

Commonwealth of Kentucky
Overview of Kentucky HEALTH

*All information based on Kentucky
HEALTH Waiver proposal.
Information is subject to change.*

Challenges Facing Kentucky

Nationally, Kentucky is ranked close to last in many crucial areas.

The state's unemployment rate, poverty rate, workforce participation rate, and wages are all significantly below the national average.

Over the past decade, the opioid epidemic has wreaked havoc on our families, communities and economy.

- Overdose deaths have climbed to more than 1,000 per year.
- Kentucky's rate of babies born drug-addicted is twice the national average.
- Drug abuse has negative impacts on daily life and work functions, and is weakening family and social connections and impacting employability (attendance, teamwork, and productivity).
- All of these factors impact people's ability to be independent.



Kentucky is among the worst nationally in several key population health metrics.

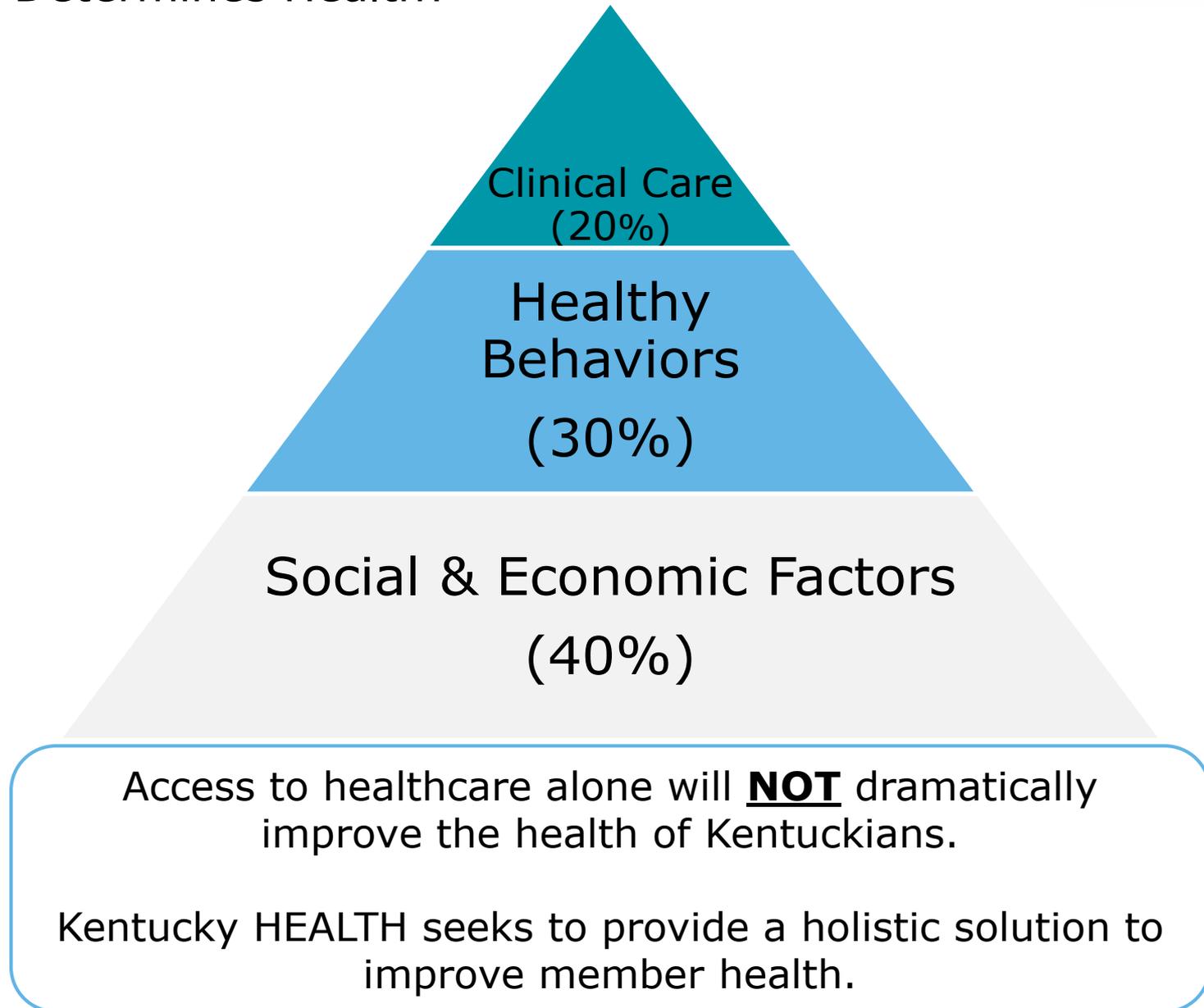
- 1st in the nation for cancer deaths, 2nd highest in the nation for smoking.
- Nearly 1/3 of Kentuckians have weight-related health issues (12th highest rate in the nation).
- There are 6.8 infant deaths per 1,000 live births (17th highest rate in the nation).
- Recent report shows 8 of 13 counties in the nation with largest declines in life expectancy since the 1980s are in Kentucky.

