

## **NOTICE OF KENTUCKY DEPARTMENT FOR MEDICAID SERVICES PUBLIC COMMENT PERIOD TO MODIFY THE KENTUCKY HEALTH WAIVER APPLICATION**

Notice is hereby given that the Kentucky Department for Medicaid Services will provide the public the opportunity to review and provide input on operational modifications to the 1115 Kentucky HEALTH demonstration waiver application that is currently pending approval from the Centers for Medicare and Medicaid Services (CMS). This notice provides details about the proposed program modifications and serves to open a 30-day public comment period, which closes on August 2, 2017 at 11:59 pm.

In addition to the 30-day public comment period in which the public will be able to provide written comments to the agency via US postal service or electronic mail, the Commonwealth will also host two public hearings in which the public may provide verbal comments. Hearings will be held at the following dates, times, and locations:

### **Friday, July 14, 2017, 10:00 AM – 12:00 PM (EST)<sup>1</sup>**

The Center for Rural Development  
2292 South Highway 27  
Suite 300  
Somerset, KY 42501

### **Monday, July 17, 2017, 10:00 AM – 12:00 PM (EST)<sup>2</sup>**

Interim Joint Committee on Health and Welfare  
Kentucky Capitol Annex  
702 Capital Avenue  
Frankfort, KY 40601

Prior to finalizing the proposed submission, the Commonwealth will consider all written and verbal public comments received. The comments will be reviewed and considered in the state's ongoing negotiations with CMS regarding the proposed Kentucky HEALTH demonstration project. Following the close of the public comment period, the Kentucky Department for Medicaid Services will summarize and address the comments received. The final summary will be submitted to CMS to support ongoing negotiations and will be posted to the Kentucky HEALTH website at <http://chfs.ky.gov/kentuckyhealth>.

## **PROPOSAL SUMMARY**

The original 1115 demonstration waiver seeks to secure the long-term viability of Medicaid expansion in Kentucky, and introduce reforms intended to tailor the program to a non-disabled working-age adult population. The 1115 demonstration waiver creates an innovative, transformative healthcare program designed to not only improve health outcomes for members, but also improve their overall quality of life by addressing some of the underlying social determinants of health and helping to break the cycle of poverty. The program offers opportunities for individuals to take control of their life through an active role in not only their health, but also in their communities by working to gain skills needed for long-term independence and success. Only by helping members engage in their healthcare and their communities, will the Commonwealth achieve long term improvements in the health of its citizens and improved fiscal health for the Commonwealth and its Medicaid program. To this end, the Commonwealth continues to seek a five-year Section 1115 waiver from the Centers for Medicare & Medicaid Services (CMS) to implement and evaluate Kentucky HEALTH, a demonstration project designed to provide dignity to individuals as they move towards self-reliability, accountability, and ultimately independence from public assistance.

However, upon further analysis of operational program design, the Commonwealth has identified several program revisions that will be submitted to CMS to further the goals of the Kentucky HEALTH program.

1. Community Engagement & Employment Initiative. The original waiver application requested graduated hours for

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<sup>1</sup> Teleconference capabilities will be provided. The dial-in information will be updated on the Kentucky HEALTH website.

<sup>2</sup> Public comments on the waiver will be taken upon adjournment of the Interim Joint Committee on Health and Welfare meeting.

community engagement that increased every quarter the member was enrolled in Kentucky HEALTH. To aid in clear communication to members and mitigate program complexity, the Commonwealth seeks to align the number of required community engagement and employment hours to the Supplemental Nutrition Assistance Program (SNAP) at 20 hours per week (80 hours per month) for non-exempt individuals.

2. Disenrollment. The original waiver application included a provision requesting a six-month member disenrollment for members who fail to complete their redetermination paperwork. Accurate member reporting of information is crucial to the success of Kentucky HEALTH, so similar to disenrollment for failure to complete redetermination paperwork, the Commonwealth would like to apply a six-month disenrollment period for failing to timely report changes in income and/or employment that impact eligibility, falsely reporting community engagement or employment hours, or any other action that would fall under Medicaid fraud.
3. Presumptive Eligibility. Additionally, the original application considered expansion of presumptive eligibility (PE) sites with Kentucky HEALTH implementation; however, since PE expansion is not necessary to ensure timely enrollment in Kentucky HEALTH, the Commonwealth no longer seeks to expand these sites due to anticipated burden for members and providers.

## GOALS AND OBJECTIVES

The proposed revisions are intended to further the goals and objectives of Kentucky HEALTH, which seeks to comprehensively transform Medicaid and accomplish the following goals:

1. Improve participants' health and help them be responsible for their health;
2. Encourage individuals to become active participants and consumers of healthcare who are prepared to use commercial health insurance;
3. Empower people to seek employment and transition to commercial health insurance coverage;
4. Implement delivery system reforms to improve quality and outcomes; and
5. Ensure fiscal sustainability.

## ELIGIBILITY

The eligibility categories for Kentucky HEALTH will remain unchanged from those included in the original Kentucky HEALTH 1115 waiver.

As with the original Kentucky HEALTH program design, the proposed program modifications may also affect member eligibility due to the introduction of several commercial market policies as well as the community engagement and employment initiative.

