



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

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

Overview

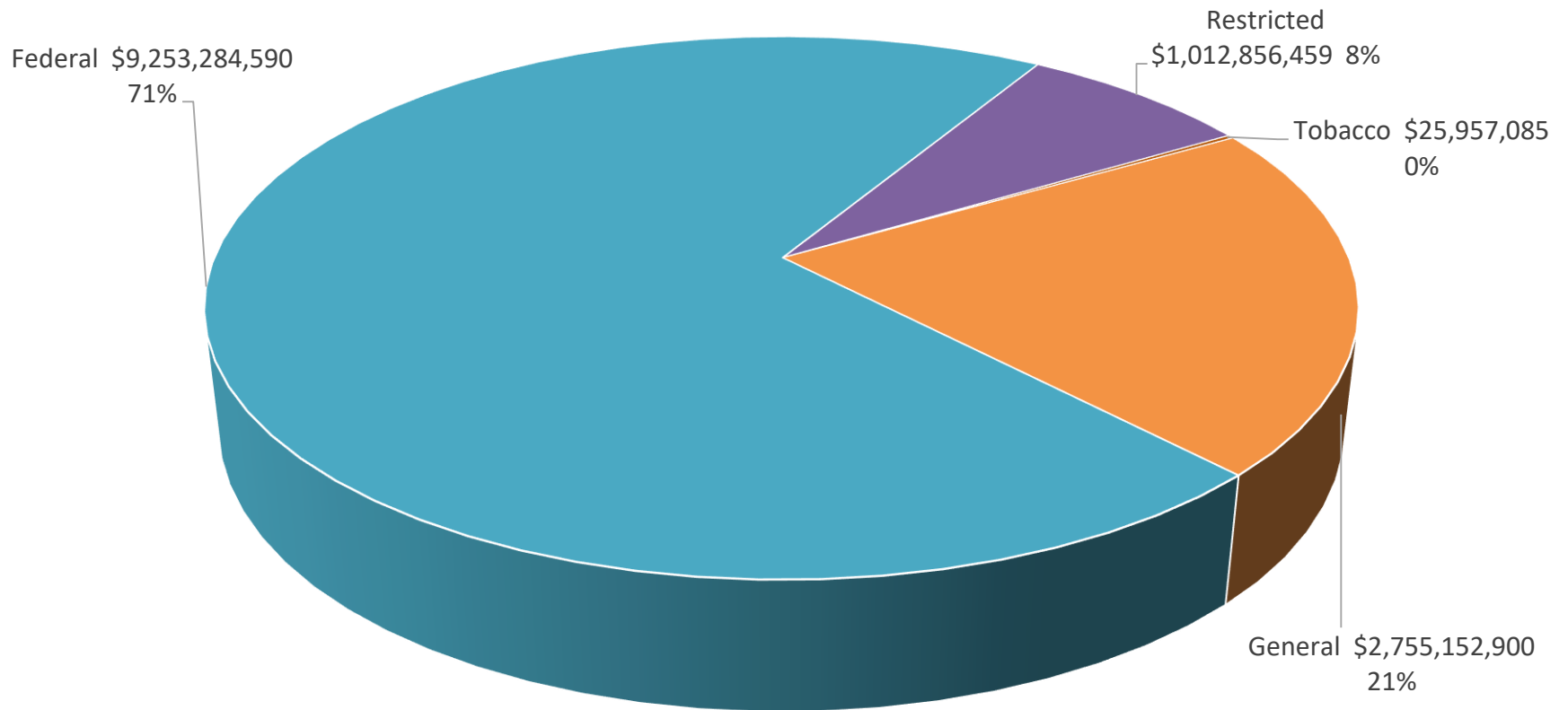
The Cabinet for Health & Family Services is the primary state agency responsible for protecting and promoting the well-being of Kentuckians through the delivery of health and human services. From birth (certificates) to death (certificates) and everything in between, everyone in Kentucky utilizes a service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

