



# **Biennial Budget 2018-2020**

## **Overview for the Department for Medicaid Services**

**Prepared for the Budget Review Subcommittee on Human Resources**

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# DEPARTMENT FOR MEDICAID SERVICES

Division of Community Alternatives

Division of Fiscal Management

Division of Policy & Operations

Division of Program Integrity

Division of Program Quality & Outcomes

Division of Provider & Member Services

# Kentucky Medicaid at a Glance

- Approximately 1,434,150 Members including 609,523 children
  - Over 87,800 children in KCHIP
- 1,282,265 members in Managed Care (89.4%)
  - 5 Medicaid Managed Care Organizations
  - 466,243 covered under Medicaid Expansion (ACA)
  - 816,022 covered under Traditional (Non-ACA)
- 46,681 enrolled providers
- \$11.5 billion budget

# MEDICAID OVERVIEW

## Managed Care Organizations

- Original Request for Proposal – 2011
  - Managed Care implemented effective November 1, 2011
- Second Request for Proposal - 2015
  - Managed Care Contract effective July 1, 2015
- All Managed Care Organizations are statewide – Covering 120 counties
- Managed Care Organizations are subject to a 90% Medical Loss Ratio starting with the July 1, 2016 contract

# MEDICAID OVERVIEW

## Medicaid Expansion – January 2014

- Extends eligibility for individuals with income up to 138% of the Federal Poverty Level
- Mandated coverage of *10 Essential Health Benefits* and align with Kentucky's Benchmark Plan, as determined by the Kentucky Department of Insurance
- Aligned benefit packages into one plan for both Expansion and Traditional populations

