



Medicaid Expansion in Kentucky

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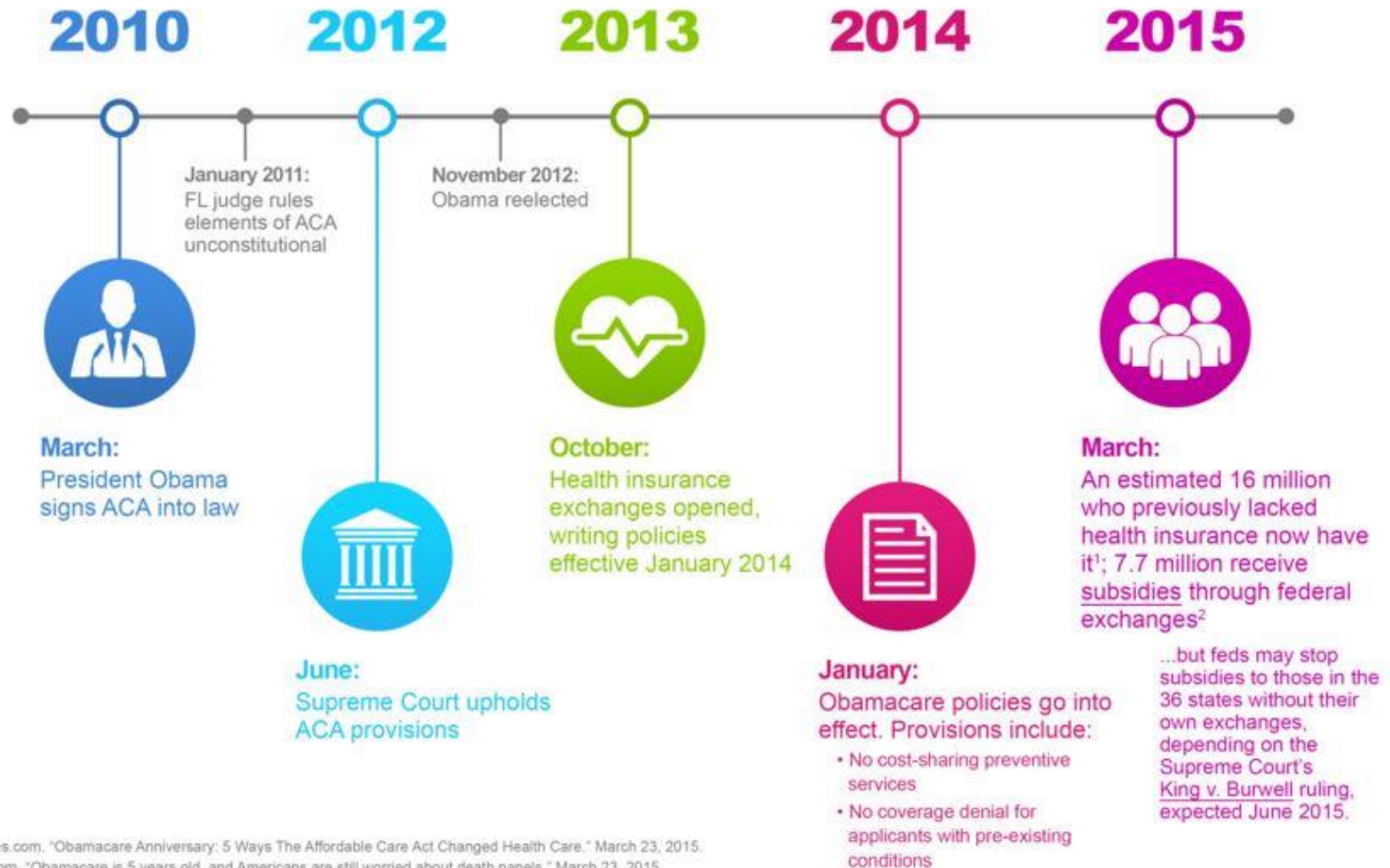
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Today we'll discuss...