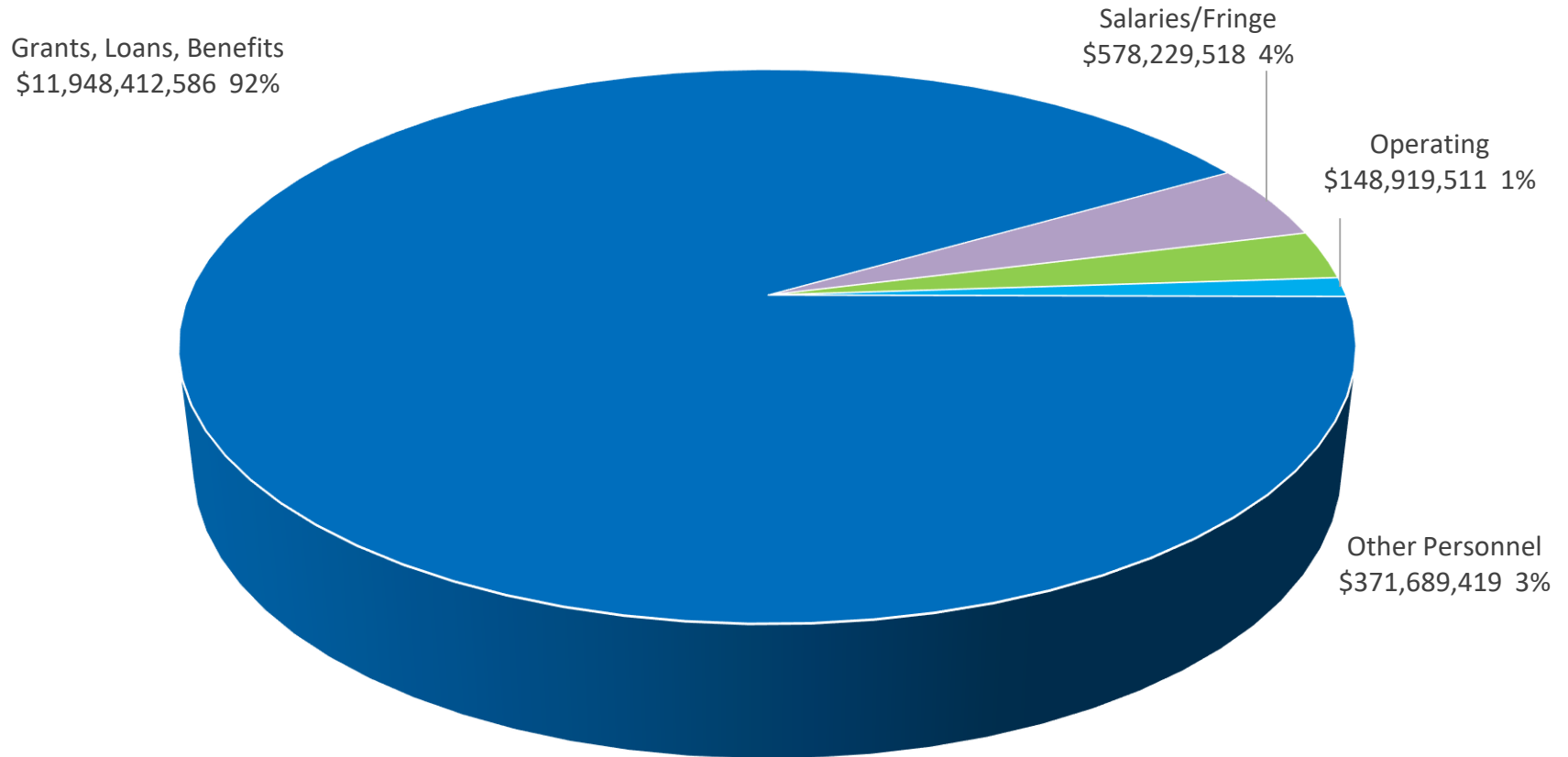
FY 2019 Expenditures

- 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

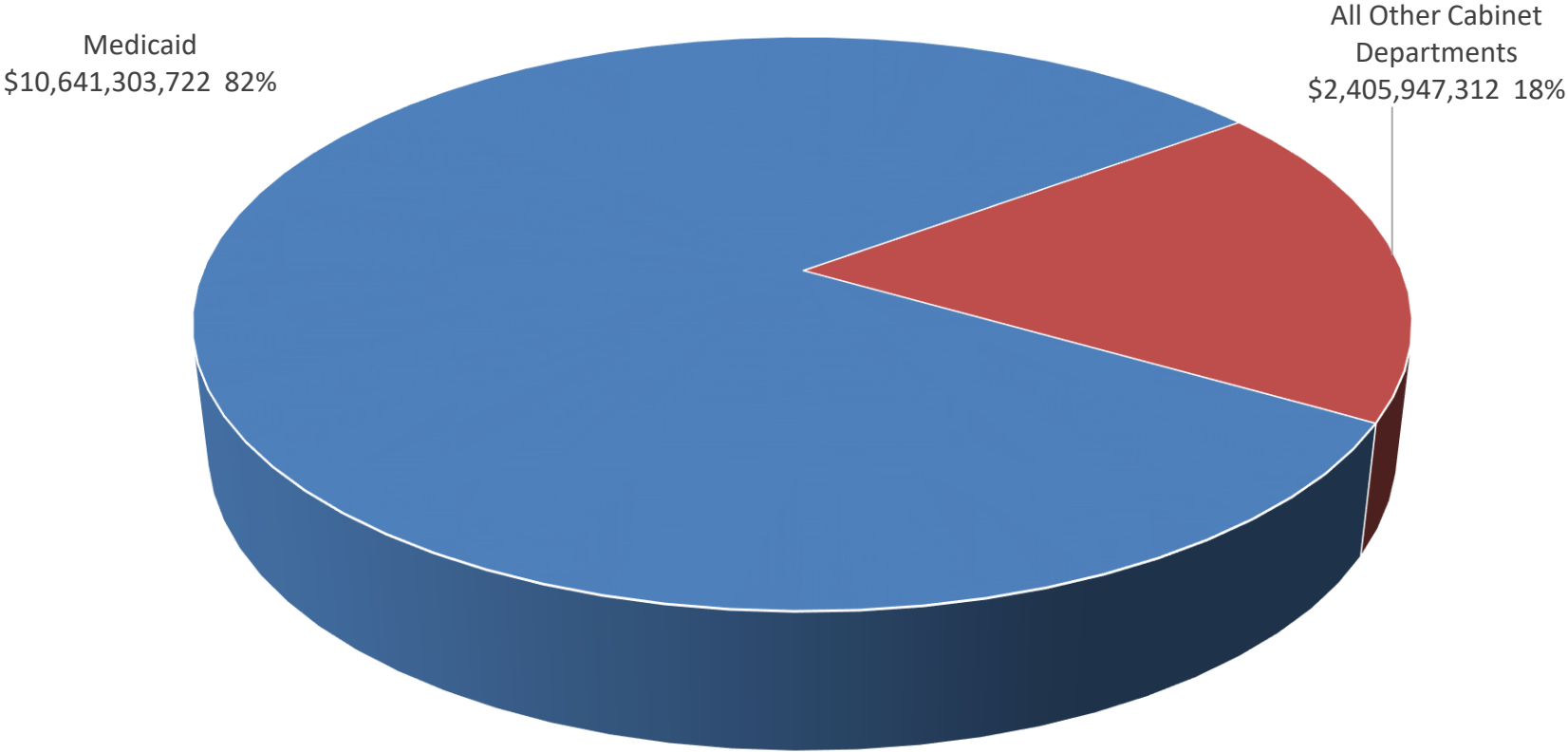
FY 2019 Expenditures by Fund



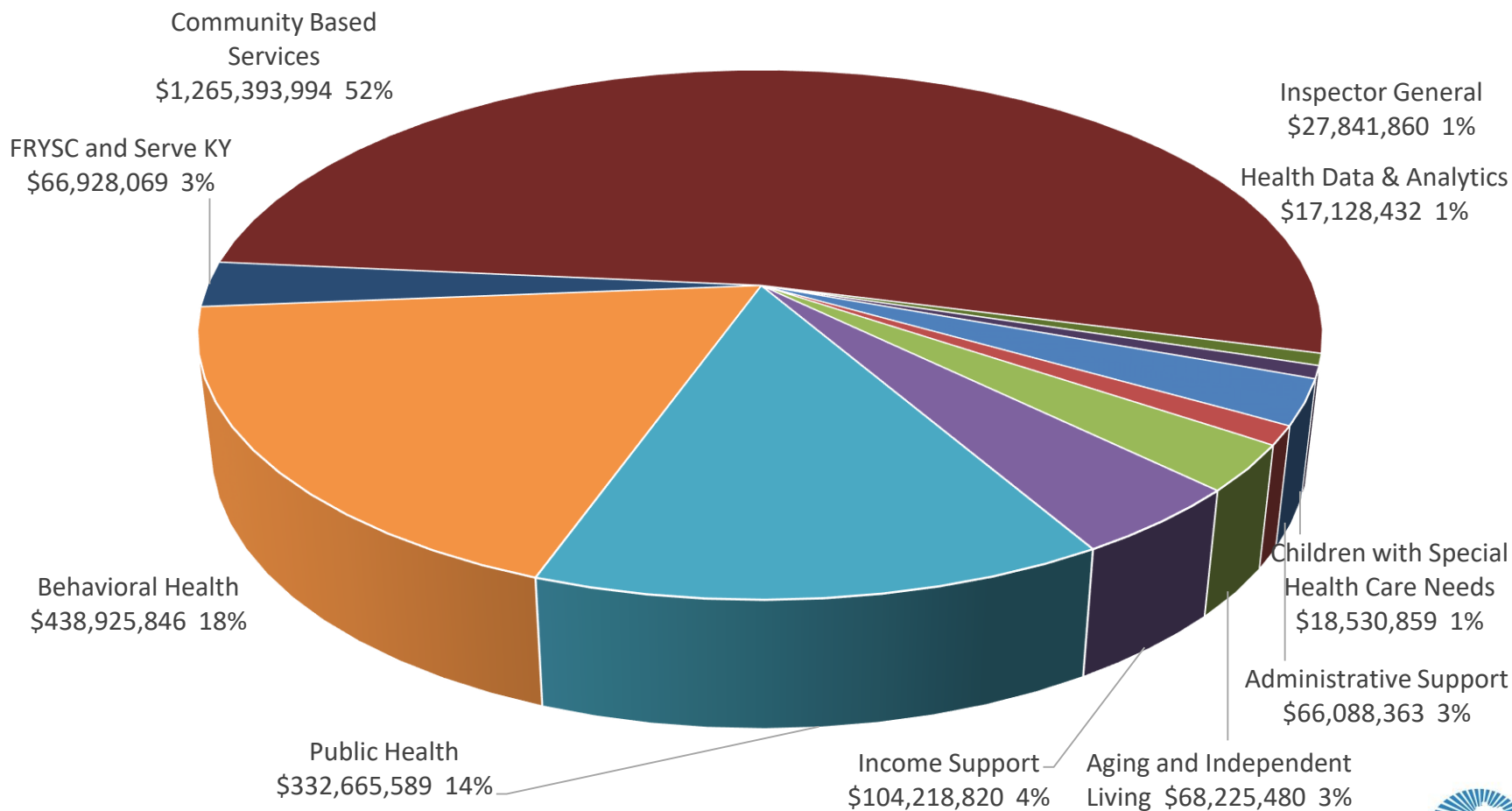
