



# Senate Health and Welfare Committee Hearing on House Bill 5

Secretary Vickie Yates Brown Glisson  
Cabinet for Health & Family Services

11 April 2016

# Common-sense reasons to close kynect

- Less than 2% of Kentucky's population has used kynect to purchase a Qualified Health Plan (QHP)
- Kynect is unsustainable - only generates 10% cost needed
- Save an estimated \$15 million to \$25 million per year
- IT transition will cost 1% of what opponents claimed
- New health exchange model maintains state control, maximizes cost savings

# kynect (Releases 1-4) benefind (Release 5)

In **2011**, former Governor Beshear requested and received approval from CMS to use a waiver to build an IT system to integrate eligibility determination functions for Health Benefit Exchange (HBE) and all state-administered health and human services programs.

Former Governor Beshear authorized an RFP to create a new computer platform on **23 May 2012**

There was only one respondent: Deloitte Consulting, LLP

The Deloitte Contracts were in 5 parts to accomplish:

- a. A Health Benefit Exchange (HBE) – aka “Kynect”
- b. A benefits One Stop Shop – aka “benefind”

# Kynect and benefind – What is it?

## Background

- Benefind known as Release 5 in all legal documents between Deloitte and Kentucky is a horizontal fully integrated E&E IT platform with 2 “doors”, kynect and benefind.
- Kynect was the first door used for eligibility and enrollment (E&E) of health **insurance/Medicaid expansion**.
- It was expanded by the second, all encompassing door, Release 5/benefind, which can process the health programs as well as the E&E for human service programs

# State-Based Exchange, kynect

- Former Governor Beshear Issued Executive Order 587 creating Kentucky Health Benefit Exchange (HBE) on 17 July 2012
- The first production phases of the Deloitte contract created the Kentucky HBE portal, which was branded “Kynect”.

# The Benefits One Stop Shop

Former Governor Beshear expanded the Health Benefit Exchange beyond Kynect to create a Kentucky Health and Benefits One Stop Shop for:

- Health Insurance (including Kynect)
- Food Stamps (SNAP)
- Cash for Families (TANF)
- Voter Registration
- Financial Assistance to Families (K-TAP)
- Foster Care
- Kinship Care (i.e. getting paid to take care of a relative)
- Some Waiver Programs

The Kentucky One Stop Shop for benefits administered through the Cabinet for Health and Family Services (CHFS) is known as Release 5 with two consumer facing portals known as “Kynect” and “benefind.”