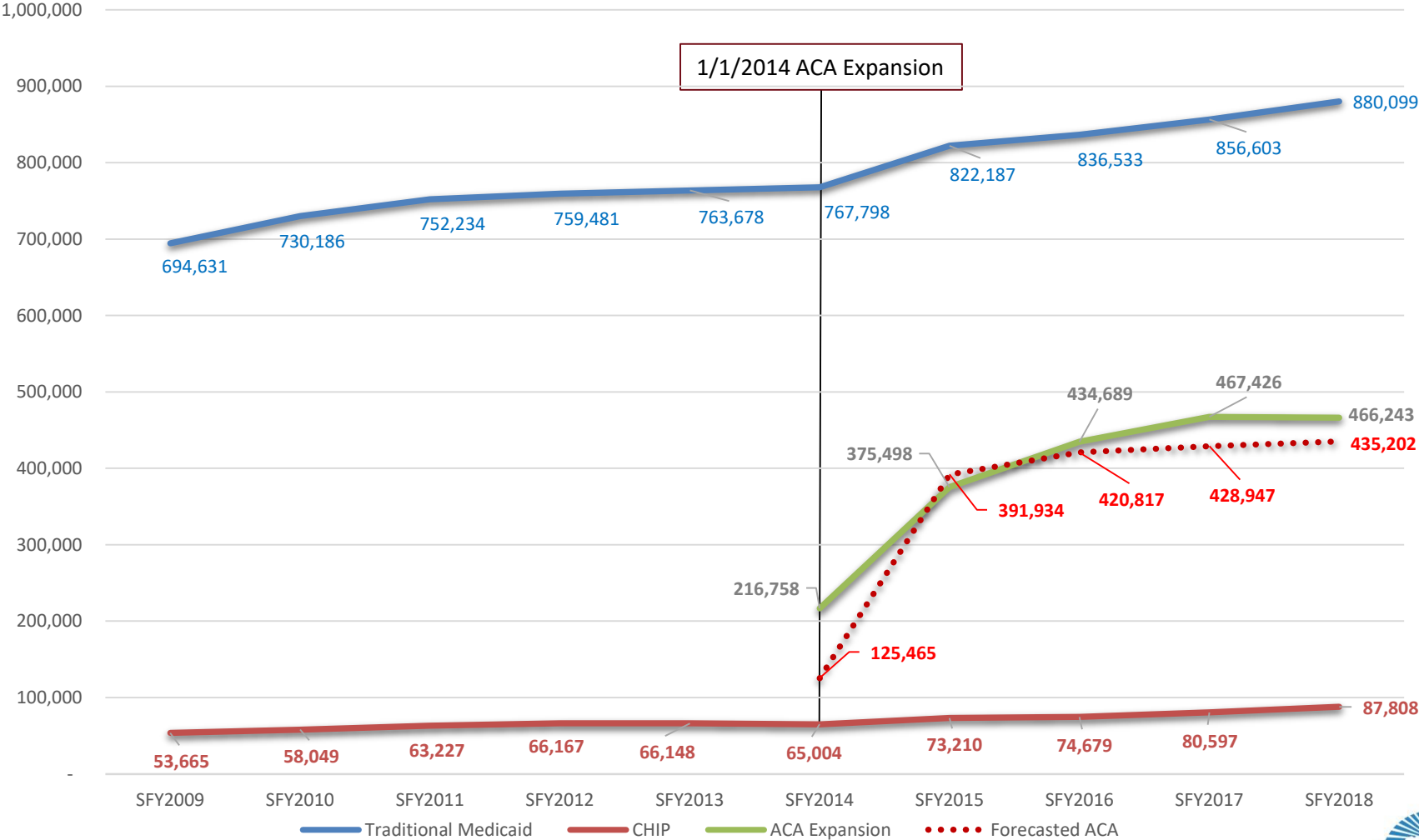
# MEDICAID FUTURE

- 1115 Waiver Kentucky HEALTH
- 1915c Home and Community Based Waivers Redesign
- Development and Implementation of a Medicaid Enterprise Management System (MEMS)
- Partner Portal for provider online enrollment and maintenance
- Electronic Visit Verify – mandated by federal law (21<sup>st</sup> Century Cures Act)
- CHIP – Reauthorization of grant - extends federal funding for CHIP for six years (FFY 2018-FFY 2023)

