

Cabinet for Health and Family Services

The Cabinet for Health and Family Services is one of the largest agencies in state government, with nearly 8,000 full and part-time employees throughout the Commonwealth focused on improving the lives and health of Kentuckians.

CHFS is home to most of the state's human services and health care programs, including:

- Department for Medicaid Services
- Department for Behavioral Health, Developmental and Intellectual Disabilities
- Department for Public Health
- Department for Aging and Independent Living
- Commission for Children with Special Health Care Needs
- Department for Community Based Services
- Department for Family Resource Centers and Volunteer Services
- Department for Income Support
- Office of Health Policy
- Office of the Health Benefit Exchange
- Office of the Inspector General
- Governor's Office of Electronic Health Information



COMMONWEALTH OF KENTUCKY
CABINET FOR HEALTH AND FAMILY SERVICES

Department for Medicaid Services

Lawrence Kissner
Commissioner

Regional Meetings June 2013



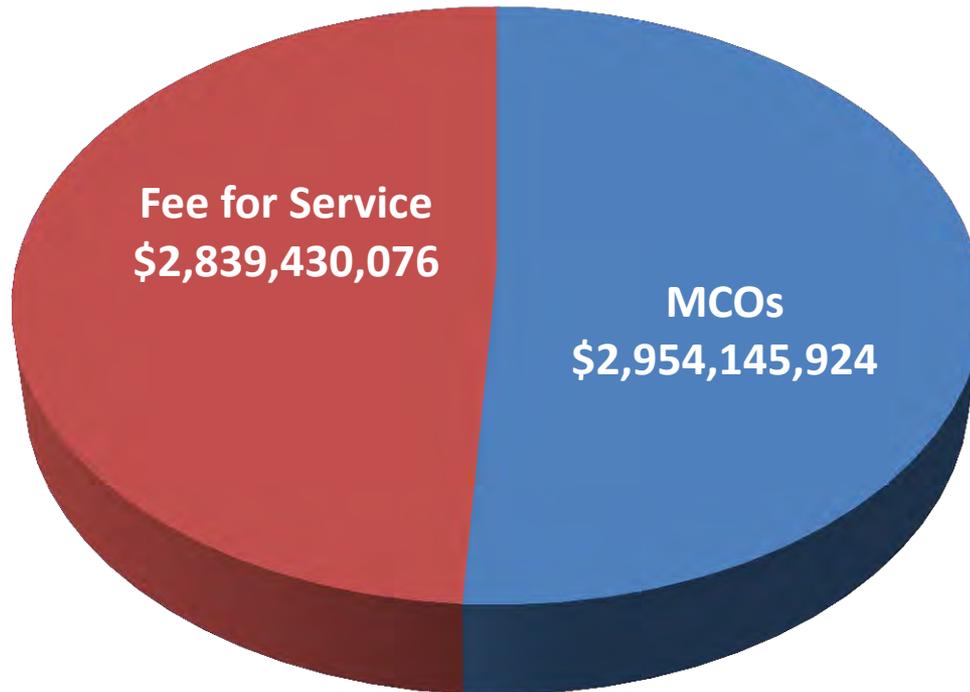
**COMMONWEALTH OF KENTUCKY
CABINET FOR HEALTH AND FAMILY SERVICES**

The BIG picture



The Medicaid \$5.79 billion budget...