CHFS FY 2019 Expenditures by Type



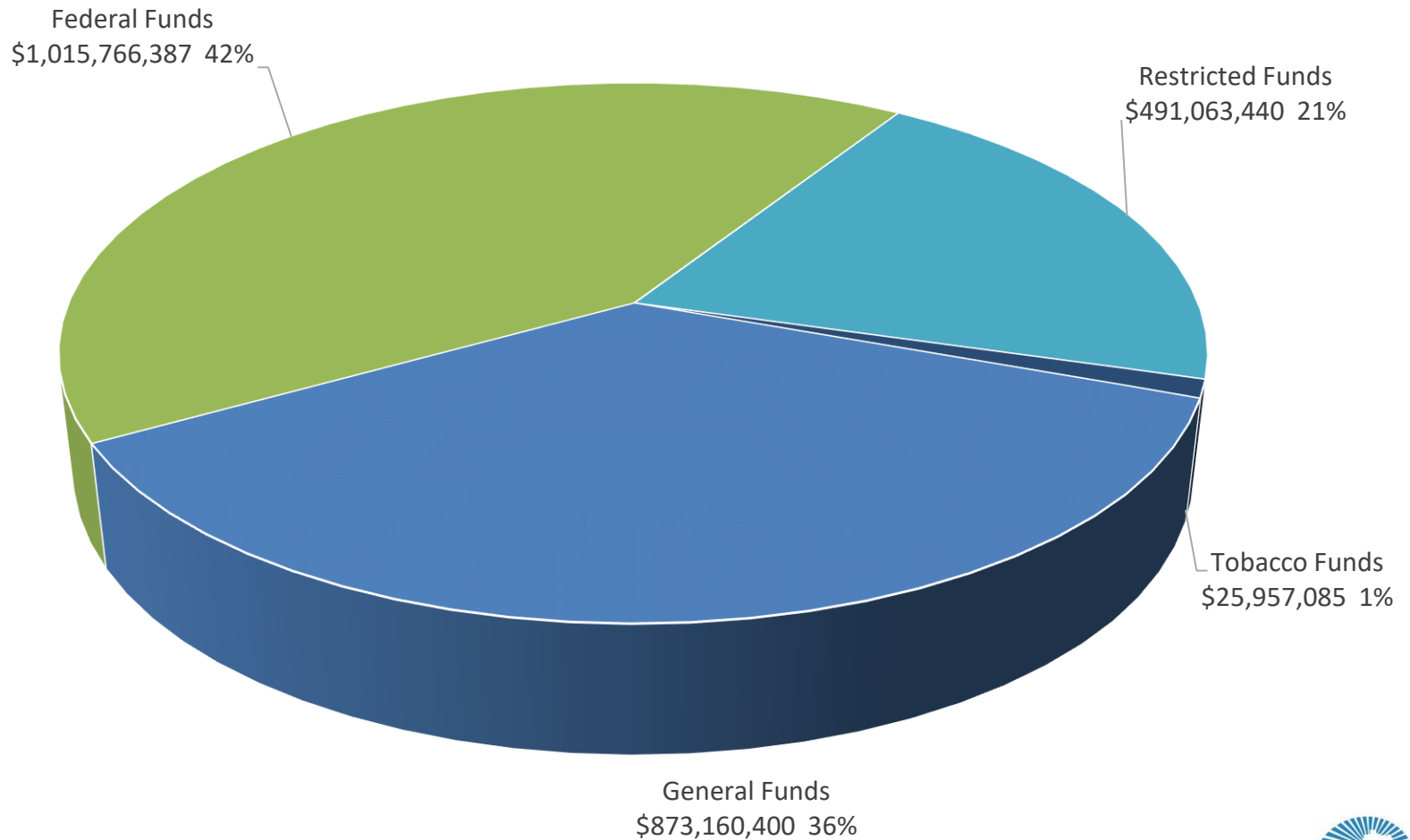
Expenditures by Department



Expenditures by Department without Medicaid



Expenditures by Department without Medicaid