- The ACA and Medicaid expansion
- Current state of Medicaid in Kentucky
- Measuring the success of expanded coverage
- Reforming Medicaid through 1115 waivers
- Opportunities to move beyond coverage to better care

The ACA & Medicaid Expansion

ACA Timeline

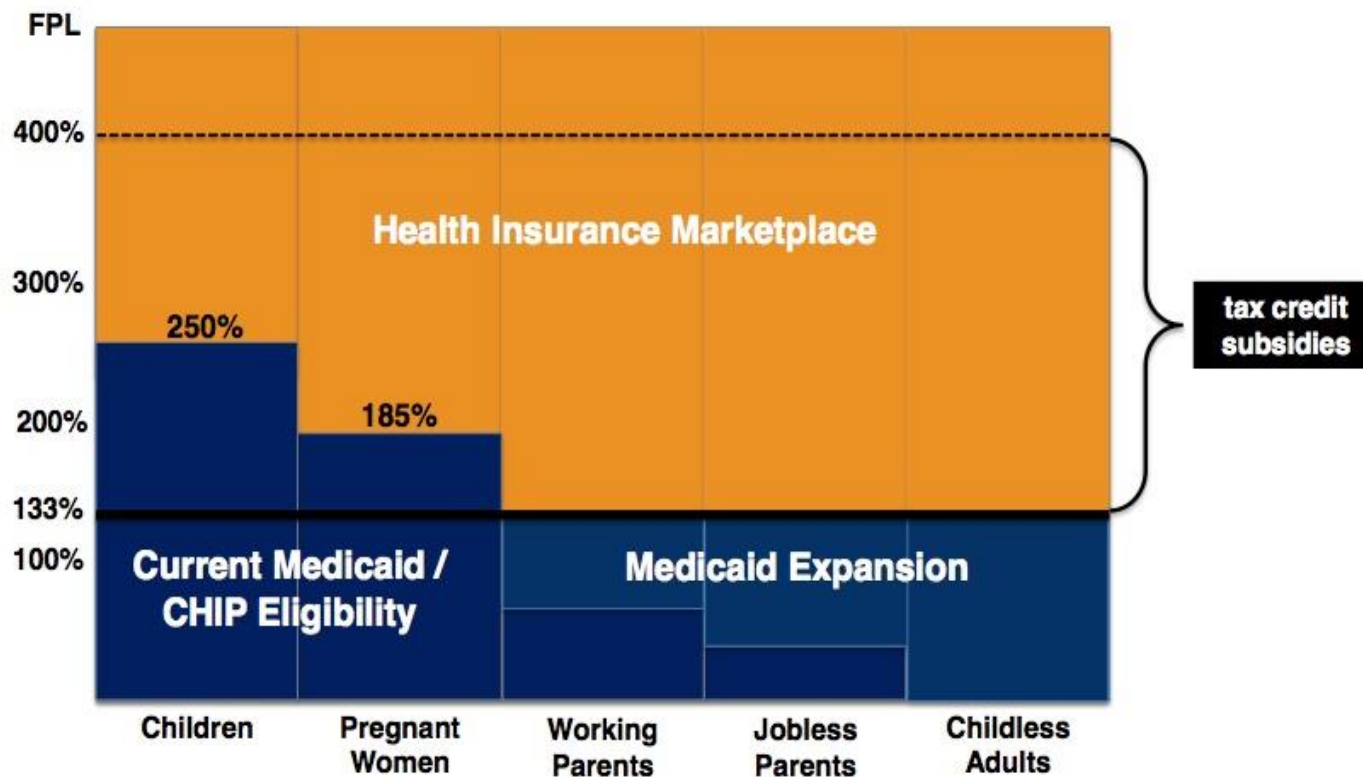


Coverage Based on Income



Center on Budget and Policy Priorities

Coverage Landscape in 2014



Medicaid and CHIP coverage, based on 2012 eligibility levels in a typical state
Source: Kaiser Commission on Medicaid and the Uninsured

Essential Health Benefits

All health coverage must include **essential health benefits**:

1. Doctor visits
2. Hospitalization
3. Emergency Care
4. Maternity and Newborn Care
5. Pediatric Care (including Dental and Vision)
6. Prescriptions
7. Medical Tests
8. Mental Health Care and Substance Abuse
9. Physical, Speech & Occupational Therapy
10. Wellness

Individual Mandate

The ACA requires most people over age 18 to have public or private health insurance or face fines beginning in 2014.