# kynect/benefind 5 Timeline

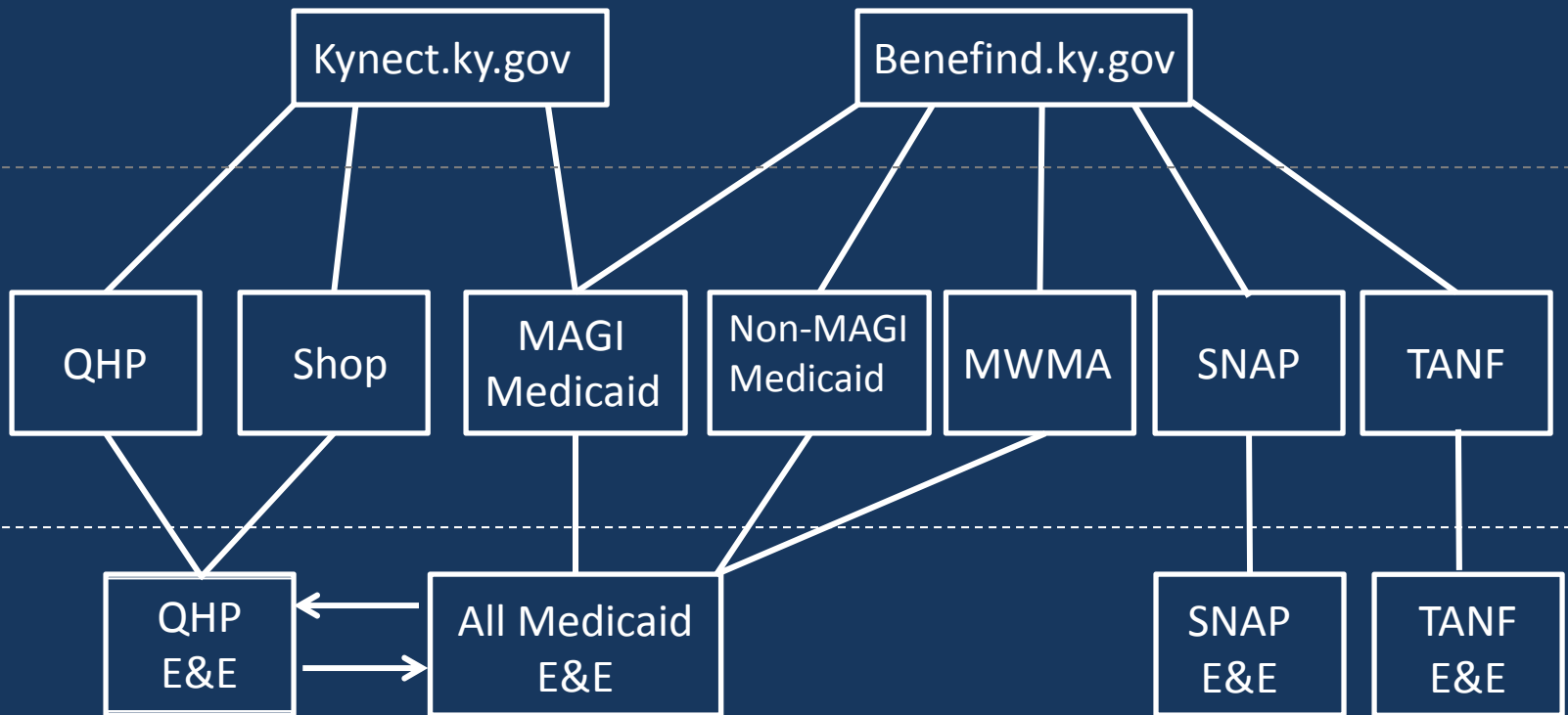
Release	Functionality	Contract effective date	Implemented
Release 1	Plan Management (PMB)	10/1/2012	8/13/2013
Release 2	Self-Service Portal Financial Management SHOP Shopping E&E Shared Capabilities Master Client Index Conversion	10/1/2012	10/1/2014
Release 3	E&E System supporting MAGI Medical Eligibility	10/1/2012	12/16/2014
Release 4	E&E System supporting all Medicaid programs  Kynect role out	10/1/2012	6/30/2014
Release 4a	Medicaid Waiver Management Application (MWMA)	11/15/2013	4/17/2015
Release 4b	PMB 2.0	8/1/2014	5/1/2015
Release 5 (benefind)	Initial roll out of benefind planned Actual roll out date for benefind. Enhancement of HBE for SNAP/TANF and additional programs including integrated application.	12/16/2013	12/4/2015 then 2/28/2015 2/29/2016

# Current Integrated Eligibility System

Public Facing  
Portals  
(2 Doors)