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

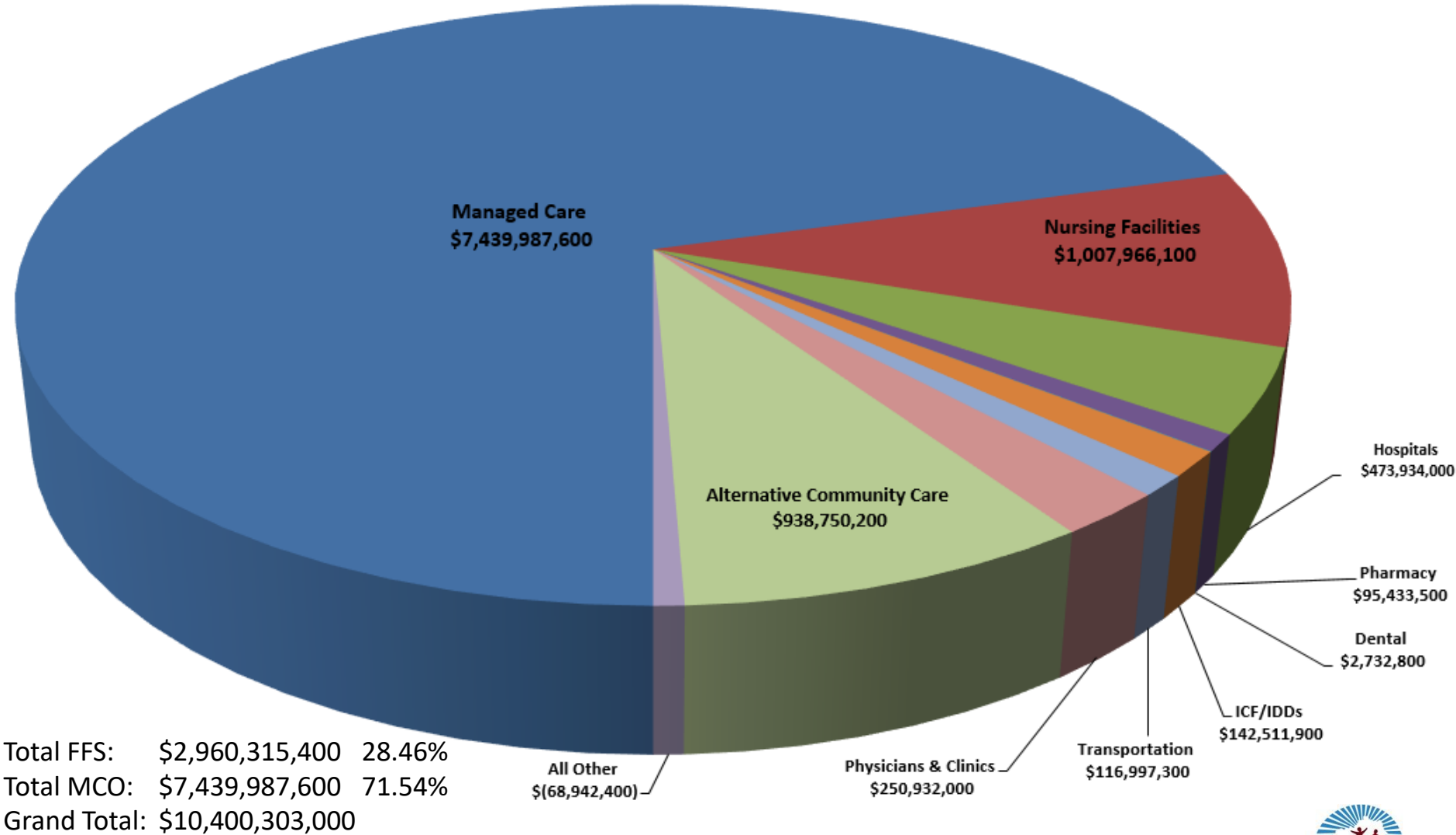
- Approximately 1,385,788 eligibles (SFY2019 monthly average)
 - 88,928 children covered under KCHIP
 - 452,183 covered under Medicaid Expansion (ACA)
 - 844,677 covered under Traditional (Non-ACA)
 - 90.64% of total eligibles are enrolled in Managed Care (approximately 1,256,038)
- Over 46,000 enrolled 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)

