

# Kentucky HEALTH Frequently Asked Questions (FAQs)

## Kentucky HEALTH Overview

### 1. What is Kentucky HEALTH?

Kentucky HEALTH is a new transformative healthcare program focused on “Helping to Engage and Achieve Long Term Health.” The proposed demonstration project is part of an overall initiative to transform the Kentucky Medicaid program, empowering individuals to improve their health and well-being while simultaneously ensuring the program's long-term fiscal sustainability. The waiver proposes a holistic approach to transform Medicaid that includes the creation of the Kentucky HEALTH program, as well as the introduction of comprehensive delivery system reforms targeting substance use disorder (SUD), chronic disease management and the managed care system to improve quality and outcomes.

### 2. Why is Kentucky changing the current Medicaid program?

The current program is not fiscally sustainable nor has it had a meaningful impact on improving the health of Kentuckians. The expansion program will cost Kentucky taxpayers approximately \$1.2 billion over the course of the next 5 years. The growing costs have the potential to erode coverage for the non-expansion population, which includes the aged, blind, disabled, children and pregnant women. In addition, funding challenges may force the Commonwealth to divert funding from other programs, including pensions, education and public safety. The Commonwealth faces many health challenges that the expansion has yet to affect. Kentucky ranks second highest in the nation for smoking, and first in the nation for cancer deaths and preventable hospitalizations. In addition, over one-third of the Commonwealth is on Medicaid, workforce participation is just under 60 percent and almost 20 percent of Kentuckians live in poverty.

## Waiver Process and Public Comment

### 3. What is the process for federal approval?

Kentucky HEALTH requires federal approval through Section 1115 demonstration authority, which allows a state to waive standard Medicaid requirements to test and evaluate the application of new policies. While the Commonwealth has already incorporated feedback and recommendations from various stakeholders during the initial development stage, that process will continue through an open and transparent comment process. The Commonwealth will hold an open, formal 30-day public notice and comment period, including at least two public hearings, to solicit stakeholder comments on the initial Kentucky HEALTH waiver draft. Following this 30-day comment period, the Commonwealth will finalize the waiver application and make any necessary revisions resulting from public comment. Once the final waiver application is submitted, the federal Centers for Medicare and Medicaid Services (CMS) will also conduct a 30-day federal public comment period.

### 4. How likely is CMS to approve this waiver?

Most of the policies included in the Kentucky HEALTH program design have been previously approved for evaluation in other states. However, Kentucky would be breaking new ground in several different areas, particularly the community engagement and employment initiative. While such an initiative has not been previously approved for a waiver, CMS has long supported Medicaid employment initiatives, stating on its

website that “employment is a fundamental part of life for people with and without disabilities.” Therefore, we are confident CMS will work with Kentucky to allow the Commonwealth to evaluate this initiative in its demonstration project.

#### 5. [How can I comment on the waiver before it is finalized?](#)

To achieve maximum transparency and accessibility, a complete draft of the Kentucky HEALTH waiver proposal will be available for public review online at <http://chfs.ky.gov/kentuckyhealth> or for in-person inspection at the Cabinet for Health and Family Services, Office of the Secretary, 275 E. Main St., Frankfort, KY 40621.

Written comments regarding the Kentucky HEALTH waiver proposal may be mailed to Commissioner Stephen Miller, Department for Medicaid Services, 275 E. Main Street, Frankfort, KY 40621, or sent via electronic mail to [kyhealth@ky.gov](mailto:kyhealth@ky.gov).

All comments must be received by Friday, July 22, 2016 at 5 p.m. (EST).

In addition, the Commonwealth will conduct three separate formal public hearings at the following dates and times:

- **Public Hearing 1:** Western Kentucky University, Knicely Conference Center Auditorium, 2355 Nashville Road, Bowling Green, KY 42101, Tuesday, June 28, 2016, 10 a.m. – noon (CST)
- **Public Hearing 2:** Advisory Council for Medical Assistance (MAC) Special Meeting, Kentucky Capitol Annex, 702 Capital Avenue, Frankfort, KY 40601, Wednesday, June 29, 2016, 1 p.m. – 2 p.m. (EST)
- **Public Hearing 3:** Hazard Community and Technical College Campus, Room 208, Jolly Classroom Center, 1 Community College Drive, Hazard, KY 41701, Wednesday, July 6, 2016, 11 a.m. – 1 p.m. (EST)

Following the close of the 30-day public comment period, the Commonwealth will review and summarize all public comments received on the Kentucky HEALTH proposal, and make any necessary revisions prior to submission of the final waiver proposal to the federal Centers for Medicare and Medicaid Services (CMS) for approval.

## General Questions

#### 6. [What are the goals of the program?](#)

Kentucky HEALTH seeks to encourage healthier lifestyles and propel Kentuckians to economic security. Kentucky HEALTH will:

1. Improve participants’ health and help them be responsible for their health;
2. Help individuals move from passive beneficiaries to active participants and consumers of healthcare who are prepared to use commercial health insurance;
3. Empower people to seek employment and transition off public assistance;
4. Implement delivery system reforms to improve quality and outcomes; and
5. Ensure fiscal sustainability.