Unsustainable Growth

- **High poverty & high Medicaid enrollment**
 - Workforce participation rate is 59.4% (45th in the nation)
 - 19% of Kentuckians live in poverty
 - 47th in the nation for median household income
 - **Nearly 1/3 of total state population is enrolled in Medicaid**
- **Kentucky has poor health outcomes despite high spending**
 - 1 in 3 Kentuckians struggle with weight-related health issues
 - Ranks 2nd highest in the nation for smoking
 - Ranks 1st highest in the nation for cancer deaths
- **Ranks 1st highest in nation for MCO profits**
- **No long term financing plan**
 - Kentucky is projected to spend approximately **\$1.2 billion** over the next five years on expanded Medicaid benefits (SFY 2017-2021)

The cost growth in Medicaid expansion threatens funding for traditional Medicaid coverage for the aged, blind, disabled, pregnant women, & children.

What Determines Health?



Note: The remaining 10% accounts for miscellaneous factors.

Kentucky HEALTH Benefits

Giving members more control over their healthcare



Promoting self-sufficiency and encouraging individuals to be engaged in their communities



Kentucky HEALTH Vision
Kentucky HEALTH aims to improve lives and re-envision public assistance as a temporary safety net, not a long-term plan. The program aims to improve health by:

Creating opportunities for members to get involved in their healthcare and promoting healthy living



Implementing a more financially sustainable approach for Kentucky's Medicaid services



Kentucky HEALTH Covered Populations

Medicaid Populations *Not Included* in Kentucky HEALTH
 Traditional Medicaid (*Aged, Blind & Disabled*) and Former Foster Youth up to age 26

Medicaid Populations *Included* in Kentucky HEALTH
 Non-Disabled Adults & Children
 (*Individuals covered before expansion, pregnant women, children, & adult expansion population*)

Home and Community Based Waiver - 1915(c)
 No Change

Model Waiver II – 1915(c)
 No Change

Michelle P Waiver – 1915(c)
 No Change

Supports for Community Living – 1915(c)
 No Change

Acquired Brain Injury – 1915(c)
 No Change

Acquired Brain Injury, Long Term Care – 1915(c)
 No Change

Nursing Facility and ICF/MR Residents
 No Change

Qualified Medicare Beneficiaries
 No Change

Traditional Medicaid Adults Eligible Prior to Expansion

- Premiums or Copays
- No Change in Benefits (continue to get vision and dental through MCO)
- Community Engagement required, unless primary caretaker of dependent

