

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Human Resources

Minutes of the 1st Meeting of the 2018 Interim

August 30, 2018

Call to Order and Roll Call

The 1st meeting of the Budget Review Subcommittee on Human Resources of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, August 30, 2018, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Russell Webber, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Russell Webber, Co-Chair; Senators Denise Harper Angel, Morgan McGarvey, and Stephen Meredith; Representatives Chad McCoy, Kimberly Poore Moser, and Susan Westrom.

Guests: Eric Clark, Commissioner, Department for Community Based Services, Cabinet for Health and Family Services; Elizabeth Caywood, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services; Lesa Dennis, Chief of Staff, Department for Community Based Services, Cabinet for Health and Family Services; Adam Meier, Secretary, Cabinet for Health and Family Services; Jill Hunter, Commissioner, Department for Medicaid Services, Cabinet for Health and Family Services; Steve Bechtel, Chief Financial Officer, Department for Medicaid Services, Cabinet for Health and Family Services; and Eric Lowery, Executive Director, Office of Finance and Budget, Cabinet for Health and Family Services

LRC Staff: Miriam Fordham and Jay Jacobs.

Kinship Care Update

Commissioner Clark, Deputy Commissioner Caywood, and Ms. Dennis gave an overview of the Kinship Care program.

In response to questions by Chairman Webber, Deputy Commissioner Caywood stated that the \$54 million is just the cash assistance portion and does not include Medicaid and the other supportive services. Commissioner Clark reviewed available relative services that are available today through DCBS for the Kinship Care program. Some examples through the kinship care hotline are support groups, health/behavioral health services, social security administration, and training.

In response to questions by Chairman Webber, Deputy Commissioner Caywood stated that she does not foresee the moratorium being lifted in full, it would take additional resources and tough decisions would have to be made. The funds from House Bill 200 are not going to the kinship care program, however they are helping supplement the effect of the *D.O. vs. Glisson* case and they are also being put towards services that can be utilized for the families that need them. There were families that were in the kinship program prior to the moratorium and they are still receiving funds but they are not receiving any new applicants to the program. The screening process for the kinship care program starts with calling the Hotline, the department mines the case by taking some basic information from the relative or fictive kin caregiver and determines if DCBS had placed the child or recommended placement of the child with the relative that includes a home study, evaluation, and background checks. If permanent custody has been established by the DNA-9 form they would not be qualified.

In response to questions by Representative Moser, Deputy Commissioner Caywood stated that grandparents are not eligible for cash assistance under *D.O. vs. Glisson* if the child has never been in the state's custody, however they can apply for child only Kentucky Transitional Assistance Program. About \$500 million of the budget goes to the foster care program in Kentucky. Relatives can apply for the Childcare Assistance Program if they need help.

In response to questions by Senator Meredith, Deputy Commissioner Caywood stated that the reason the number of children has declined was due to children aging out for services and caregivers not reapplying for services. DCBS has obtained numerous budget cuts and the reduction has been absorbed through these cuts over the years. Inquiries are being processed within 45 days and then the case is assigned; the vast majority of unprocessed inquiries are not eligible.

In response to questions by Co-Chair Alvarado, Commissioner Clark stated he does not know the average age of a child entering into kinship care. Deputy Commissioner Caywood stated that a third child for an existing grandparents in kinship care would not be covered.

Medicaid Budget Update: Fiscal Year 2018 Year-End Report and Fiscal Year 2019 Outlook

Secretary Meier, Commissioner Hunter, Mr. Bechtel, and Mr. Lowery provided an update on the Medicaid Budget.

In response to a question by Chairman Webber, Secretary Meier stated that the Governor's budget reduction had an impact on the \$300 million shortfall, but the cabinet is communicating with the budget office and the legislature about some of the intervening events.

In response to questions by Senator Meredith, Secretary Meier stated that there are no savings assumed in the consensus forecasting group's projection because it was uncertain at that time. Evaluation will have to be done into the next budget session on optional benefits and eligibility. Maximum benefits of the 1115 waiver will not be seen until 2022 or 2023, but that there are opportunities now to upgrade systems and create efficiencies in administrative processes. These cost savings were not built into the budget due to the uncertainty of the program at the federal level. The main cost of implementing the waiver program are upfront costs and the remainder will be invested in workforce training. The cabinet will continue to look for ways to support getting people connected with employment, job training, educational resources, and promotion of health and financial literacy. The waiver gives people the incentives to get in the door and to be connected with those available resources at the local level.

In response to questions by Co-Chair Alvarado, Secretary Meier stated the increased costs in the last four years is due to medical inflation, pent up demand, growth in expansion and the traditional population. Mr. Lowery stated that the expansion was the biggest part of the growth. Secretary Meier stated the cabinet saw an increase in emergency room utilization after the expansion and that has started to level off. The cabinet can ask the federal government if there is any wiggle room on the budget with the projected savings from renegotiating MCO contracts. Mr. Lowery stated that MCOs are not included in the two percent. Secretary Meier stated that the cabinet is analyzing the data from the PBM report.

In response to questions by Representative Westrom, Commissioner Hunter stated that the concerns of 30 families who have not received compensation have been noted and that her team is reviewing them.

In response to questions by Senator McGarvey, Secretary Meier stated that the Supports for Community Living rate increase was done after the Consensus Forecasting Group met. The budget shortfall will be monitored closely and they will monitor the outcome of the waiver and how close they are to the projection. The cabinet is reviewing IT reforms, new delivery system reforms, value based purchasing, and strengthening MCO contracts as a means to save money. Some payments can be pushed into the next fiscal year, but that is just shifting cost. Pulling benefits is an option if necessary.

There being no further business, the meeting was adjourned at 11: 22 AM.