Must enroll in health coverage before March 31, 2014.

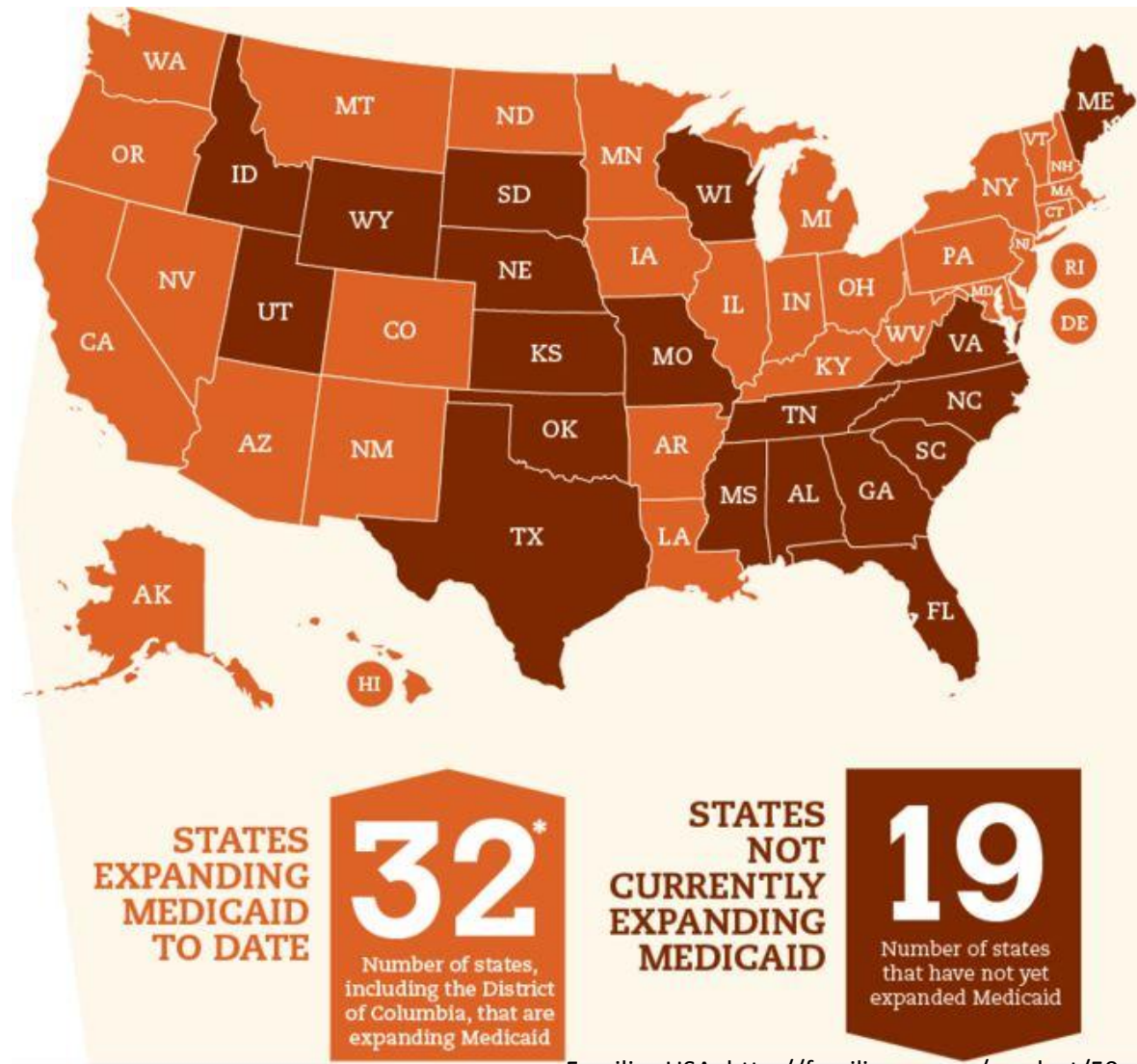
Supreme Court Decision: June 2012

Upheld the constitutionality of the ACA's individual mandate.