Medicaid Expansion Adults

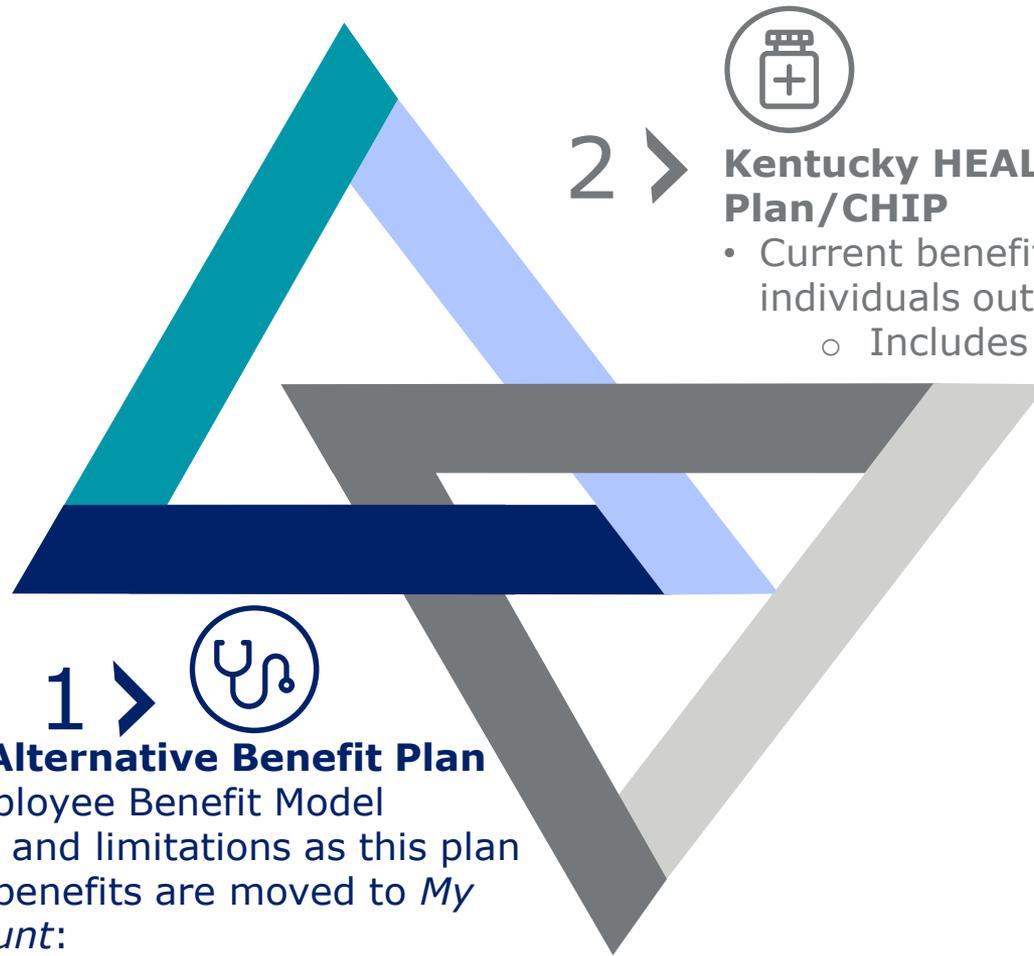
- Premiums or Copays
- State Employee Benefits
- Vision and Dental available through My Rewards Account
- Community Engagement required, unless primary caretaker of dependent

Pregnant Women & Children (Traditional Medicaid and KCHIP)

- No Premiums
- No Change in Benefits
- Community Engagement initiative not required

Medically Frail Adults

- Optional Premiums (for access to My Rewards)
- No Change in Benefits
- Community Engagement initiative not required



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Kentucky HEALTH Medicaid State Plan/CHIP

- Current benefits available to individuals outside of the Adult Group
 - Includes Medically Frail

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Kentucky HEALTH Alternative Benefit Plan

- Kentucky State Employee Benefit Model
 - Same benefits and limitations as this plan
 - The following benefits are moved to *My Rewards Account*:
 - Vision
 - Dental
 - The following benefits are added to *My Rewards Account*:
 - Gym membership & fitness activities

Benefits by Population

| Population | Benefit Package |
|------------------------------|---|
| Adult Group | Kentucky HEALTH Alternative Benefit Plan |
| • Medically Frail Adults | No change in benefits (Medicaid State Plan) |
| • Pregnant Adults | No change in benefits (Medicaid State Plan) |
| Parents and Caretakers & TMA | No change in benefits (Medicaid State Plan) |
| Pregnancy Category | No change in benefits (Medicaid State Plan) |
| Children | No change in benefits (Medicaid State Plan) |

Note: Vision and dental coverage will continue to be covered by the MCOs (not the My Rewards Account) for all members with access to Medicaid State Plan benefits.

Key Components of Kentucky HEALTH

Kentucky HEALTH is broken down into several different components, detailed below.

Cost Sharing

Cost sharing introduces members to key commercial market features as a way of investing in personal health, including monthly premium payments, tracking deductibles, and managing a health spending account (My Rewards).

Deductible Account

The deductible account empowers individuals to make cost-conscious healthcare decisions.

My Rewards Account

The My Rewards Account provides incentives for members to improve their health through preventive services and health education, engage in their communities, and improve their job skills.