# MEDICAID EXPENDITURES

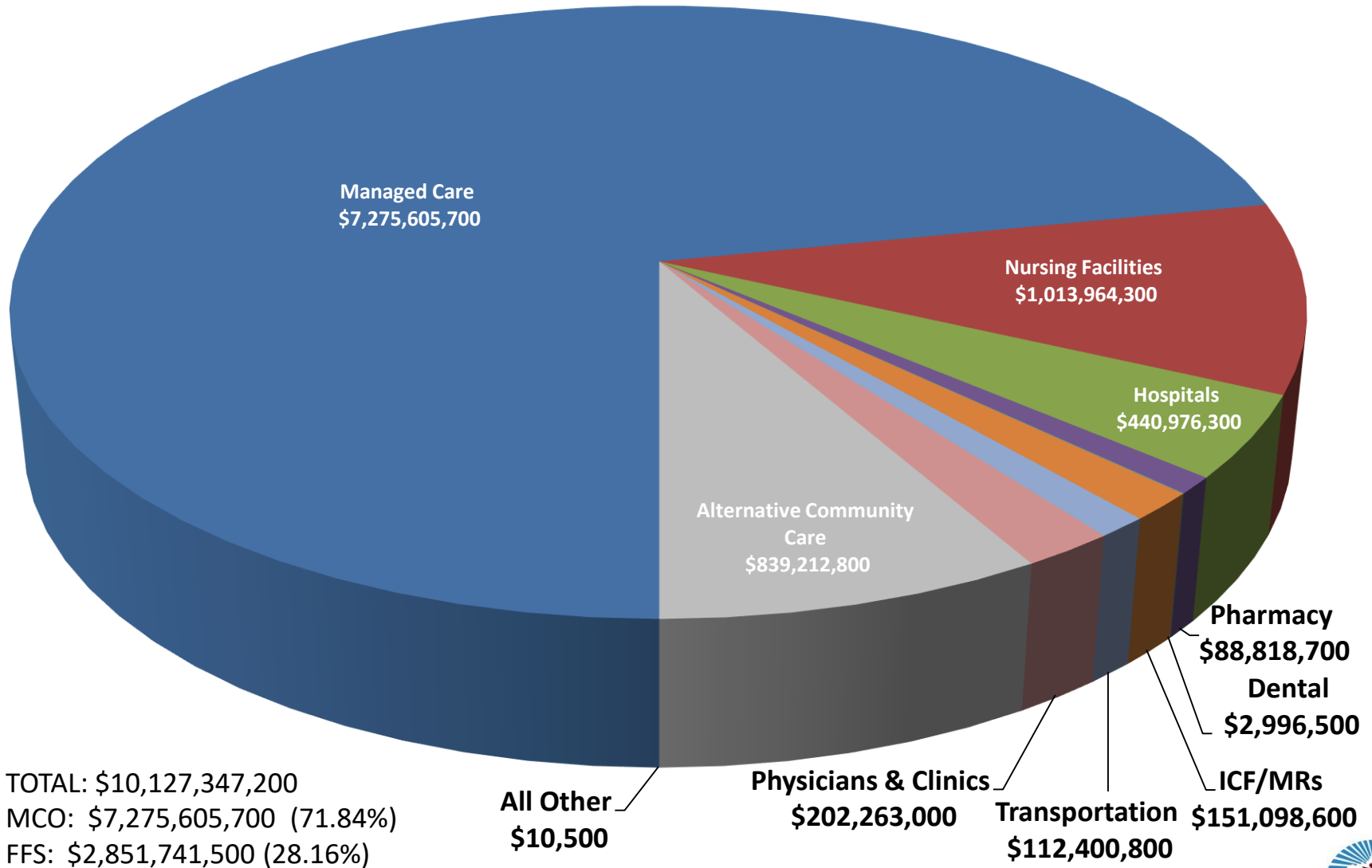
# MEDICAID OVERVIEW

## Monthly Average Eligibles





# MEDICAID EXPENDITURES – BENEFITS SFY2017



# MEDICAID EXPENDITURES

## BENEFITS (INCLUDES KCHIP)

Historical Expenditures - Enacted Budget - Governor's Recommended Budget

	SFY15 ACTUAL	SFY16 ACTUAL	SFY17 ACTUAL	SFY18 ENACTED	SFY19 Rec. Budget	SFY20 Rec. Budget
General Fund	\$1,525,524,400	\$1,578,193,200	\$1,707,980,000	\$1,945,430,200	\$1,823,840,800	\$1,967,570,100
Restricted Agency Funds	505,812,700	509,663,700	491,271,700	547,620,200	527,245,100	512,341,800
Federal Funds	7,609,302,200	7,804,711,000	7,928,095,500	8,586,627,900	8,895,630,500	9,079,957,700
<b>TOTAL</b>	<b>\$9,640,639,300</b>	<b>\$9,892,567,900</b>	<b>\$10,127,347,200</b>	<b>\$11,079,678,300</b>	<b>\$11,246,716,400</b>	<b>\$11,559,869,600</b>

# MEDICAID EXPENDITURES BENEFITS (General Funds)

BENEFITS	FY19	FY20
General Funds (Baseline)	\$1,945,430,200	\$1,945,430,200
Additional Budget Requests (ABRs)	\$0	\$143,729,300
Baseline + ABRs	\$1,945,430,200	\$2,089,159,500
6.25% Reduction to Base	-\$121,589,400	-\$121,589,400
Recommended Budget	\$1,823,840,800	\$1,967,570,100

Additional Budget Requests (ABRs)	FY19	FY20
Growth ABR	\$0	\$143,729,300

# MEDICAID EXPENDITURES BENEFITS (State Match %)

## BLENDED STATE RATES

	SFY18	SFY19	SFY20
Traditional	29.0%	28.5%	28.3%
ACA Expansion	5.5%	6.5%	8.5%
CHIP	0.0%	0.0%	6.2%

# MEDICAID EXPENDITURES

## ACA Expansion Benefits (Change in State Funding)

	Blended ACA State Share	State Funds
SFY17	2.5%	\$66,780,184
SFY18	5.5%	\$165,108,911
SFY19	6.5%	\$195,128,713
SFY20	8.5%	\$255,168,317

\*SFY18-20 - Calculated using the annualized data from the 12/31/17 Medicaid Expenditures Report to the Legislative Research Commission.

17-18 Biennium	\$231,889,095
<u>19-20 Biennium</u>	<u>\$450,297,030</u>
Change in ACA State Funds	\$218,407,935