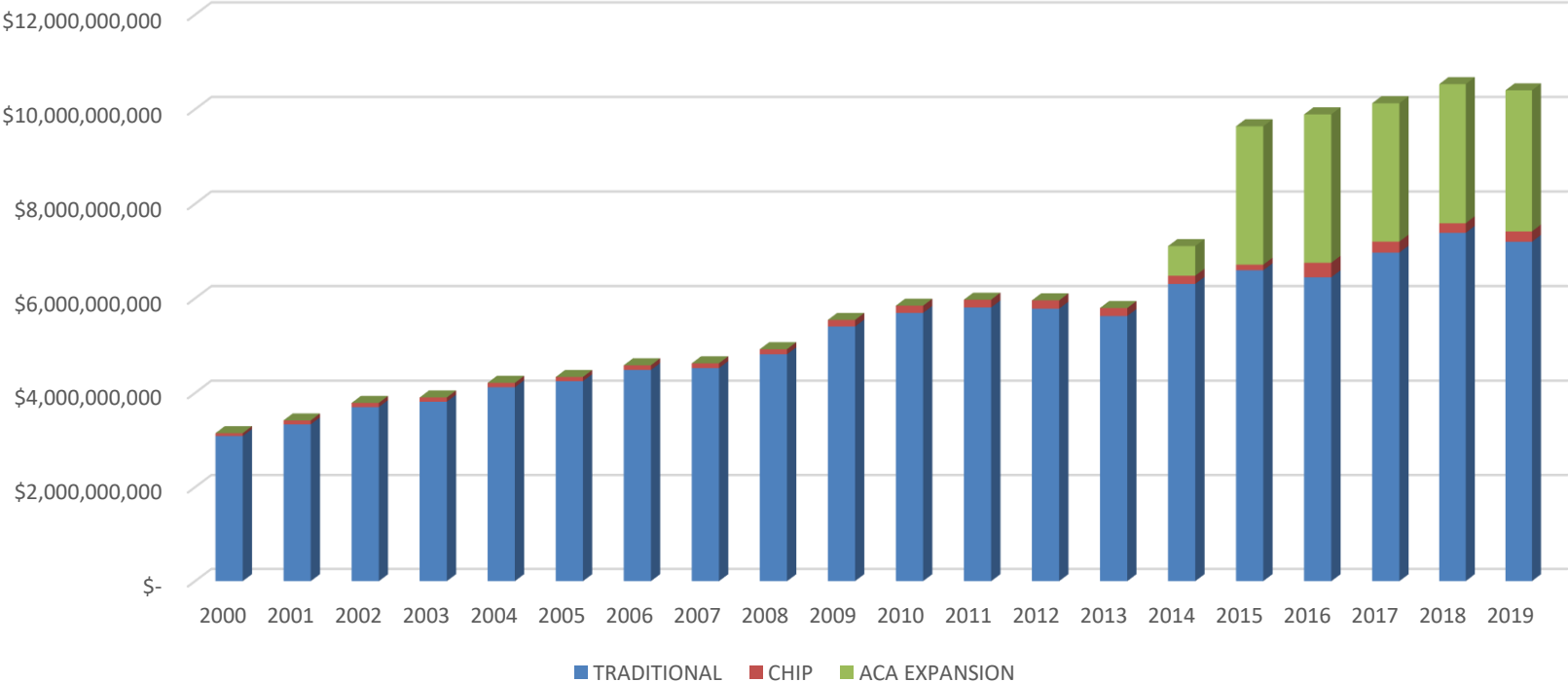
Historical Expenditures and Enacted Budget