Kentucky HEALTH

PATH Program

Research shows an important link between some sort of community engagement (like volunteer work, public service, or employment) and an individual's overall health and well-being. The PATH program is designed to move people toward financial security, and build and strengthen Kentucky's workforce.

Premium Assistance

Establishes a way for the state to pay member's premium if employer sponsored insurance is available and cost-effective.

Education and Training

The Health and Financial Literacy classes provide ways for Kentuckians to learn how to improve health outcomes and financial security.

Kentucky HEALTH Cost Sharing

Qualifying members will pay premiums or copays as a way of investing in personal health. Cost sharing introduces members to key commercial market features, including making timely monthly premium payments, tracking deductibles, and managing a healthcare spending account.

Cost Sharing Breakdown

Policy

- Kentucky HEALTH members will have monthly family premiums (ranging from \$1 to \$15, depending on income)
- Cost sharing is limited to 5% of family income on a quarterly basis (includes all family copayments and premiums)

What's Changing?

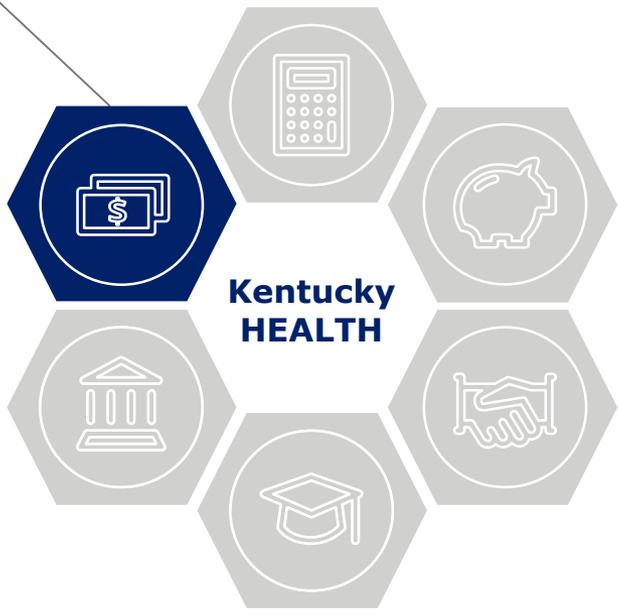
- Monthly premiums
- Non-payment penalties vary
 - Over 100% FPL- Disenrolled
 - At or below 100% FPL- shift to state plan with copayments

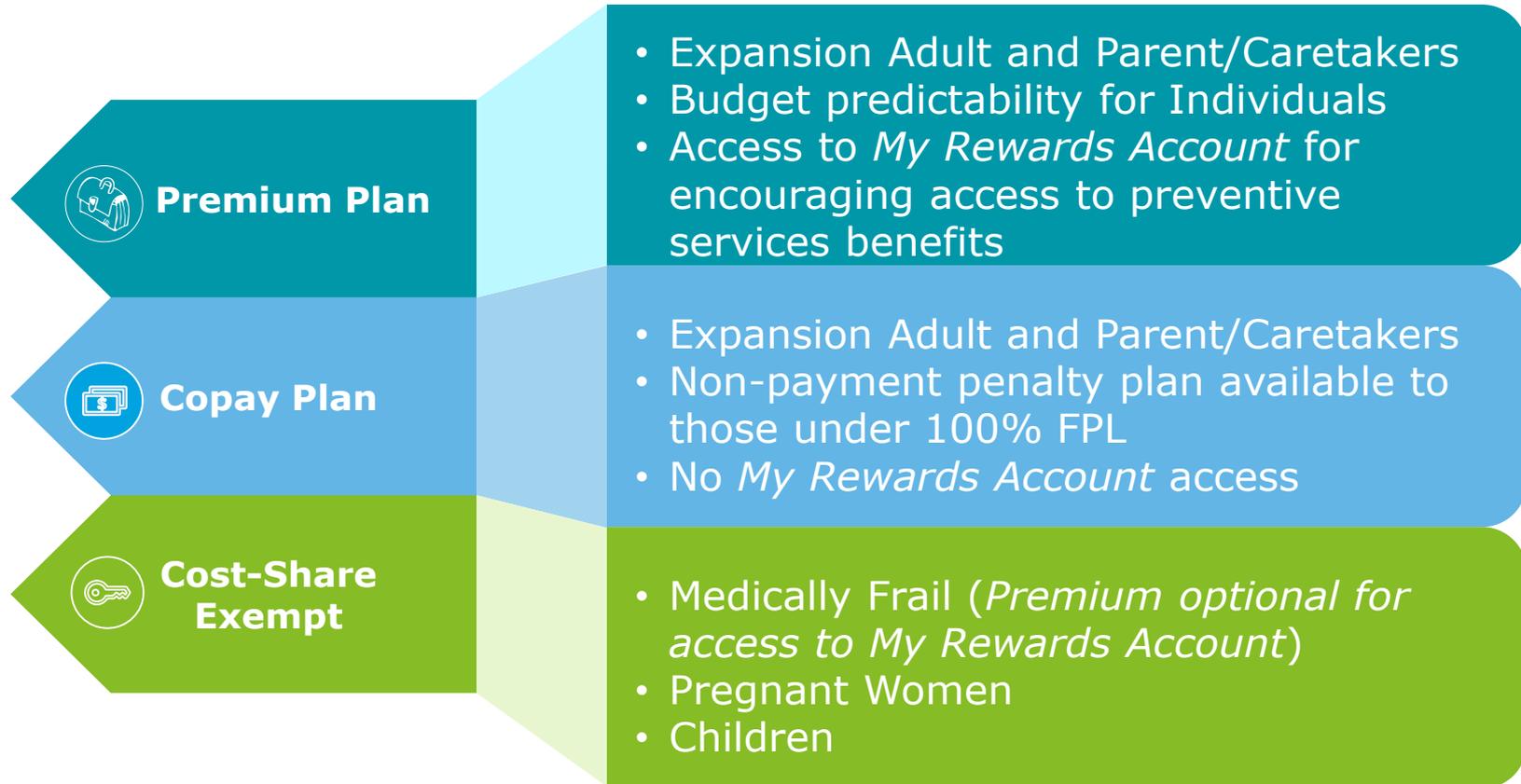
Who is Impacted?