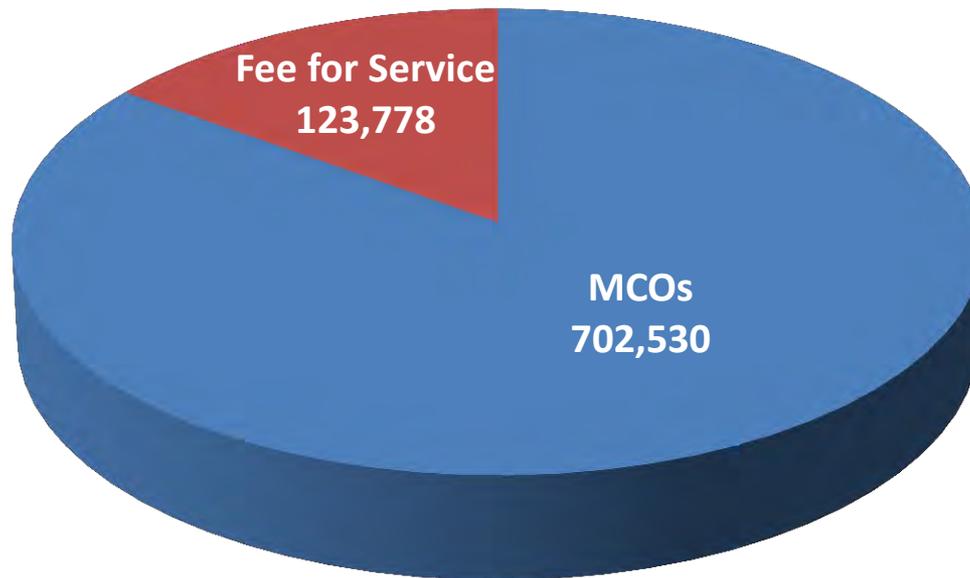
SF13 Enacted Budget



Membership

85% with MCOs, 15% FFS

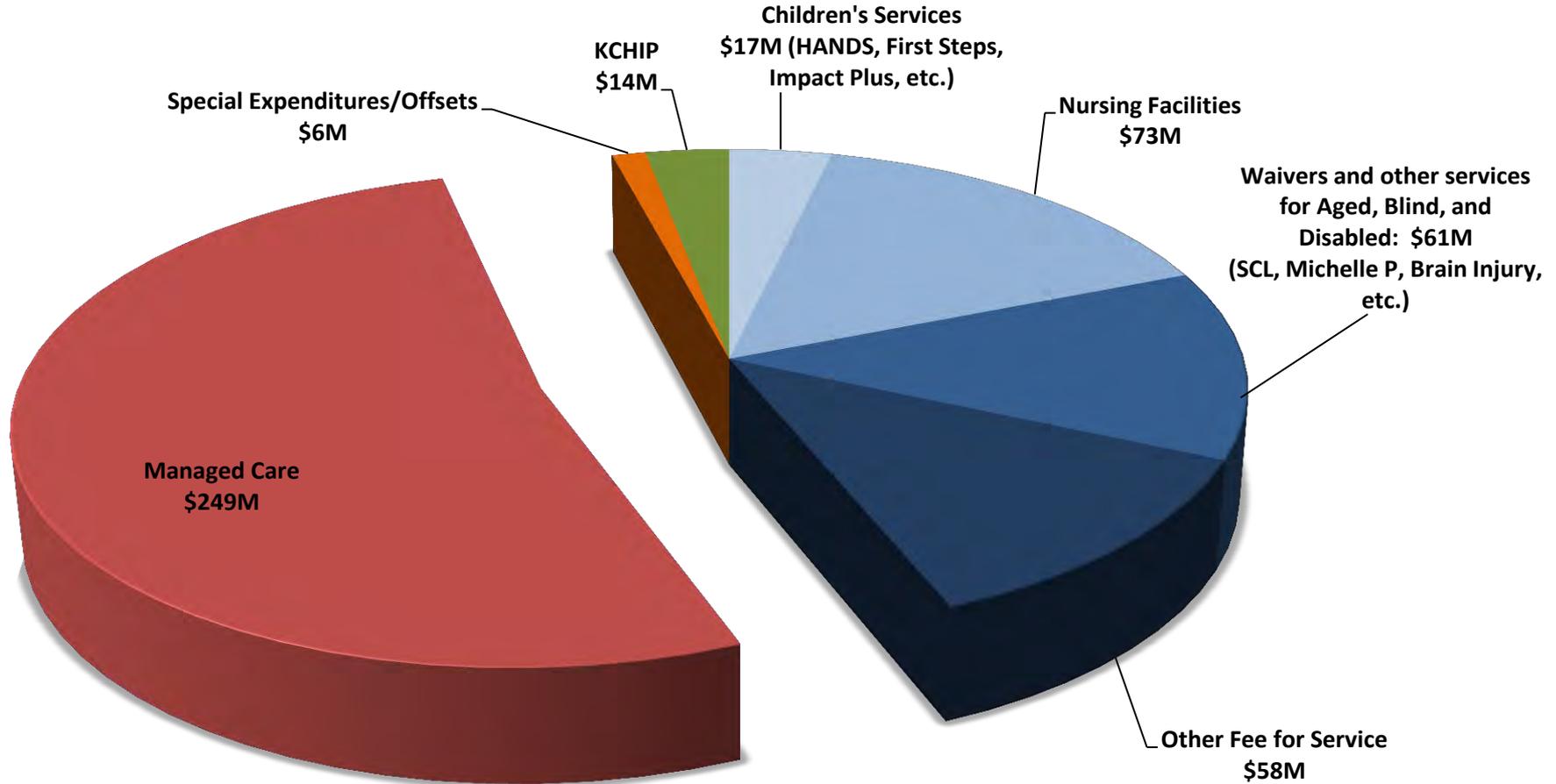
SF13 Q1 Average members



MCO members cost \$354 PMPM