BUT

The ruling made the Medicaid expansion optional for states.

Medicaid Expansion State-by-State



Why Medicaid Expansion is Important for Kentucky

Poor Health Status

In 2013, Kentucky ranked...

50th in smoking

40th in obesity

43rd in sedentary lifestyles

41st in diabetes

50th in cancer deaths

48th in heart attacks

44th in annual dental visits

Status of Kentucky's Uninsured

In 2013...

20.4% or 640k Kentuckians were uninsured.

Of these, more than 300k were estimated to be eligible for expanded Medicaid.

Total annual costs associated with uninsured Kentuckians are estimated at more than \$1 billion.

Impact of Being Uninsured

Surveys conducted by the University of Kentucky reveal a number of problems experienced by uninsured Kentuckians.

Because of the cost of health care, the uninsured are:

- Three times more likely than people with insurance to not go to a doctor when sick.
- Twice as likely to skip a medical test or treatment recommended by a doctor.
- Twice as likely than people with insurance to not fill a prescription.
- Almost three times more likely than the insured to have a problem paying a medical bill.
- More than twice as likely to be contacted by a collection agency about medical bills.

Helping Low Income Kentuckians

In 2013...

The adult poverty rate in Kentucky was 18% compared to 14.3% nationally.

Before expansion, Medicaid covered very few adults with the exception of:

- Aged, Blind, Disabled
- Parents at or below 57% FPL

Expansion covers individuals and families up to 138% FPL

- Individuals 18 or older making less than \$16,394
- Family of four making less than \$33,534

Paying for Expanded Coverage

The ACA established a new national floor of Medicaid coverage at 138% of poverty level

Guaranteed 100%
Federal match for
3 years

No cost to states
until 2017

| CY | Enhanced FMAP Percentage |
|-----------------|-----------------------------|
| 2014 | 100% |
| 2015 | 100% |
| 2016 | 100% |
| 2017 | 95% |
| 2018 | 94% |
| 2019 | 93% |
| 2020 and beyond | 90% |

How Kentucky Expanded

Governor Beshear announced his decision to expand Medicaid on **May 9, 2013**

Existing state law gave the Secretary of Health and Family Services authority “to take advantage of all federal funds that may be available for medical assistance...the secretary...may by regulation comply with any requirement that maybe imposed or opportunity that may be presented by federal law.”

Stakeholder Support for Expansion

Associations

Universities

Health plans

Hospitals

Primary care providers

Mental health organizations

Social services organizations

Advocacy organizations

Current State of Medicaid in Kentucky

Who's Eligible for Medicaid

Will I qualify for coverage?

To be eligible for healthcare coverage through kynect, you:

- Must live in Kentucky
- Must be a U.S. citizen or national (or meet qualified alien status)
- Cannot currently be in prison
- Must provide proof of income

Under the new rules, resources are not counted for family and children Medicaid cases. Traditional Medicaid such as for the aged, blind and disabled still has an asset test (cash, property, IRA).

Income Levels for Programs

| If your household size is this: | You may be eligible for Medicaid if your income* is this: | You may be eligible for help with your insurance bill if your income* is this: |
|---------------------------------|---|--|
| 1 | Less than \$16,394 | \$16,395–\$47,080 |
| 2 | Less than \$22,107 | \$22,108–\$63,720 |
| 3 | Less than \$27,820 | \$27,821–\$80,360 |
| 4 | Less than \$33,534 | \$33,535–\$97,000 |
| 5 | Less than \$39,247 | \$39,248–\$113,640 |
| 6 | Less than \$44,960 | \$44,961–\$130,280 |
| 7 | Less than \$50,687 | \$50,688–\$146,920 |
| 8 | Less than \$56,428 | \$56,429–\$163,560 |

**Income levels are based on the year 2016. Children and pregnant women may still qualify with higher income levels.*

Who's Covered by Medicaid

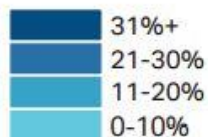
In 2016...

| | |
|--------------|------------------|
| Traditional | 888,000 |
| Expansion | 428,000 |
| Total | 1,350,000 |