Worker  
Portal

Rules Engine  
for Eligibility  
System



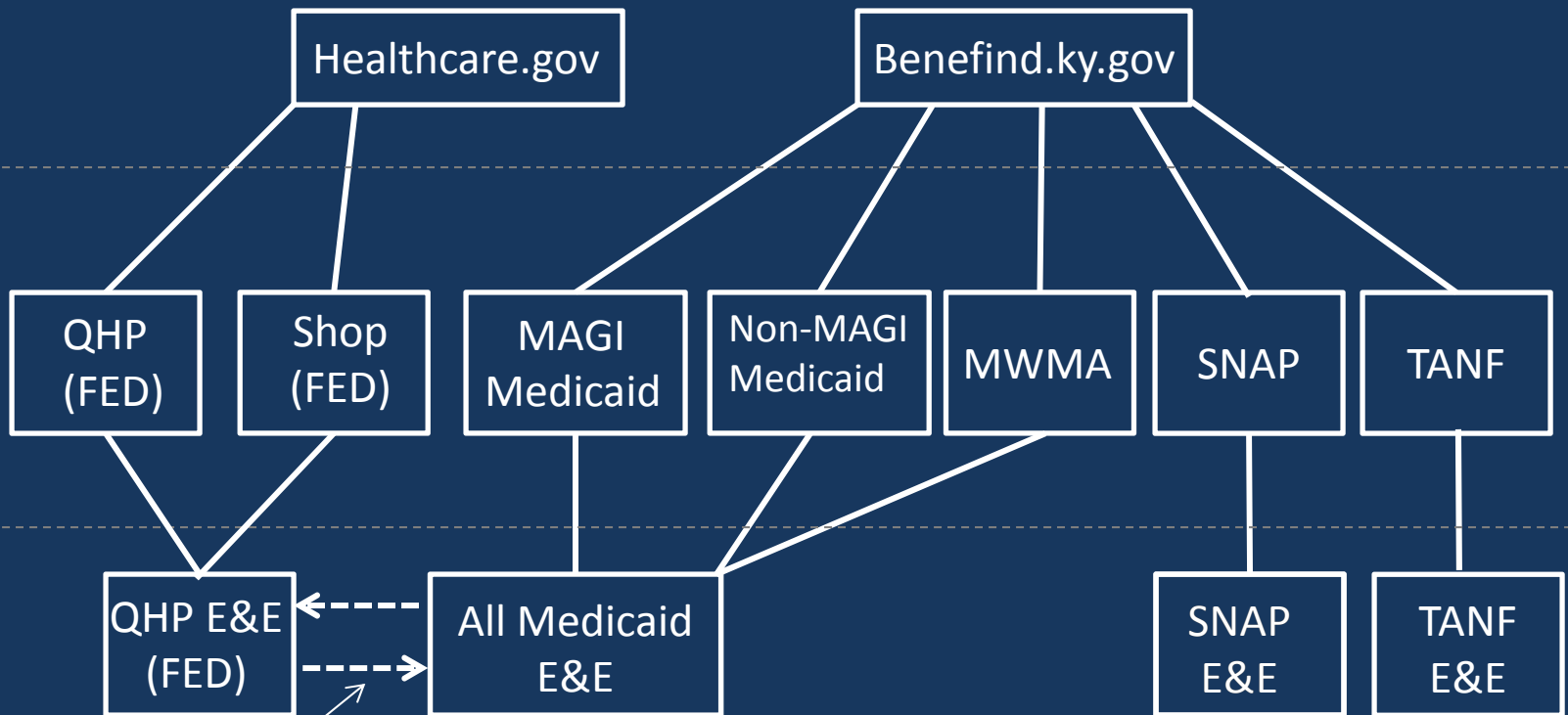


# Future Interface with Healthcare.gov

Public Facing  
Portals  
(2 Doors)

Worker  
Portal

Rules Engine  
for Eligibility  
& Enrollment  
(E&E) System



Account transfer technology will be built to allow the benefind E&E to interface with the federal platform (healthcare.gov). This will allow Medicaid and QHP eligibles to be referred back and forth between the two systems.

# Kentucky HBE, kynect-Not Sustainable

- Kynect was created by Executive Order without legislative input or approval, dedicating the Kentucky Access funding mechanism to support operations.
- Per ACA, by January 1, 2015, all state exchanges were expected to be self-sustaining.
- Only about \$3M of the assessment revenue comes from “on-exchange” plans—far from being self-sustaining.
- Transition saves an estimated \$15 million to \$25 million per year
- The transition to healthcare.gov will be a more financially prudent and sustainable plan for Kentucky.

# Kentucky HBE, kynect-Not Sustainable

- Operating Budgets vs. Actual Expenditures from prior administration :

FY 2014	FY 2015	FY 2016*
Budgeted: \$73.4M	\$61.7M/	\$47.6M/
Actual: \$61.4M	\$60.5M	TBD

\*While the budget amount is less than prior years, this is because costs have been allocated to DCBS and Medicaid.

- FY 2016 Contact Center Costs will be \$23M and only \$3.9M has been budgeted for HBE in FY 2016. We know FY 2015 Contact Center Costs were \$22.7M.
- FY 2015 Navigator Costs were \$8.3M, only \$4.8M is budgeted for FY 2016, but over \$9M has been allocated as a Medicaid cost in 2016.

Kentucky HBE, kynect-Not Sustainable

The prior figures do  
not include  
Capital Costs

# Kentucky HBE, kynect-Not Sustainable

## Capital Project Expenditures

FY 2013 – \$50,698,216

FY 2014 – \$40,557,251

FY 2015 – \$42,822,356

FY 2016 – \$18,000,000+ (ytd)

TOTAL \$152,007,800

Kentucky HBE, kynect-Not Sustainable

Total Operating  
+ Capital To-Date

**\$330 MILLION**

# Buildout Cost Comparison

	Cost to build/implement	Approximate annual enrollment	Cost to build/implement per annual enrollee
Healthcare.gov	\$834,000,000*	8,840,000**	\$94
kynect.ky.gov	\$330,000,000	85,000***	\$3,882

\$3,882 is enough to actually pay for insurance premiums for each of the 85,000 enrollees *for an entire year*.