while FFS members cost \$1,852 PMPM (more than 5 times as much)

Average Monthly Expenditure

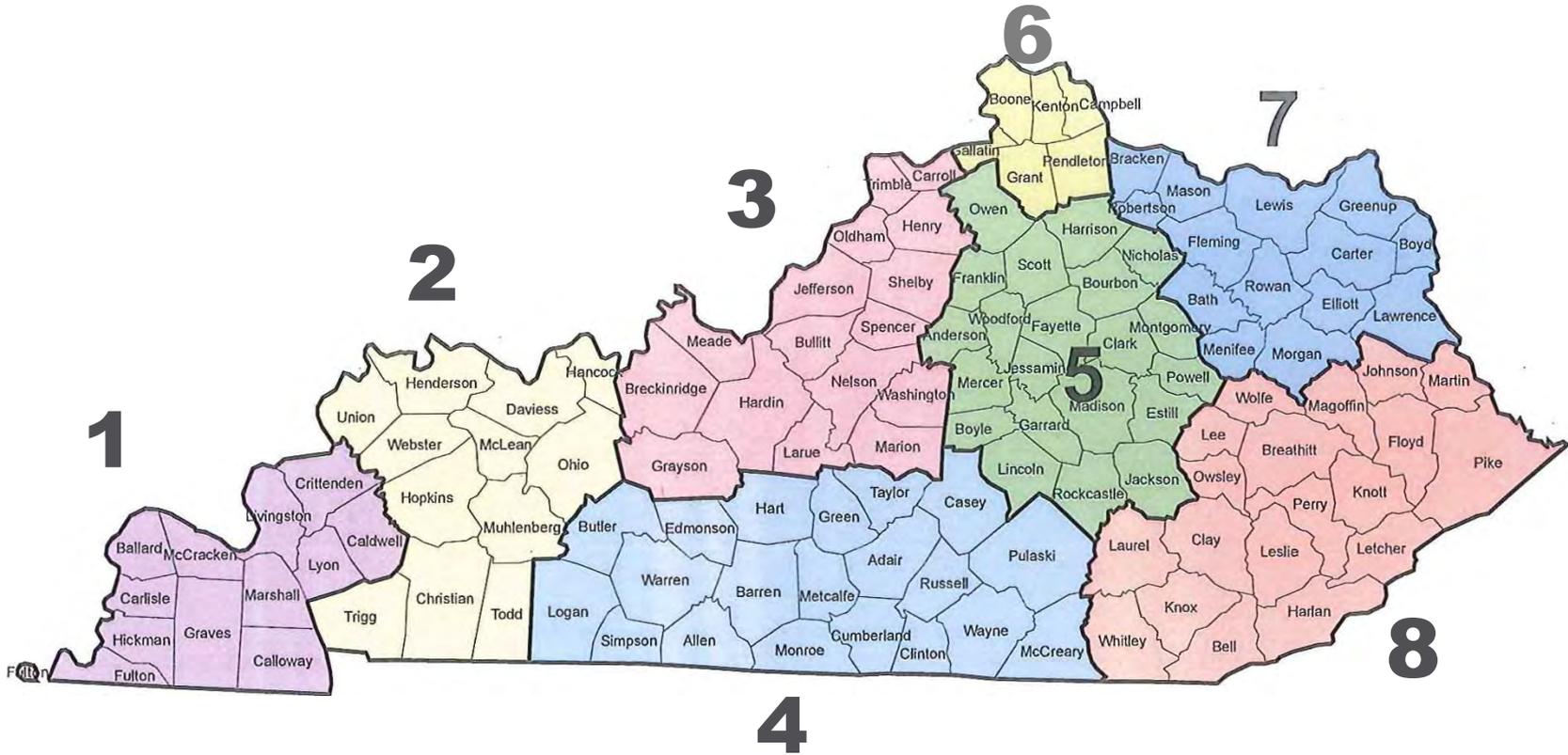
MCO and Fee for Service Expenditures



How are members assigned?