	SFY15 ACTUAL	SFY16 ACTUAL	SFY17 ACTUAL	SFY18 ACTUAL	SFY19 ACTUAL	SFY20 ENACTED
General Fund	\$1,525,524,400	\$1,578,193,200	\$1,707,980,000	\$1,880,812,400	\$1,825,369,800	\$1,983,649,500
Restricted Agency Funds	505,812,700	509,663,700	491,271,700	500,620,700	506,680,600	521,341,800
Federal Funds	7,609,302,200	7,804,711,000	7,928,095,500	8,149,996,200	8,068,252,600	9,298,956,300
TOTAL	\$9,640,639,300	\$9,892,567,900	\$10,127,347,200	\$10,531,429,300	\$10,400,303,000	\$11,803,947,600

MEDICAID EXPENDITURES – BENEFITS SFY2019

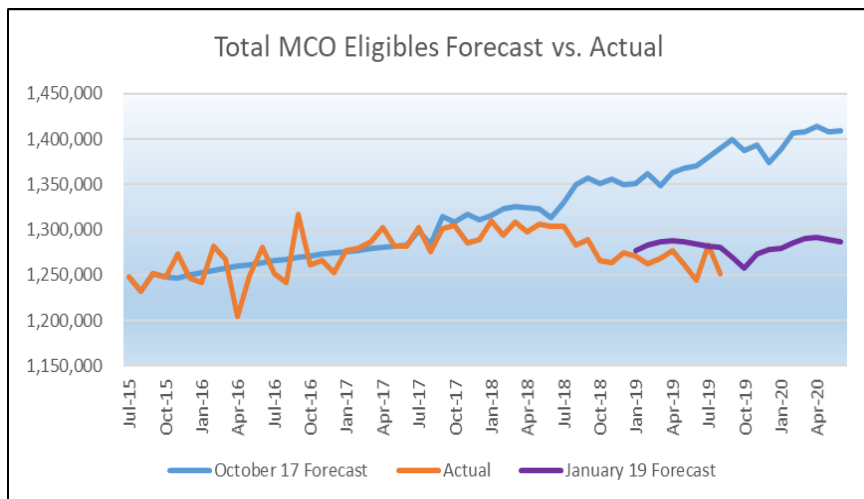


20-year Historical Expenditures



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

ELIGIBILITY EXPERIENCE



- 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

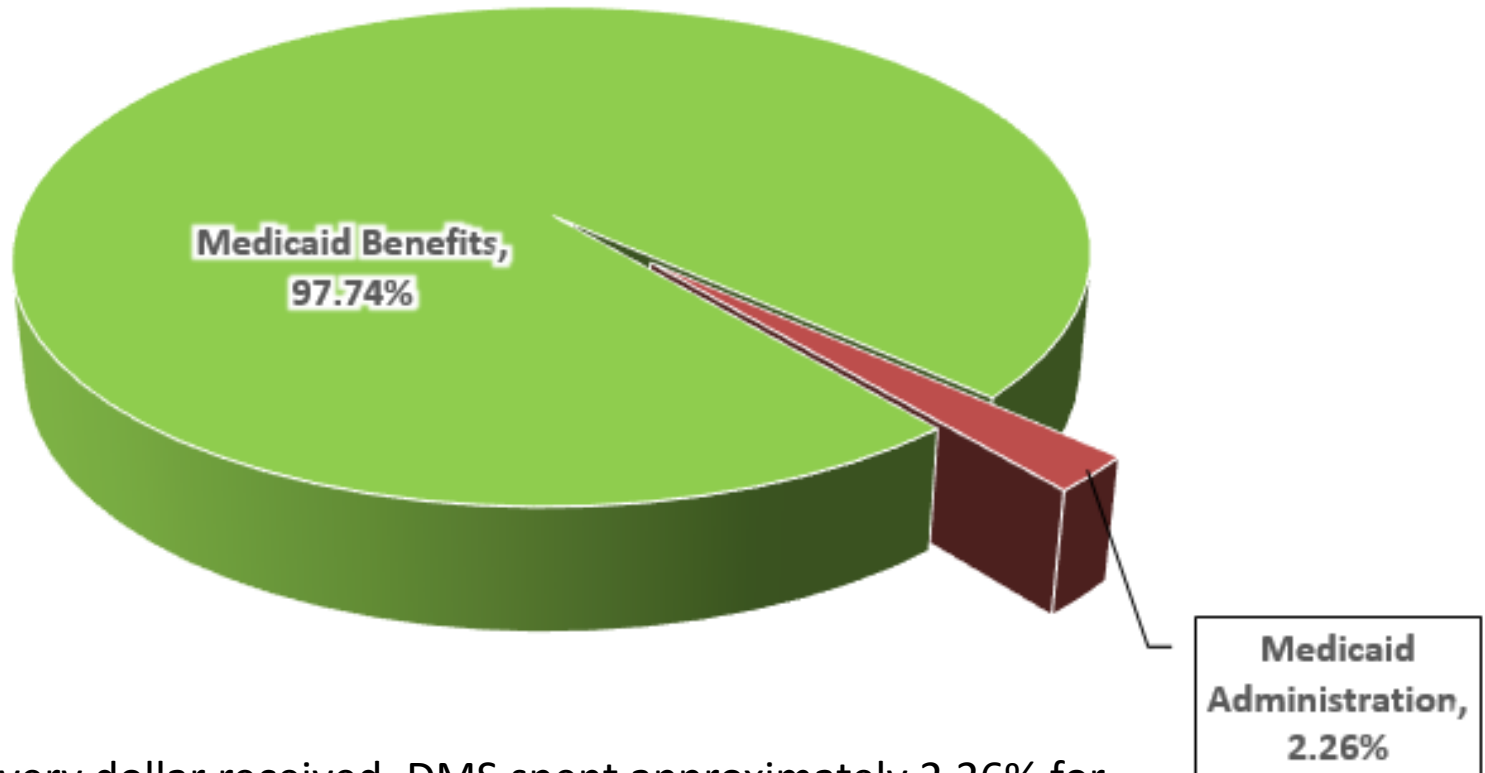
- The above graph illustrates our actual total enrollment experience since July 2016.