It will cost much more per enrollee for Kentucky to make system IT changes to keep up with new policies, than to allow Healthcare.gov to make the same change.

\* Based on [Testimony from HHS Secretary Sylvia Burwell](#)

\*\* Based on [2015 Enrollment](#)

\*\*\*Average enrollment for 2015

## Kentucky Health Benefit and Information Exchange (Kynect) Actual vs. Recommended Budget

	FY 14 Actual	FY 15 Actual	FY 16 Budgeted	FY 17 Recommended	FY 18 Recommended
<b>Personnel Costs</b>	\$53,515,600	\$54,786,300	\$43,908,000	\$38,383,300	\$16,101,800
<b>Operating Expenses</b>	\$3,311,100	\$5,068,900	\$3,406,100	\$4,539,800	\$1,278,200
<b>Grants Loans Benefits</b>	\$4,423,300	\$646,500	\$313,200	\$105,200	\$33,500
<b>Capital</b>	\$116,700	\$22,300	\$300	\$300	\$300
<b>Total</b>	\$61,366,700	\$60,524,000	\$47,627,600	\$43,028,600	\$17,413,800
<b>Tobacco Fund</b>	\$14,657,300				
<b>Federal Funds</b>	\$42,681,800	\$55,775,700	\$21,335,900	\$22,658,500	\$9,227,000
<b>Restricted Funds</b>	\$4,027,600	\$4,748,200	\$26,291,700	\$20,370,100	\$8,186,800
<b>Total</b>	\$61,366,700	\$60,524,000	\$47,627,600	\$43,028,600	\$17,413,800



# Transition to Sustainability

- kynect function of access to Qualified Health Plans (QHP) will occur through healthcare.gov E&E
- Medicaid enrollment will continue to occur through the benefind Release 5 Portal, which went live February 29, 2016.
  - From the start in 2012, Release 5 was designed with the functionality to enroll all health and human service benefits, including Medicaid.

# Kentucky's Transition to Healthcare.gov

## Supported State-based Marketplace (SSBM)

- Commonwealth informed Department of Health and Human Services (HHS) that the Commonwealth has decided to transition from a State Based Marketplace (SBM) model to a Supported State Based Model (SSBM) a/k/a State Based Marketplace on the Federal Platform model (SBM-FP).
- Commonwealth is working collaboratively with HHS on the transition.
- Under this option the Commonwealth maintains a basic website to provide information to consumers and redirect to FFM (Federally Facilitated Marketplace) or the state Eligibility and Enrollment (E&E) system, Release 5.

# Kentucky's Transition to Healthcare.gov

## Assessment State

- Commonwealth has decided to adopt the Assessment model for eligibility determination.
- The Assessment model allows the Commonwealth to use the FFM for initial assessment of Medicaid eligibility but the Commonwealth Medicaid agency makes the final Medicaid eligibility determination, including redeterminations.
- **Ability to leverage 'benefind', the Commonwealth E&E system, that will make the Medicaid eligibility determination.**

# Kentucky's Transition to Healthcare.gov

## IT Impacts of transitioning Release 5 to Healthcare.gov

- Specific changes are required in Release 5 to enable:
  - bi-directional account transfer between the FFM and benefind E&E system, and
  - implement the minimum essential coverage (MEC) check in Release 5.
- Decommissioning activities on the kynect– shutdown web site, redirect navigation, disable reports, reconcile member enrollments with Issuers, and close accounting books with Issuers for SHOP.

## Comparison between Kynect (SBM) and move to Healthcare.gov (SSBM)

Function	Current: State Based Exchange	New: Supported State Based Marketplace
Marketplace Technology	Kynect.ky.gov	Healthcare.gov
Governance	State	State
Plan Management/QHP Review/Carrier Relations	State	State
QHP Final Certification	State	Federal (strongly rely upon State recommendation)
Coordination of Consumer Assistance	State	State
Carrier Assessment	State (currently 1% on ALL private insurance plans in state to fund kynect operations)	Federal (PY2017: 1.5%, only on plans for carriers who issue QHPs on exchange) State (proposing .5% to cover consumer outreach/plan management functions for plans by carriers who issue QHPs on exchange in individual market segment).
Call Center	State	State/Fed Partnership. State must maintain hotline to provide basic info to consumer, and re-direct to FFM for E&E. State still maintains call center for Medicaid.
Consumer Grievances	State	State/Federal Partnership
Consumer Eligibility Appeals	State	Federal
Carrier Grievances/Appeals	State	State