# MEDICAID EXPENDITURES

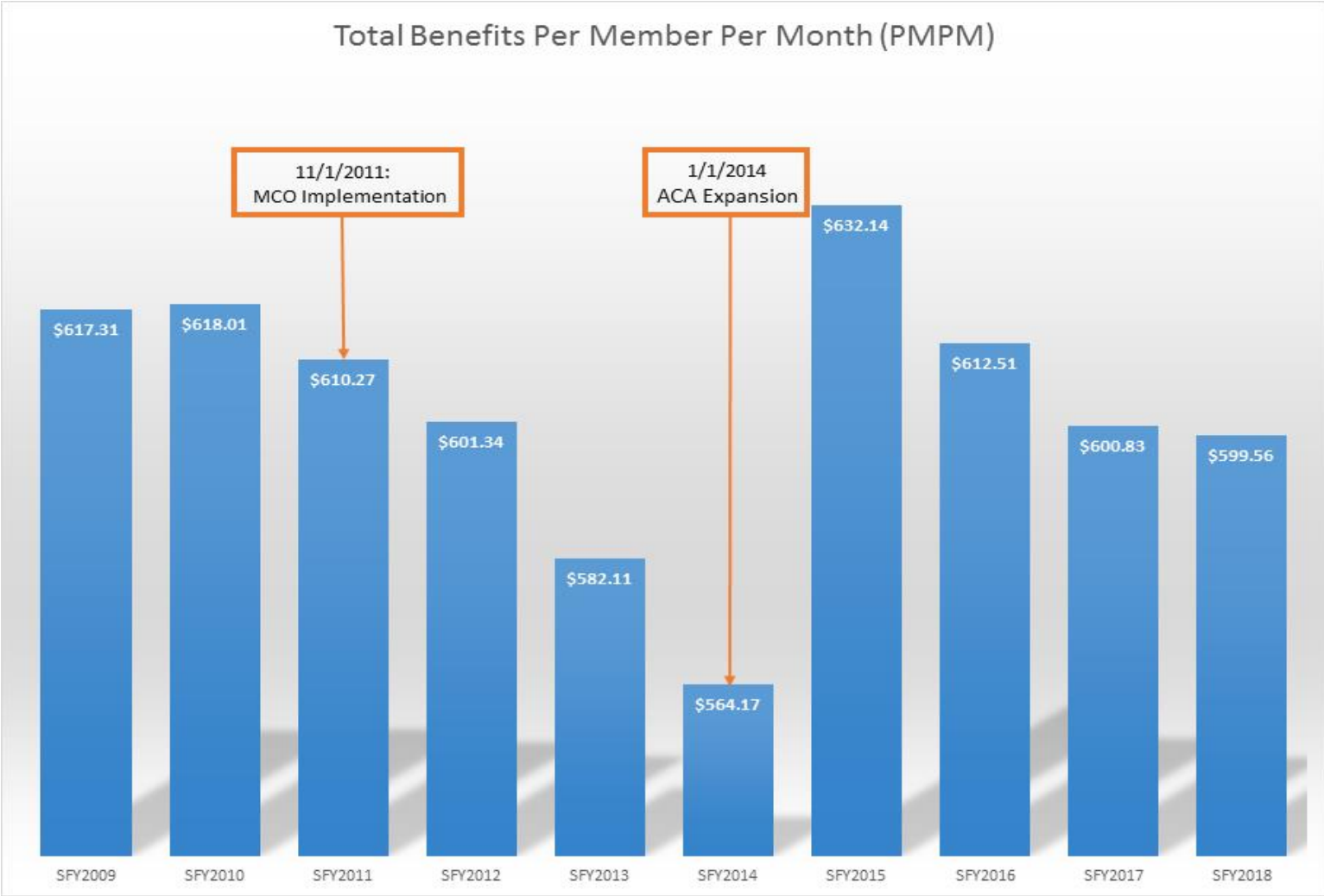
## CHIP Benefits (Change in State Funding)

	<b>Blended CHIP State Share</b>	<b>State Funds</b>
SFY17	0.0%	\$0
SFY18	0.0%	\$0
SFY19	0.0%	\$0
SFY20	6.2%	\$12,773,595

\*SFY18-20 - Calculated using the annualized data from the 12/31/17 Medicaid Expenditures Report to the Legislative Research Commission.

17-18 Biennium	\$0
<u>19-20 Biennium</u>	<u>\$12,773,595</u>
Change in CHIP State Funds	\$12,773,595

# MEDICAID EXPENDITURES - BENEFITS



# MEDICAID EXPENDITURES

## ADMINISTRATION

### Historical Expenditures - Enacted Budget - Governor's Recommended Budget

	SFY15 ACTUAL	SFY16 ACTUAL	SFY17 ACTUAL	SFY18 ENACTED	SFY19 Rec. Budget	SFY20 Rec. Budget
General Fund	\$33,314,500	\$34,654,500	\$40,943,600	\$40,407,600	\$57,322,700	\$59,867,300
Restricted Agency Funds	15,897,300	20,703,300	14,627,400	16,012,300	19,027,200	10,266,400
Tobacco Funds					2,500,000	2,500,000
Federal Funds	\$78,043,100	\$98,509,500	\$101,843,200	\$156,846,800	\$214,031,000	\$164,474,200
<b>TOTAL</b>	127,254,900	153,867,300	157,414,200	213,266,700	292,880,900	237,107,900