- Adult Group
- Parent/Caretaker Relatives

Not Impacted

- Children
- Medically Frail
- Pregnant Women
- Non-Kentucky HEALTH Medicaid members





Deductible Account

The deductible account empowers individuals to be active consumers of healthcare and make cost-conscious decisions by allowing members to utilize the dollars in their deductible accounts towards healthcare services.

Deductible Account Breakdown

Policy

- Members will receive a \$1,000 state-funded account to pay for their \$1,000 plan deductible
- The first \$1,000 of expenses (except preventive services) will deduct from the account
 - Preventative services are covered, but not counted toward the deductible account. A member with a My Rewards Account will earn dollars for preventative service.

What's Changing?

- Members will get statements showing their first \$1,000 of claims
- Up to ½ of the balance at the end of the year (if applicable) rolls over to My Rewards Account for additional benefits

Who is Impacted?

- Expansion Adults
- Parents/Caretaker Relatives
- Medically Frail

Not Impacted

- Children
- Pregnant Women
- Non-Kentucky HEALTH Medicaid members

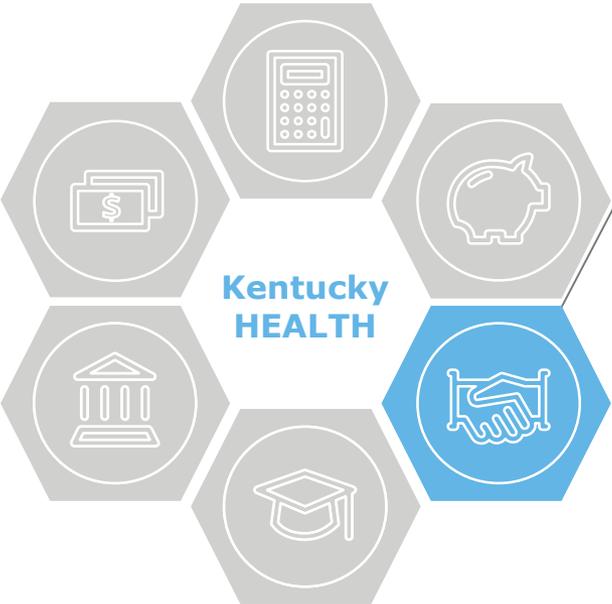


Community Engagement Initiative

Research shows an important link between some sort of community engagement (like volunteer work, public service, or employment) and an individual's overall health and well-being. The PATH program is a unique community engagement or employment initiative for Kentucky HEALTH members designed to build and strengthen Kentucky's health and workforce.