7. [When will Kentucky HEALTH start?](#)

The implementation of Kentucky HEALTH is based on federal approval of the Commonwealth's waiver proposal. The Commonwealth hopes to secure federal approval from the Centers for Medicare and Medicaid Services (CMS) by September 30, 2016, to allow the Commonwealth to implement the program in spring 2017.

8. [Who is eligible for Kentucky HEALTH?](#)

Kentucky HEALTH targets the Medicaid expansion population, specifically adults with income up to 138 percent of the federal poverty level (FPL). However, the Commonwealth will also include all non-disabled adults currently covered under traditional Medicaid, including low-income parents and caretakers eligible under Section 1931, individuals eligible for transitional medical assistance, and pregnant women. Children will also be allowed to participate in their parents' employer sponsored health plan.

9. [How many people will be affected?](#)

We anticipate that on average nearly 1.2 million current members will transition to coverage under this waiver.

10. [Will Kentucky HEALTH be available statewide?](#)

Yes. Kentucky HEALTH will operate statewide, however, some program components, such as the community engagement and employment initiative, will be phased in by county. The substance abuse initiative will be piloted in select counties, to be determined at a later time.

11. [How is Kentucky HEALTH different than traditional Medicaid?](#)

Traditional Medicaid only provides health insurance coverage to beneficiaries, and is designed specifically for the disabled and other vulnerable populations. By contrast, Kentucky HEALTH is aimed at encouraging individuals to be independent and preparing them to transition to employer-based coverage or other commercial health insurance. In fact, the plan is largely modeled after the very same consumer-driven health plan offered to Kentucky state employees. The program contains incentives for members to engage in healthy lifestyles as well as to engage in their community through volunteer activities, employment or preparing for employment through job training.

12. [Are there any new policies?](#)

Kentucky HEALTH will introduce members to standard commercial market policies so they are prepared to eventually transition to private market coverage. For example, similar to the standard commercial market policies, Kentucky HEALTH will require monthly member premiums. Benefits will start prospectively from the initial premium payment. In addition, the program will implement a member-specific open enrollment period to encourage compliance with annual redetermination requirements.

13. [Are there any new features to the program?](#)

Kentucky HEALTH will introduce two member-controlled healthcare spending accounts, one to cover deductible expenses and the other to accrue savings that can be used for the purchase of enhanced benefits. Members may earn contributions to the *My Rewards Account* to purchase optional enhanced benefits not otherwise covered by their health plan.

14. What are the changes to the enrollment process?

Nothing will change in the enrollment process. Kentuckians will enroll in Medicaid the same way as they are currently enrolling.

15. How will Kentucky HEALTH impact quality of care?

Kentucky HEALTH will make a measurable impact on member health over the course of the five-year waiver period by ensuring that the managed care organization, provider and member incentives are aligned. The *My Rewards Account* will incentivize members to complete certain activities designed to improve member health (i.e. participation in disease management course, such as the National Diabetes Prevention Program). The Commonwealth will continue to align incentives across the delivery system by introducing mechanisms to control spending. It will also include payment incentives for providers and managed care organizations to improve quality and health outcomes.

## Kentucky HEALTH Program Costs

16. Why is the current Medicaid expansion expensive?

In 2014 when the Commonwealth expanded Medicaid, there was no long-term plan to finance the expansion. The number of Kentuckians on Medicaid has grown by over 68 percent under expansion. In addition, the current program has not been effectively administered, and Kentucky Medicaid-managed care companies have the highest profits in the nation.

17. How much is the Kentucky HEALTH program going to save?

In total, Kentucky HEALTH is expected to save taxpayers over \$2.2 billion dollars (federal and state) over the five-year waiver period compared to continuation with the current Medicaid program.

## Kentucky HEALTH Benefits

18. I am currently enrolled in Medicaid. Do I have to change my doctor?

No. If you are currently enrolled in Medicaid, you will keep the same doctor, health plan and provider network to which you currently have access. Those enrolled in their employer sponsored health plan will have access to their employer's network.

19. Will Kentucky HEALTH change the current Medicaid benefits for the expansion group?

Benefits will be equivalent to the benefits offered to state employees and will maintain current mental health and substance abuse services. Additional benefits such as dental services, vision services and over-the-counter medications will be carved-out of the standard benefit package and provided via the member's *My Rewards Account*.

20. Will benefits change for the traditional low-income Medicaid population?

No. Children, pregnant women, medically frail individuals and individuals eligible for Medicaid prior to the passage of the Affordable Care Act will be eligible to receive standard Medicaid State Plan benefits, including all currently covered vision and dental services and non-emergency transportation.

21. How will mental health and substance use disorder (SUD) services be impacted?

All current mental health and SUD services will be preserved.