1. They self-select a MCO; or if they do not select,
2. We assign them to a MCO
 - Assignment logic considers prior use of primary care physicians, weights recent physician visits higher than older visits, it keeps families together, children's physician is weighted higher than a parent's, disabled member is weighted higher.
3. Any time the member changes MCO, the member has 90 days to make another change.

Medicaid Managed Care Regions



April 2013 MCO Membership by Region and PMPM capitation

- Region 1
 - Coventry 10,831 \$353.28
 - WellCare 12,858 \$361.81
 - KY Spirit 9,627 \$276.70
 - TOTAL 33,316 \$334.44

- Region 2
 - Coventry 27,841 \$376.69
 - WellCare 20,795 \$358.89
 - KY Spirit 12,412 \$248.88
 - TOTAL 61,048 \$344.64

April 2013 MCO Membership by Region and PMPM capitation

- Region 3

– Coventry	13,306	\$422.74
– WellCare	13,251	\$381.30
– Humana	16,900	\$393.34
– Passport	127,559	\$458.43
– TOTAL	171,016	\$443.24

- Region 4

– Coventry	39,647	\$378.92
– WellCare	28,144	\$404.52
– KY Spirit	26,027	\$298.27
– TOTAL	93,818	\$364.22

April 2013 MCO Membership by Region and PMPM capitation

- Region 5
 - Coventry 47,369 \$401.67
 - WellCare 39,105 \$461.08
 - KY Spirit 34,522 \$327.54
 - TOTAL 120,996 \$399.72

- Region 6
 - Coventry 18,288 \$387.52
 - WellCare 13,681 \$352.95
 - KY Spirit 15,415 \$261.91
 - TOTAL 47,384 \$336.67

April 2013 MCO Membership by Region and PMPM capitation

- Region 7

– Coventry	14,673	\$387.09
– WellCare	25,735	\$454.86
– KY Spirit	9,507	\$253.35
– TOTAL	49,915	\$396.56

- Region 8

– Coventry	38,497	\$429.68
– WellCare	72,644	\$496.26
– KY Spirit	26,294	\$298.39
– TOTAL	137,435	\$439.75

April 2013 MCO Membership by Region and PMPM capitation

- ALL REGIONS

– Coventry	210,452	\$395.80
– WellCare	226,213	\$438.38
– KY Spirit	133,804	\$292.33
– Humana	16,900	\$393.34
– Passport	127,559	\$458.43
– TOTAL	714,928	\$401.02

- All PMPM rates are the aggregation of 27 different rate cells for 8 regions. Also, rates reflect risk adjustments

How do we manage the MCOs

- Extensive monthly reporting on performance and outcomes
- Oversight by managed care branch
- Continual audits
 - Rector & Associates (financial & grievance and appeals)
 - IPRO (quality improvement, HEDIS, etc)
 - DOI (Market Conduct Review & prompt pay)
 - CMS review and oversight

Island Peer Review Organization (IPRO)

- Contract 9/1/12 – 6/30/14
 - Monitor overall quality and financial performance
 - Monitor the quality improvement programs and plans
 - Monitor performance improvement projects and goals
 - Maintain a data platform and system to enable all functions of the EQRO
 - Conduct special ad hoc analysis
 - Report study and analytical findings
 - Provide consultation and support to DMS and MCO's
 - Assist in the **development of quality improvement action plans**