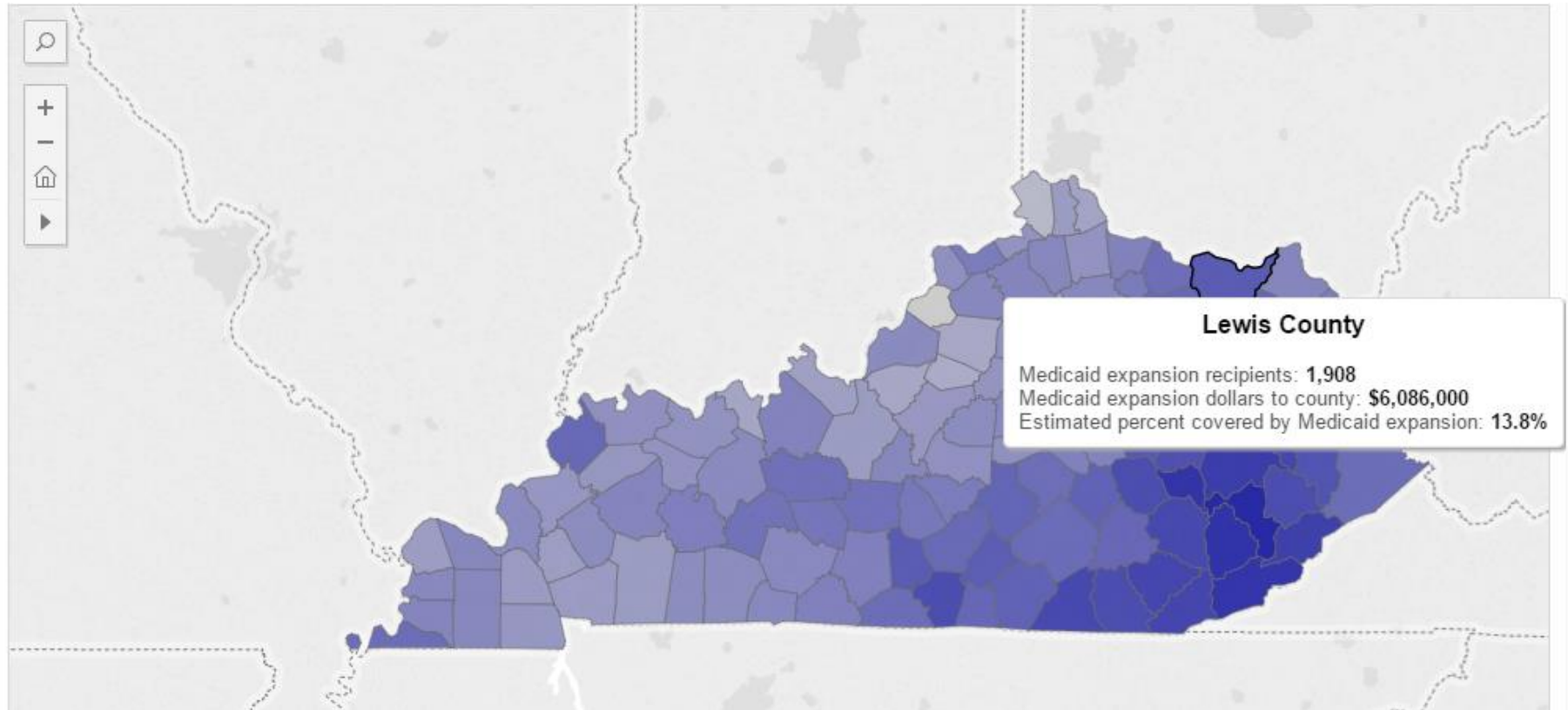
Medicaid Enrollment

This map shows the distribution of traditional income-based and ACA Medicaid expansion enrollees across Kentucky (ages 19 to 64) from October - December 2015.

31% live in Eastern Kentucky
26% live in Western Kentucky
19% live in Greater Louisville
16% live in Greater Lexington
8% live in Northern Kentucky



County-by-County Look at Medicaid Expansion



New & Improved Medicaid Benefits

Medicaid now aligns with the essential health benefits, meaning less changes when you move between Medicaid and a Qualified Health Plan.