PATH Program Breakdown

Partnering to Advance Training and Health



Policy

- Able-bodied working age adults who are not otherwise exempt are required to complete community engagement activities

What's Changing?

- Non-exempt members will need to complete qualifying activities to maintain eligibility, such as employment, volunteering, caretaking, job training, and education

Who is Impacted?

- All able-bodied working age adult Kentucky HEALTH members
 - Expansion Adults
 - Parent/Caretakers relatives

Not Impacted

- Children
- Pregnant Women
- Medically Frail
- Chronically Homeless
- Primary Caregiver of a Dependent

Fulfill PATH Requirement

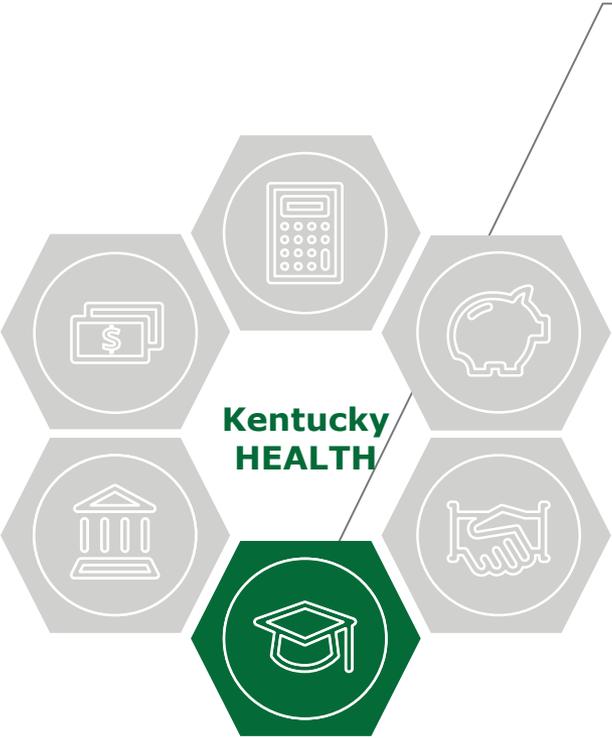
- Full-Time Students
- Full-Time Employed
- Those meeting SNAP/TANF work requirements

PATH Program:
Partnering to Advance Training and Health

Education and Training

The Health and Financial Literacy classes will help Kentuckians gain skills for long-term independence and success.

Education and Training Breakdown



Policy

- Education and Training courses will be available to individuals to earn dollars for My Rewards Account, meet Community Engagement requirements, and end penalty periods

What's Changing?

- The Commonwealth will identify curricula and approve providers
- Course registration and tracking will occur within the Community Engagement tracking system

Who is Impacted?

- All Kentucky HEALTH members with the exception of children may earn benefits by completing education and training courses

Not Impacted

- Individuals not enrolled in Kentucky HEALTH have no education or training requirements

Premium Assistance

Establishes a path for the state to pay member’s premium if employer sponsored insurance is available, and if this is more cost-effective than the qualifying member remaining in Kentucky HEALTH.

Premium Assistance

Policy

- Individuals eligible for Kentucky HEALTH may have the option or obligation to enroll in their employer’s health plan instead of the standard Medicaid consumer health plan option

What’s Changing?

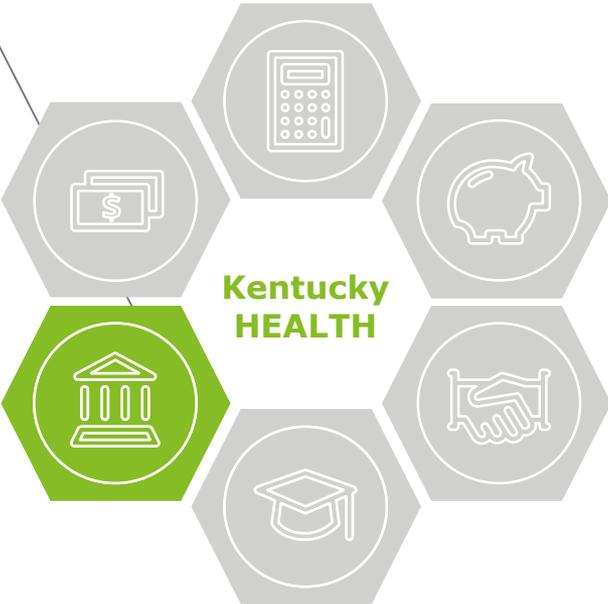
- Kentucky HEALTH will reimburse the employee (minus the required premium amount) for the full cost of the employer plan
- Medicaid will cover the cost for services that are covered by Kentucky HEALTH, but not the employer plan.