Rector & Associates Focus

- What is Risk Based Capital?
 - RBC is calculated by applying certain risk factors to the entity's assets, premiums, claims and expense items. Historically, underwriting risk has accounted for the majority of risk associated with a health insurance company. The RBC is only required to be calculated and reported on an annual basis.
 - Asset Risk = risk of an asset default or market conditions
 - Underwriting Risk = risk of underestimated liabilities or inadequate future pricing
 - Credit Risk = risk of recovering receivables from creditors
 - Business Risk = risk associated with general business activities
- Appeal & Grievance (G&A) Audit
 - Manner in which MCO processes G&A complies with KY law KAR 907 17:005
 - Manner in which MCO maintains records
 - Manner in which MCO uses outside vendors to assist with decisions that require specialized medical expertise
 - Review of correspondence
 - Review of written policies and procedures

Rector & Associates audit results

ALL Audits finalized April 30, 2013 – ALL making a good faith effort to comply
 Single file can be deficient more than once (no letter, timeframe)

Sometimes the recordkeeping was incorrect, but appeal was appropriately processed

	Kentucky Spirit	Coventry	WellCare	Passport
A&G result	Deficient	Deficient	Acceptable	Acceptable
Risk Based Cap result	Acceptable	Acceptable	Acceptable	Acceptable
Appeal audit/total	113/924	114/1744	115/3018	84/380
Findings	54	26		
Grievance audit/total	55/55	86/443	84/429	84/390
Findings	34	61		

Corrective Action Plan Process

- Identification of issue
- Discussion at meeting
- Letter of Concern (7 business days)
- Formal request for CAP
- Response/approval to CAP (15 days)
- Continued failure, potential fines and legal/contractual consequences

Corrective Action Plans (CAP) and Letters of Concern (LOC) requested

• Kentucky Spirit	3 CAP's	7 LOC's
• Coventry	2 CAP	3 LOC's
• WellCare	2 CAP	3 LOC's
• Passport	1 CAP	1 LOC
• Humana	0 CAP	1 LOC

*As of 6/7/13

Combined MCO Claims activity 11/1/11 – 12/31/12 = first 14 months

28,263,955 claims

22,055,042 paid (98.8% in 30 days)

4,919,874 denied (95.5% in 30 days)

1,216,747 suspended (94.755 in 30 days)

646,254 prior authorizations reviewed

39,619 prior authorizations denied (6.13%)

12,330 MCO Appeal and Grievance process

510 Appeals to the Administrative Hearings Branch

3 Appeals overturned

Prompt Pay (DMS)

- 4/15/13 forward: DOI handles prompt pay issues
- During DMS time of handling PP issues, we received 243 complaints encompassing 22,881 claims. DMS resolved 49 of the 243 complaints. DMS resolved 5,031 of the 22,881 claims. 12 of the 49 complaints contained a verified prompt pay violation. 169 of the 5,031 claim lines contained a prompt pay violation. \$93,141 was paid with an interest payment of \$1,613.
- **95.5% of the claims resolved contained NO prompt pay violations.**

Statewide Improvements in Care and Coding

Vaccinations

	12 Months Prior to Managed Care	12 Months Following Managed Care	Improvement
Pneumococcal and Meningococcal	26,595	26,711	0.44%
Chicken Pox	60,709	63,375	4%
Rabies	137	173	26%
Preservative Free Flu Vaccines for Children	21,909	29,146	33%
HPV Vaccine	18,355	20,870	14%
Hemophilus Influenza b Vaccine	34,022	37,214	9%

Performance Measurement

	11/1/2010 – 10/31/2011	11/1/2011 – 10/31/2012	Improvement
Diagnostic/Screening Process or Results	5,228	61,663	1,079%
Therapeutic, Preventive, or Other Interventions	254	5,176	1,938%
12 Lead Electrocardiograms Performed	29	1379	4,655%
Body Mass Index Recorded	4,004	54,650	1,265%
Mammogram Assessments Documented	8	371	4,538%
Blood Pressure Recorded	382	792	107%
Hemoglobin A1c Documented	175	471	169%
Hemoglobin Level Documented	108	277	156%

Additional Performance Improvements

	12 Month Prior to Managed Care	12 Months Following Managed Care	Improvement
Amputations	873	723	-17.18%
CT Scans	120,481	107,294	-10.95%
Smoking Cessation Consultations	3,778	7,294	93.07%