New benefit: substance use treatment

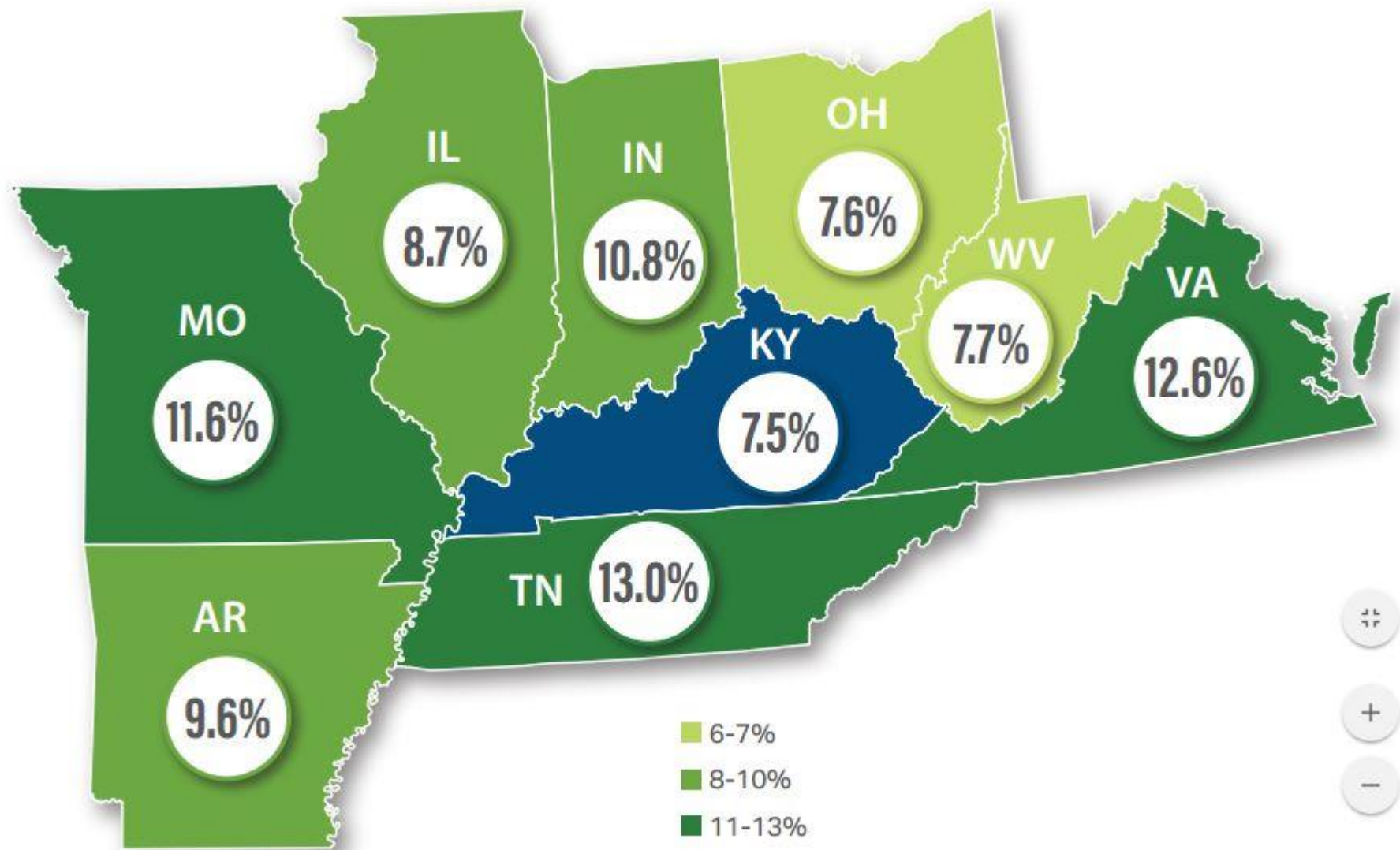
Improved benefit: dental for adults

Medicaid Cost Sharing

- **No premiums**
- **Minimal co-pays (MCOs can wave)**
 - Acute hospital in-patient = \$50
 - ER for non-emergency use = \$8
 - Adult dental or vision = \$3
 - Urgent care = \$3
 - Prescriptions
 - \$1 generic / \$3 preferred brand / \$8 non-preferred brand
 - Lab / Diagnostic / Radiology = \$3