- This illustrates a sharp decline beginning in March 2018.
- Eligibility has declined by approximately 69,000 since March 2019 but has established some stabilization the past six months.

MEDICAID EXPENDITURES ADMINISTRATION

Historical Expenditures and Enacted Budget

	SFY15 ACTUAL	SFY16 ACTUAL	SFY17 ACTUAL	SFY18 ACTUAL	SFY19 ACTUAL	SFY20 ENACTED
General Fund	\$33,314,500	\$34,654,500	\$40,943,600	\$40,407,600	\$56,622,700	\$59,367,300
Restricted Agency Funds	15,897,300	20,703,300	14,627,400	20,273,900	15,112,400	10,266,400
Federal Funds	\$78,043,100	\$98,509,500	\$101,843,200	\$155,792,300	\$169,265,600	\$164,474,200
TOTAL	127,254,900	153,867,300	157,414,200	216,473,800	241,000,700	234,107,900

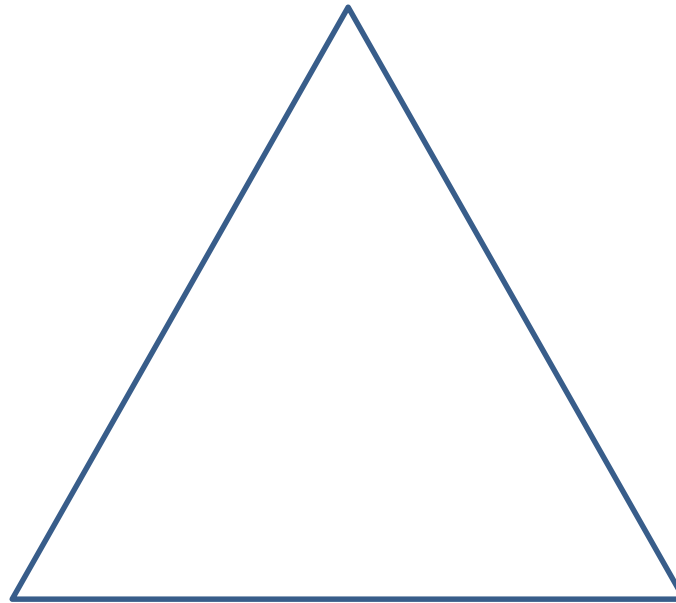
MEDICAID EXPENDITURES



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