Who is Impacted?

- **Mandatory enrollment:** Expansion Adults, Parents, Caretakers & TMA who have been enrolled in Kentucky HEALTH for 12 months and employed with the same employer for 12 months if the plan is deemed cost effective.

Not Impacted

- **Optional enrollment:** Medically Frail, Pregnant Women & Children



My Rewards Account

By rewarding health, job training and community engagement, the My Rewards Account provides incentives for members to improve their health while becoming active members of the community.

My Rewards Account Breakdown



Policy

- My Rewards Account allows members to earn dollars to spend on additional benefits
- The account is available to members in an active status (not in a penalty period)

What's Changing?

- Expansion adults may use My Rewards Account for vision and dental services
- All individuals may use the My Rewards Account for enhanced benefits, such as fitness services or activities

Who is Impacted?

- Expansion Adults
- Parents/Caretaker relatives
- Medically Frail
- Pregnant

Not Impacted

- Children
- Non-Kentucky HEALTH Medicaid members

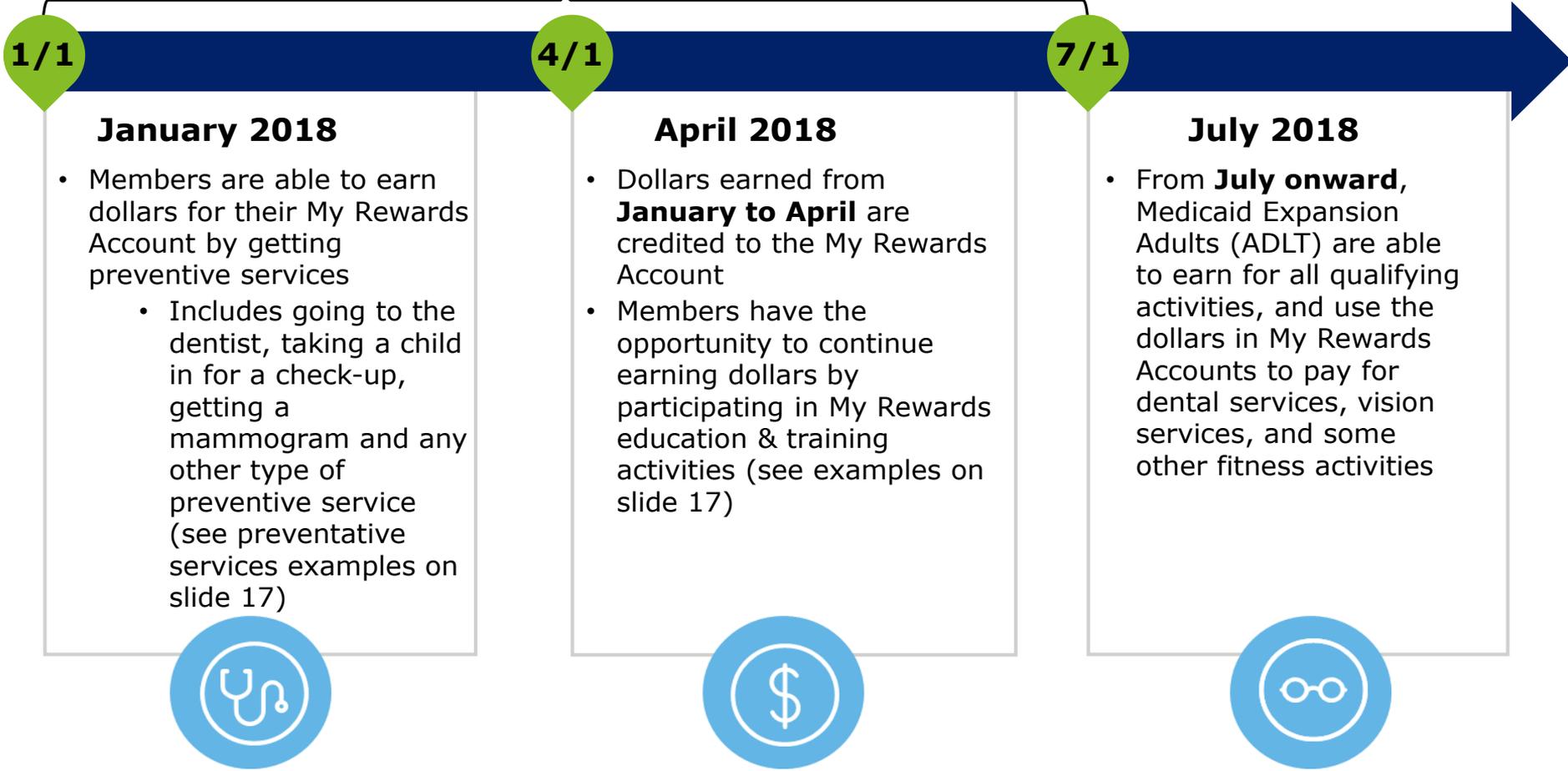
Examples: My Rewards Qualifying Activities*