- Commercial Market Policies: As originally proposed and similar to the commercial health insurance market, individuals determined eligible for Kentucky HEALTH (excluding children and pregnant women) will be required to make their first month's required premium payment prior to the start of benefits. Notwithstanding the foregoing, individuals with income at or below 100% FPL who do not make an initial premium payment within sixty (60) calendar days from the date of the invoice, will begin benefits but subject to the originally proposed non-payment penalty. Also, as originally proposed, Kentucky HEALTH will establish a client-specific open enrollment period. An individual is disenrolled from the program for failure to comply with redetermination requirements and will be required to wait six months for a new open enrollment period. Similarly, the Commonwealth now proposes to disenroll members for failing to timely report changes in income and/or employment, falsely reporting community engagement or employment hours, or any other action that would fall under Medicaid fraud. Members may rejoin the program at any time prior to the six-month date by completing a financial or health literacy course.
- Community Engagement & Employment Initiative: As originally proposed, to further the goal of helping members transition to commercial health insurance coverage, Kentucky HEALTH will implement a community engagement and employment initiative. After three months of program eligibility, all able-bodied working age adult Kentucky HEALTH members will be required to participate in a community engagement activity, such as volunteer work, employment or job training, and job search activities. However, instead of the originally proposed ramp up period for community engagement hours, in order to simplify communication and processes, the

Commonwealth proposes a set requirement of at least 20 hours per week (80 hours per month) after three months of eligibility for non-exempt individuals.

## ENROLLMENT & FISCAL PROJECTIONS

It is anticipated that enrollment in Kentucky HEALTH will fluctuate for a variety of reasons, including program non-compliance. Members may have health coverage temporarily suspended for not meeting the community engagement and employment initiative requirements, failing to pay required monthly premiums, or failing to report a change in circumstances. However, all individuals will have the opportunity to regain coverage at any time through compliance with the community engagement requirements, or by completing a health or financial literacy class and paying premiums. In addition, initial enrollment may fluctuate as individuals with little to no claims activity choose to leave the program rather than pay premiums; however, over time this will settle as individuals become familiar with the advantages of the program. Finally, in later demonstration years, more participants are expected to transition to commercial coverage.

The following table illustrates the State's enrollment projections by total member months, updated to reflect the proposed operational modifications.

### Estimated Enrollment Projections

Demonstration Year	Without Waiver	Kentucky HEALTH	Difference
1 (2017)	14,070,000	13,832,000	(238,000)
2 (2018)	14,319,000	13,848,000	(471,000)
3 (2019)	14,576,000	13,877,000	(699,000)
4 (2020)	14,840,000	13,918,000	(922,000)
5 (2021)	15,111,000	13,971,000	(1,140,000)

*Note: Values shown have been rounded and represent member months.*

Over the five-year demonstration period, Kentucky HEALTH will have budget neutrality margins of approximately \$2.4 billion in aggregate. The table below provides the estimated State and federal costs divided by year.

### Estimated Fiscal Projections

Demonstration Year	Expenditures			State Share of Expenditure Difference
	Without Waiver	Kentucky HEALTH	Difference	
1 (2017)	\$ 6,458,700,000	\$ 6,320,200,000	\$ (138,500,000)	\$ (16,800,000)
2 (2018)	\$ 6,918,700,000	\$ 6,624,800,000	\$ (293,900,000)	\$ (37,700,000)
3 (2019)	\$ 7,411,700,000	\$ 6,944,300,000	\$ (467,400,000)	\$ (63,300,000)
4 (2020)	\$ 7,940,000,000	\$ 7,279,400,000	\$ (660,600,000)	\$ (103,600,000)
5 (2021)	\$ 8,506,400,000	\$ 7,630,700,000	\$ (875,700,000)	\$ (137,200,000)

*Note: Values have been rounded.*

## BENEFITS, COST SHARING, AND DELIVERY SYSTEM

The proposed revisions do not propose any changes in benefits, cost sharing or delivery system. These will remain as proposed in the original Kentucky HEALTH 1115 application.

## WAIVER AUTHORITY

In addition to the Title XIX waivers requested in the August 24, 2016, Kentucky HEALTH waiver application, the Commonwealth seeks the following revisions and additions:

1. Reasonable Promptness Section 1902(a)(3)/Section 1902(a)(8)  
To the extent necessary to enable Kentucky to prohibit re-enrollment for up to six months for Kentucky HEALTH members who are disenrolled for failure to timely report a change in income and/or employment or falsely reporting community engagement or employment hours, or for any other actions that would fall under the definition of Medicaid fraud.

## **REVIEW OF DOCUMENTS & SUBMISSION OF COMMENTS**

All information regarding these proposed revisions, including this public notice, the waiver modification, and other documentation regarding the proposal are available at <http://chfs.ky.gov/kentuckyhealth>. To reach all stakeholders, non-electronic copies will be made available for review at Cabinet for Health and Family Services, Office of the Secretary, 275 E. Main St., Frankfort, KY 40621.

Written comments may be addressed to Commissioner Stephen Miller, Department of Medicaid Services, 275 E. Main Street, Frankfort, KY 40621. Comments may also be sent via electronic mail to [kyhealth@ky.gov](mailto:kyhealth@ky.gov). All comments must be received by August 2, 2017 at 11:59 pm.