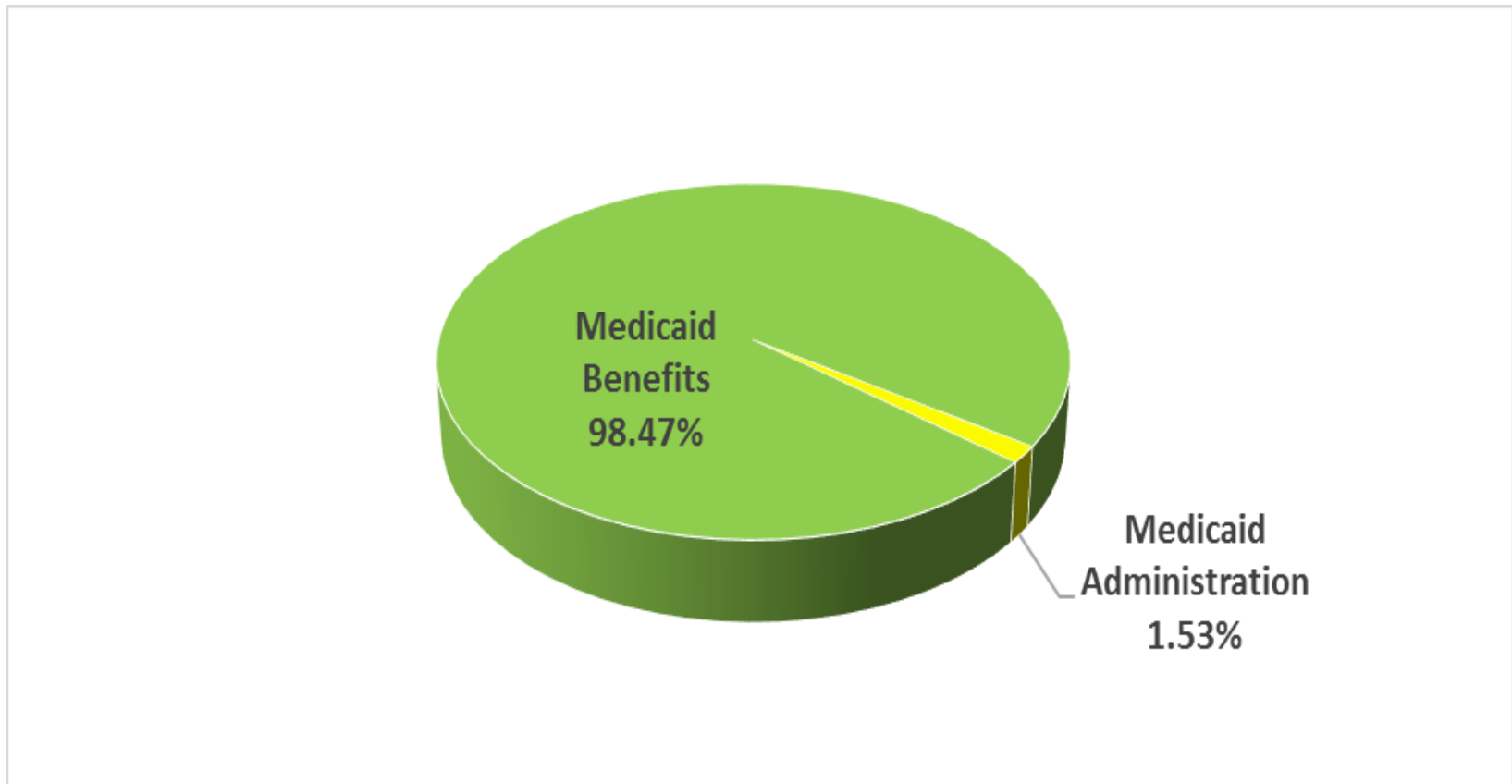


# MEDICAID EXPENDITURES ADMINISTRATION (General Funds)

ADMINISTRATON	FY19	FY20
General Funds (Baseline)	\$40,407,600	\$40,407,600
Additional Budget Requests (ABRs)	\$19,440,600	\$21,985,200
Baseline + ABRs	\$59,848,200	\$62,392,800
6.25% Reduction to Base	-\$2,525,500	-\$2,525,500
Recommended Budget	\$57,322,700	\$59,867,300

Additional Budget Requests (ABRs)	FY19	FY20
KY HEALTH (1115 Waiver)	\$17,501,500	\$0
MEMS	\$0	\$20,000,000
Retirement Increase	\$1,705,200	\$1,859,800
Additional COT Costs	\$216,700	\$108,200
Workers Comp	\$17,200	\$17,200
	<u>\$19,440,600</u>	<u>\$21,985,200</u>

# MEDICAID EXPENDITURES - ADMIN



For every dollar received, DMS spent approximately 1.53% for administrative costs (salaries, supplies, etc) in SFY2017.

**Thank you for your time today –**

**Please let us know if you have questions**