22. How does Kentucky HEALTH help the Commonwealth’s drug abuse epidemic?

Kentucky HEALTH works to address the SUD epidemic by (1) encouraging members to seek SUD treatment by providing *My Rewards Account* incentives, and (2) helping members receive job training and obtain steady employment, which was a significant risk factor considered by the CDC in identifying counties at risk of an HIV outbreak due to intravenous drug use. In addition, the Commonwealth will develop a pilot program in select high-risk counties to expand access to mental health and substance use disorder (SUD) services by allowing more qualified providers (specifically Institutions of Mental Disease) to receive Medicaid reimbursement, as these types of facilities are currently excluded from the program under federal law. In addition, the pilot program will also explore improvements in care coordination and standards of care in the delivery of SUD services.

## Kentucky HEALTH Cost Sharing

23. Will beneficiaries have any cost-sharing responsibilities?

Kentucky HEALTH will require monthly premiums in lieu of copayments. The Foundation for a Healthy Kentucky recently convened a stakeholder meeting. One of the findings of that meeting was that there was a preference for predictable, monthly premiums that can be budgeted rather than unanticipated copayments, which Kentucky currently requires. All Kentucky HEALTH members, with the exception of pregnant women and children, will be required to make monthly premium payments on a sliding scaled based on family income as follows:

Federal Poverty Level	Premium Payment
Under 25% FPL	\$1.00 per month
25-50% FPL	\$4.00 per month
51-100% FPL	\$8.00 per month
101-138% FPL	\$15.00 per month

However, after two years of Kentucky HEALTH, cost sharing will increase for individuals above 100% of the federal poverty level in order to prepare and encourage them to transition to private market coverage.

FPL	Year 1-2 Premium	Year 3 Premium	Year 4 Premium	Year 5+ Premium
101-138% FPL	\$15.00	\$22.50	\$30.00	\$37.50

24. What if I'm on the program and can't pay my premium?

The non-payment penalties vary based on the individuals' income level.

- Individuals with income greater than 100 percent of the federal poverty level (FPL) will be disenrolled from Kentucky HEALTH (following a 60-day grace period) and must wait six months to re-enroll.
- Individuals with income at or below 100 percent FPL, or individuals who have been determined medically frail, will not lose coverage. Instead, they will be subject to the current Medicaid copayment structure, and will lose access to their *My Rewards Account* for six months.

However, all members will have the opportunity return to the program or return to full benefits, as applicable, at any time prior to the expiration of the 6 months non-payment penalty by paying outstanding premium payments and completing either a financial or health literacy course.

## Kentucky HEALTH Community Engagement & Employment Initiative

25. What does the Community Engagement and Employment Initiative involve?

Kentucky HEALTH will require, incentivize and reward members who engage in their community through volunteer efforts, job training, or employment.

26. Do I have to be employed to be on the program?

No. The initiative will require all able-bodied working age adult Kentucky HEALTH members to participate in community engagement and employment activities as a condition of eligibility, such as job skills training, job search activities, education related to employment, general education (i.e. GED, community college), vocational education/ training, subsidized or unsubsidized employment, community work experience and community service/ public service. Hour requirements will gradually increase over the first year of the member's enrollment in Kentucky HEALTH as follows:

Eligibility Period	Required Engagement Hours
1-3 months	0 hours per week
4-6 months	5 hours per week
6-9 months	10 hours per week
9-12 months	15 hours per week
12+ months	20 hours per week

27. Who doesn't have to fulfill the requirements of the community engagement and employment initiative?

Children, pregnant women, individuals determined medically frail and individuals who are the primary caregiver of a dependent will not be required to participate in the Kentucky HEALTH community engagement and employment initiative.

28. How does Kentucky HEALTH reward employment?

Members who become employed and successfully transition off Medicaid and onto commercial health insurance for at least eighteen months will be rewarded and eligible to receive the balance of their *My Rewards Account* in cash, up to \$500.

## Kentucky HEALTH Employer Premium Assistance Option

29. How does Kentucky HEALTH encourage employer-based health insurance coverage?

Kentucky HEALTH members who currently have access to health insurance through their employer will have the option to enroll their family into their employer-sponsored health insurance. Participation in premium assistance is optional during their first year of enrollment, but mandatory after the member's second year of eligibility, provided the member has been employed with their employer at least one year.

30. How does this option impact families?

Kentucky HEALTH will seek to provide seamless coverage for entire families through the inclusion of children eligible for Medicaid and Kentucky Childrens Health Insurance Program (KCHIP) to participate. Parents will have the option of enrolling their Medicaid or KCHIP eligible children in their employer sponsored program.

31. Will premium assistance program participants have any costs?

The premium assistance option will subsidize the member's employer plan by paying the member an advance premium reimbursement to cover the costs of the employer's share of the premium, less the member's required Kentucky HEALTH cost-sharing requirement. In addition, it will cover all out-of-pocket expenses for the beneficiary (copays, deductibles, and coinsurance, etc.)

32. What if the employer plan doesn't cover Kentucky HEALTH benefits?

Members will have full access to the benefits and network of the employer plan, however, the Commonwealth will also wrap-around benefits to ensure that members have access to all Kentucky HEALTH covered benefits.