MCO Specific Improvements

Coventry Cares

- Increased immunization rates for adolescents from 41% to 56%
- Increased lead screenings for children from 34% to 60%
- Diabetes testing (HgA1C) increased from 6% to 59%
- Well child visits for ages 3-6 increased from 2% to 53%
- Preventive services for members ages 45-64 increased from 27% to 92%
- Controlled substances are dramatically down from Feb-April to Aug-Oct (includes all brand and generic)
 - Percocet: -21.4%
 - Vicodin: -15.08%
 - Oxycontin: -21.81%
 - Fentanyl: -19.97%
 - Opana ER: -32.42%
- Adult access to preventive/ambulatory health services for members age 20-24 increased from 24% to 87%
- Children access to Primary Care Providers 12-24 months of age increased from 39% to 97.6%
- Quality Initiatives Underway
 - Focused study on prenatal substance abuse and newborn addiction
 - Anti-depressant medication management and compliance
 - Reducing hospital readmission rates
 - Monitoring of surgical site infections

Kentucky Spirit Health Plan

- 94% decrease in “doctor shopping”
- 40% reduction in Rx costs
- 30% increase in well child visits
- 26% decrease in hospital readmissions
- 20% decrease in medical/surgical costs
- Introduced new substance abuse treatment program for pregnant women and two pilot “step down” behavioral health programs
- Cervical cancer screenings from 25.22% to 37.4%
- Annual dental visits increased from 1.9% to 44.4%
- Well child 1st 15 months (6 visits) 0.1% to 36.9%
- Mental health follow up within 30 days 45.05% to 50.17%
- Adolescent well care from 1.87% to 33.3%
- Diabetes testing 13.31% to 75.54%
- Postpartum care from 10.22% to 32.18%
- Chlamydia screening 19.21% to 48.91%
- 13% reduction in ER diversions

WellCare

- In September 2012, a flyer was sent to all members with no dental visit in the previous year. Flyer showed members how to locate a nearby provider and offered a \$10 GIFT CARD if they got a check-up. Result: 1400 members had a dental visit.
- Enhanced case management and IP ALOS decreased from 3.9 days to 3.6 days (Q1 v. Q3)
- Behavioral health IP ALOS 7.26 days to 4.9 days
- Behavioral health admits per 1000 decreased from 20.91 to 17.36
- EPSDT participation rates increased from 33% to 43%
- EPSDT screening rates increased from 49% to 64%

Why is this so important?

	Kentucky	v.	#1 State
• 50 th in smoking (970,000+ smokers in KY)	29.0%		11.8%
• 40 th in obese adults (more than 1 million in KY)	30.4%		10.0%
• 43 rd in sedentary lifestyles for adults	29.3%		16.5%
• 41 st in diabetes in adults	10.8%		6.7%
• 48 th in poor mental health days (last 30 days)	4.8		2.8
• 49 th in poor physical health days (last 30 days)	5.0		2.9
• 30 th in lack of health insurance	14.6%		4.5%
• 43 rd in cardiovascular deaths/100,000	303.9		195.9
• 50 th in cancer deaths/100,000	217.7		128.6
• 50 th in preventable hospitalizations/1,000	102.8		25.0
• 43 rd in low birth weight	9.0%		5.7%
• 44 th in premature death/100,000	9,790		5,621
• 44 th overall in America's Health Rankings	44 Kentucky		1 Vermont

NOTE: 2012 Edition of [America's Health Rankings](http://www.americashealthrankings.org) from United Health Foundation