# Kentucky's Transition from Kynect to Healthcare.gov

## IT Costs for transitioning Kynect to Healthcare.gov (Supported State Based Model, or SSBM)

Release 5 enhancements

- Account Transfer and MEC check enhancements to benefind
  - Likely eligible for 90/10 enhanced Medicaid funding
  - Total Cost = \$ 4.1 million
  - State Share Cost = \$ 413,000

kynect decommissioning activities

- Not eligible for federal funding
- Total cost = \$ 1.2 million
- State Share of Cost = \$ 1.2 million

- **Total IT Transition Cost = \$ 5.3 million**      **State Share of IT Transition Cost = \$ 1.6 million**

# Kentucky's Transition from Kynect to Healthcare.gov

## IT Cost Savings from transitioning Kynect to SSBM

- When the Kynect SBM is transitioned to Healthcare.gov for Open Enrollment 2017 (beginning Nov 1, 2016), the IT maintenance and operations costs for Kynect SMB ramps down resulting in IT cost savings to the Commonwealth.
  - **Reduction in IT maintenance and operations in 2017 = \$ 1.3 million**
- There are additional cost saving opportunities with the transition to FFM that are yet to be estimated such as – Call Center costs, Consumer Outreach costs
- **Estimated net IT costs to the Commonwealth for transitioning Release 5, taking into account reduced maintenance and operations through 2017 = \$236,000**

# Kynect Cost Recap

- Kynect cost over \$330 million to date
- Kynect specific operations cost \$51 million in FY15, and \$35 million is budgeted for FY16. These amounts exclude some expenses, such as capital expenses.
- Using average enrollment and premiums for 2015, **Kentuckians could have accessed plans on healthcare.gov for approximately \$11 million** in costs paid to the Federal Government
- The IT transition costs are estimated at **\$236,000** when taking into account the reduced need for operations and maintenance for the kynect website in 2017.
- No general fund dollars will be used for the transition. The winding down and transition will be funded by the current revenue stream used to operate kynect.
- The Commonwealth will begin seeing savings in the first biennium of transition
- The Commonwealth will save an estimated \$15 million to \$25 million per year post transition to Healthcare.gov



# benefind –issues and solutions

- Several issues have plagued the rollout of release 5, known as benefind:
  - Data collection is more robust per federal requirements
  - Erroneous system generated letters
  - Conversion cases with data integrity issue locks out kynectors until DCBS worker completes manual review
  - Learning curve of workers getting used to new system
  - Transition required closing off applications while servers were down, starting off in backlog
  - These issues and others caused increase traffic to lobbies and phone lines

# benefind –separating fact from fiction?

**FICTION:** Several House legislators signed onto an op-ed filled with misinformation, including the claim the administration

“gerrymandered the Benefind program to be something it is not, the online portal and rules engine for Medicaid in Kentucky.” & “attempted to convert many people off of kynect and onto Benefind for healthcare purposes.”

**FACT:** As was confirmed by Deloitte, the Bevin administration did not make any changes for the future move to healthcare.gov—system was rolled out as designed by previous administration.

**FICTION:** Same op-ed also claimed that our administration “canceled the contract for all advertising for kynect.”

**FACT:** That contract actually expired on 11/30/15 and was not renewed by the finance cabinet during the previous administration.

# benefind –separating fact from fiction?

**FICTION:** Same op-ed also claimed that Bevin Administration “eliminated the vitally important kynectors” which “dramatically complicated and reduced access for hundreds of thousands of Kentuckians.”

**FACT:** The Bevin administration has done nothing to eliminate kynectors, modify the kynector contracts, or modify the benefind/Kynect system to make it harder for them to process applications. The system was rolled out as designed by previous administration.

**FICTION:** Advocates claim that 51,000 lost benefits

**FACT:** 51,000 of 450,000 cases that were converted from the legacy system to benefind require manual review by a DCBS worker because these cases had data integrity issues among their multiple benefits (i.e., disparity in income). This does not mean they lost benefits.

# benefind –separating fact from fiction?

**FICTION:** WFPL reported that fewer people are able to help Kentuckians sign up for health insurance through the state exchange and Medicaid now that Gov. Matt Bevin's administration has rolled out Benefind, an umbrella portal for state benefits.

