This illustrates a sharp decline beginning in March 2018.
- Eligibility has declined by approximately 69,000 since March 2019 but has established some stabilization the past six months.
# MEDICAID EXPENDITURES
## ADMINISTRATION
### Historical Expenditures and Enacted Budget

<table>
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<tr>
<th></th>
<th>SFY15 ACTUAL</th>
<th>SFY16 ACTUAL</th>
<th>SFY17 ACTUAL</th>
<th>SFY18 ACTUAL</th>
<th>SFY19 ACTUAL</th>
<th>SFY20 ENACTED</th>
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<tbody>
<tr>
<td>General Fund</td>
<td>$33,314,500</td>
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<td>Restricted Agency Funds</td>
<td>15,897,300</td>
<td>20,703,300</td>
<td>14,627,400</td>
<td>20,273,900</td>
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<td>Federal Funds</td>
<td>$78,043,100</td>
<td>$98,509,500</td>
<td>$101,843,200</td>
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<td>TOTAL</td>
<td>127,254,900</td>
<td>153,867,300</td>
<td>157,414,200</td>
<td>216,473,800</td>
<td>241,000,700</td>
<td>234,107,900</td>
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For every dollar received, DMS spent approximately 2.26% for administrative costs (salaries, supplies, etc.) in SFY 2019.
What Drives our Budget?

Eligibility

Benefits

Appropriations
Questions