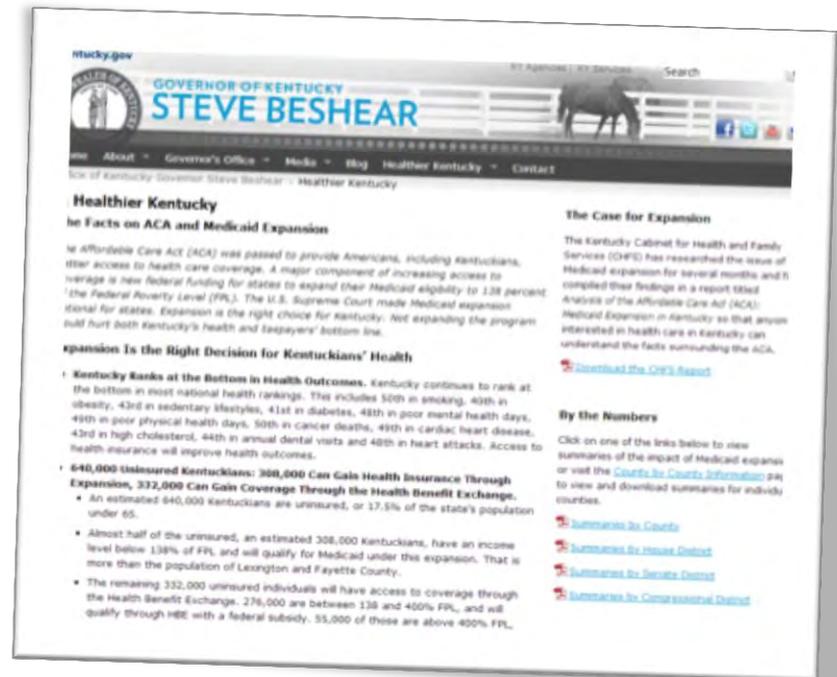
www.americashealthrankings.org/KY

Kentucky Medicaid Expansion

Kentucky's Medicaid Expansion

Calling it “the single-most important decision in our lifetime for improving the health of Kentuckians,” Gov. Steve Beshear today announced the inclusion of 308,000 more Kentuckians in the federal Medicaid health insurance program. The expansion, together with the creation of the Health Benefit Exchange, will ensure that every Kentuckian will have access to affordable health insurance.

May 9, 2013



<http://governor.ky.gov/healthierky/Pages/default.aspx>

Medicaid expansion will improve health care and is financially advantageous for Kentucky.

- 16,000 new jobs created
- More general fund revenue and savings generated than we spend in state funds = \$802 Million positive impact SFY14 to SFY21
- Almost the same state expenditures if we don't expand, without the other advantages
- \$15.6 Billion economic impact SFY14 to SFY21



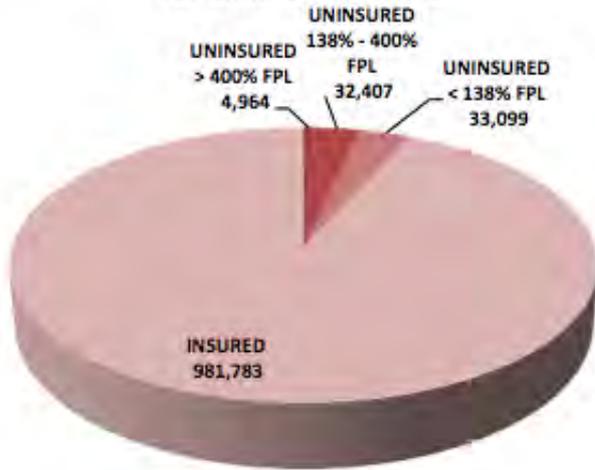
Improved Health

- Multiple studies show improved health outcomes with increased insurance coverage.
- There are currently 640,000 uninsured Kentuckians, or 17.5 percent of the state's population under age 65.

Improved Health

- An estimated 332,000 of these uninsured individuals can gain coverage through the Health Benefit Exchange, including 276,000 individuals whose income is between 138% and 400% Federal Poverty Level (FPL) and will be able to get subsidized coverage.
- With expansion of Medicaid, the other 308,000 uninsured Kentuckians can gain health insurance coverage through Medicaid.