**FACT:** We actually have more people. We still have the same number of kynectors, who are able to continue to process much of the same work as before. Plus we have hired 180 additional DCBS workers, as well as temporary staff, and we are pulling in additional resources from other areas of the cabinet. We now have 120 additional Deloitte employees throughout the Commonwealth supporting our field staff.

# Benefind- Release 5 timeline –why did Kentucky to “Go Live”

## What we learned about Release 5 after coming into CHFS on December 9, 2015:

- Did not learn of Release 5 until after December 9, 2015 and the scheduled Go Live date of December 28, 2015. It had been originally scheduled to go live on December 4, 2015;
- Due to state’s decision to expand Medicaid, KAMES was no longer compliant;
- Federal government had approved and requested that the state was a “Go” for statewide implementation of Release 5 for December 28, 2015;
- Deloitte advised and presented reports that it had completed all necessary training and successfully completed vast amounts of testing of the system;
- Over \$330M of federal match funds had been spent as of December 2015 on developing Release 5. If CHFS did not go forward with the project, federal government could claw back the \$330M funds;
- Deloitte advised that if “go live” date was further delayed, it could cost CHFS up to \$3.5M each month in order to hold the system and keep developers and staff on board.

# What specific steps is Deloitte taking to correct the system?

Deloitte is taking the following steps to improve the accuracy, efficiency and effectiveness of benefit:

Technology – continuous improvement plan

System defect fixes – two releases planned

- o 5.0.3 – implemented in production, includes a revised renewal screen flow, implemented 04/04/16 PM
- o 5.1 - Due date 4/11/16 PM. A number of blocking defects are being fixed, a number of correspondence issues being addressed.

# What specific steps is Deloitte taking to correct the system?

At the urging of CHFS, Deloitte is taking these additional steps:

- Field Support Plan - 120+ Deloitte (and some OATS) staff planned to be deployed in the field across all 120 counties to provide field staff assistance with case processing and provide targeted training to improve worker efficiency.
- Distribute daily targeted plan for Field Supervisors to act upon. These are cases prioritized by central office team based on due dates, and overall goals to accomplish reduction in case backlog associated with benefind implementation.
- Rapid Fire Team – In order to improve customer service and case management reaction times Deloitte has established a “Rapid Fire Team” that will handle all issues escalated from ombudsman, secretary and governor’s office.
- Enhanced application monitoring being implemented to evaluate impacts to citizens from automated rule-based decision making on eligibility.
- Workflow and operations – performance improvement opportunities identified by field support teams being reviewed for prioritization and implementation.
- System enhancements - revised renewal flow has been implemented in production. Other system enhancement suggestions received from the field are being prioritized for development and implementation.
- Correspondence SWAT team established – review notices for content, accuracy, timing of generation.

# What specific steps is CHFS taking to correct the system?

Program level decisions that will reduce traffic in field offices and call services unit:

- Obtained FNS approval to change renewal time frame for SNAP to 12 months with a 6-month program review.
- Obtained CMS approval for extending Medicaid renewal dates by 3 months for April and May.
- Commonwealth is conducting an analysis of renewal dates across programs for an individual to evaluate potential for alignment of renewal dates across programs and reduce traffic in field office and over the phone in order to facilitate easier benefit issuance to the residents of the Commonwealth.
- Assigned full-time personnel to work directly with Deloitte to oversee the implementation and follow through of steps and mitigation measures to improve the accuracy and effectiveness of benefind.
- Conducts twice weekly Secretary level meetings with Deloitte representatives to monitor system progress.
- Devoted considerable cabinet resources to work backlog cases associated with benefind implementation and provide customer service to Kentuckians utilizing the call service center to address issues created by the benefind roll-out.
- IVR enhancements plan - Call back feature, auto-dialer for targeted campaigns.
- Active promotion of 'benefind' self-service portal in field offices, in correspondences, call centers, IVR. This will alleviate data collection work load on field staff.



# Summary

- The Release 5 (Kynect and benefind) system have been rolled out as they were intended and designed by the previous administration.
- The Bevin administration has not modified the benefind system prior to rollout.
- The Bevin administration was assured that all necessary testing and development was complete upon assuming office.
- Transitioning from Kynect to healthcare.gov will save tens of millions of dollars per biennium budget cycle.
- The Bevin administration, along with Deloitte, is committed to taking the necessary steps to fix the system so it works as intended, and serving the citizens of the Commonwealth.

QUESTIONS?