| Education and Training | Community Engagement |
|---|---|
| Complete health risk assessment with MCO | Register with career center and complete goal needs assessment |
| Complete diabetes, cardiovascular, weight management, or other chronic disease management course | Participate in qualifying community activity (including services) |
| Complete Health Access Nurturing Development Services (HANDS) program intended for any new or expectant parents | Complete job skills training or training with career coach |
| Participate in Moving Beyond Depression (MBD) intended for mothers suffering from depression needing assistance to function optimally and support their child's development | Conduct job search activities |
| Participate in Special Supplemental Nutrition Program for Woman, Infants, and Children (WIC) | Employment - related education or GED - prep classes |
| Complete a My Rewards qualifying course | Pass the GED exam |
| Prevention | Healthy Living |
| Take part in health screenings and preventative services, such as: mammograms, pap smears, prostate screenings, colonoscopy, & flu shots | Participate in smoking cessation activity |
| Get annual physical, including biometric screening | Participate in drug addiction counseling (including for alcohol) |
| Complete well-child physical, preventative dental exam, or vision screening for dependent child | Complete First Step Program |
| Complete adult preventative dental exam | Avoid inappropriate emergency room visits |
| Complete adult preventative vision exam | Follow-up with primary care after ER visit |

*This is not an exhaustive list of My Rewards Qualifying Activities

Members Can Earn My Rewards Dollars 6 Months Before Kentucky HEALTH Benefits

6 months to earn My Rewards Dollars



NOTE: After benefits change to Kentucky HEALTH on July 1, MCOs will continue to cover vision and dental services for Traditional Medicaid Adults (PACAs), pregnant women, children, and those determined to be Medically Frail. These individuals will not use My Rewards Accounts for these services.

Kentucky HEALTH Proposed Roadmap

| Thread | 2017 | | | | | 2018 | | | | | | | | | | | | |
|--|------|---|---|---|---|------|---|---|---|---|---|---|---|---|---|---|---|----------|
| | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | |
| <p>Kentucky HEALTH Phase #1</p> <ul style="list-style-type: none"> • Identification of Kentucky HEALTH population for outreach • Members can earn My Rewards dollars for preventive services (will be credited retroactively based on claims beginning January 1, 2018) | | | | | | | | | | | | | | | | | | 1/1/2018 |
| <p>Kentucky HEALTH Phase #2</p> <ul style="list-style-type: none"> • Community Engagement: Courses for My Rewards accrual available • My Rewards: Beginning balance of a member’s My Rewards Account is updated based on his/her claim(s) processed for preventative services starting from 1/1/18. Active accrual of My Rewards dollars also starts at this time | | | | | | | | | | | | | | | | | | 4/1/2018 |
| <p>Kentucky HEALTH Phase #3</p> <ul style="list-style-type: none"> • Implementation of Alternate Benefits Plan (ABP) • Tracking of penalties and suspension • Community Engagement: Begin tracking Community Engagement hours, enable business connect functions (such as ability for partners to register and post opportunities), re-entry courses available • My Rewards: Claims processing for member reimbursement, Medicaid provider authorization and claims processing for dental and vision services • Implementation of Premium Assistance | | | | | | | | | | | | | | | | | | 7/1/2018 |