Chart 1 - Insurance Coverage in Kentucky for Children Under 19



Pre-Medicaid Expansion

Chart 2 - Insurance Coverage in Kentucky for Adults Under 65

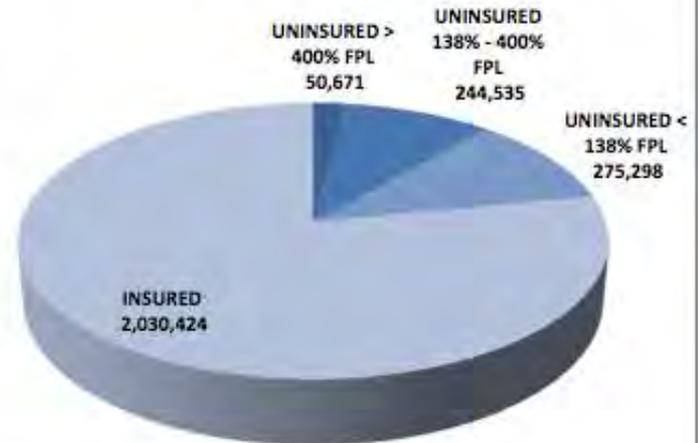
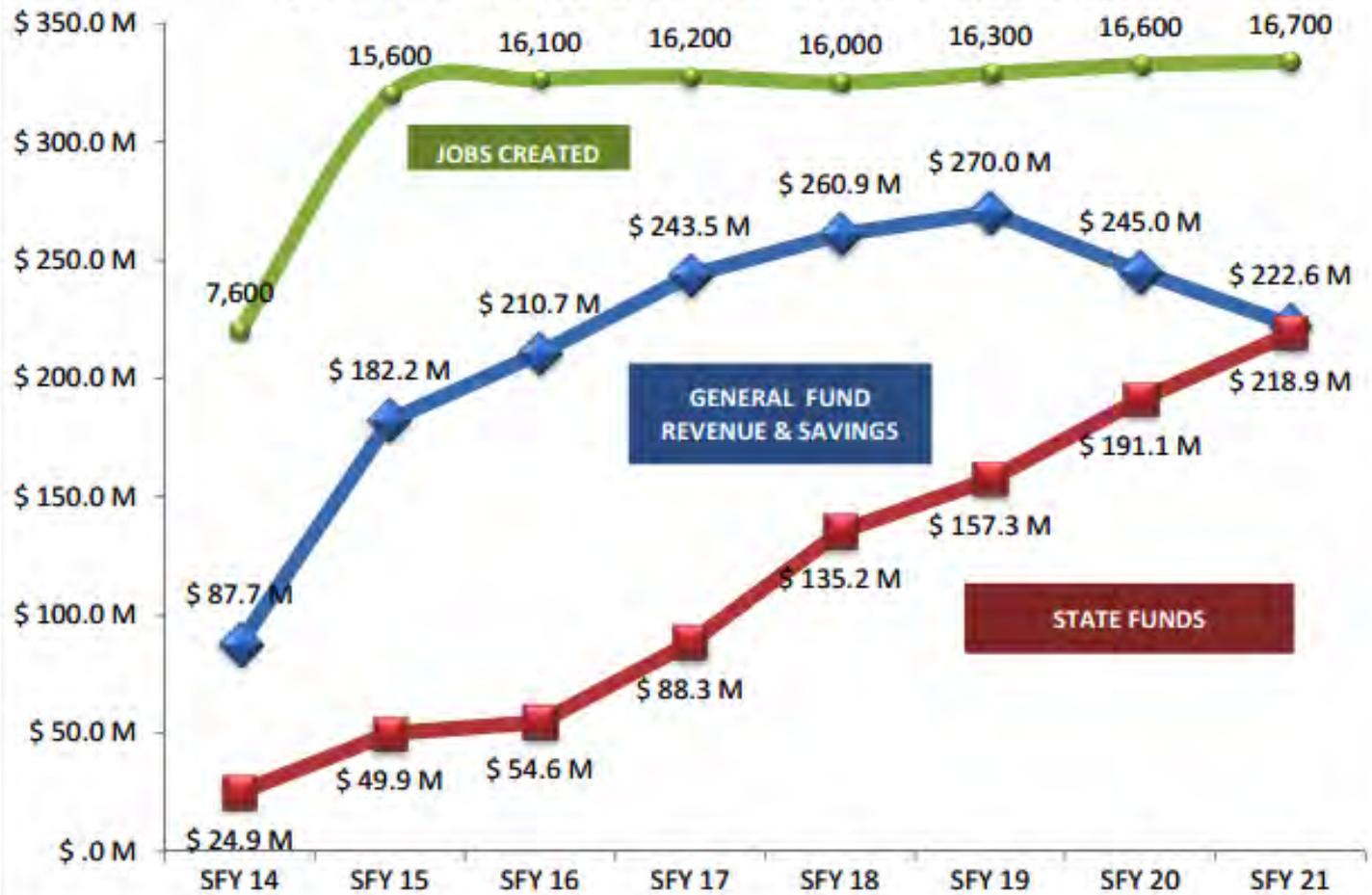


Chart 7A - Impacts of ACA & Medicaid Expansion



Thank you