Measuring the Impact of Expanded Coverage

Kentucky Leads the Nation in the Decrease in Uninsured



Increase in Preventive Screenings for 2014

LDL-C screenings

↑ 111%

Preventive dental services

↑ 116%

Hemoglobin A1c tests

↑ 92%

Cervical cancer screenings

↑ 88%

Breast cancer screenings

↑ 111%

Colorectal cancer screenings

↑ 108%

Health Impact of Expanded Coverage

Medicaid Preventive Services

During the past quarter (April-June 2015), Medicaid covered thousands of needed services for traditional income-based and ACA Medicaid expansion enrollees ages 19 to 64.



Breast Cancer Screening Breakout

| | |
|-----------------------------------|-------|
| Traditional Income-Based Medicaid | 1,188 |
| ACA Medicaid Expansion | 9,003 |

Substance Abuse Treatment Services

6,600 treatment services were provided to traditional income-based and expansion enrollees ages 19-64.

SNAPSHOT HIGHLIGHT

Medicaid Dental Visits (April-June 2015)

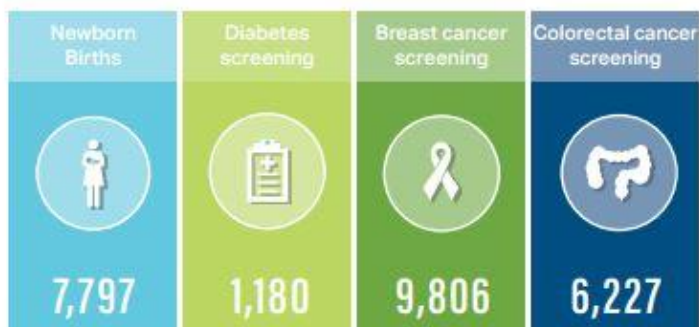
Medicaid includes dental coverage for children as a mandatory benefit, but states have the option of whether to offer dental coverage to adults. Kentucky opted to include adult dental coverage in Medicaid, covering limited care.



Health Impact of Expanded Coverage

Medicaid Preventive Services

During the quarter (July - September 2015), Medicaid covered thousands of needed services for traditional income-based and ACA Medicaid expansion enrollees ages 19 to 64.



Colorectal Cancer Screening Breakout

| | |
|-----------------------------------|-------|
| Traditional Income-Based Medicaid | 666 |
| ACA Medicaid Expansion | 5,561 |

Dental Services



SNAPSHOT HIGHLIGHT

Substance Abuse Treatment Services (July-September 2015)

Kentucky ranks **2nd** in the U.S. for overdose deaths. **25%** of Kentuckians say they personally know someone who has abused prescription drugs, and **13%** know someone who has had problems with heroin.¹

Total Substance Abuse Treatment Services:

7,993



Substance abuse treatment services became part of the standard Medicaid service package as a result of the state's ACA implementation.

This graphic shows the number of substance abuse services provided to Medicaid enrollees ages 19-64.

ACA MEDICAID EXPANSION

5,758





TRADITIONAL INCOME-BASED MEDICAID

2,235

Change in ER Utilization for 2014

All Payers: ER VISITS



| | | |
|-----------------|---|------|
| SELF-PAY |  | -53% |
| CHARITY |  | -81% |
| MEDICAID |  | +33% |
| TOTAL ER VISITS |  | -3% |

Reforming Medicaid through 1115 Waivers

Purpose of the 1115 Waiver

Waivers are vehicles states can use to test new or existing ways to deliver and pay for health care services in Medicaid and the Children's Health Insurance Program (CHIP).

Allows states flexibility to design and improve their Medicaid programs through demonstrations that:

- Expanding eligibility to individuals who are not otherwise Medicaid or CHIP eligible.
- Providing services not typically covered by Medicaid.
- Using innovative service delivery systems that:
 - improve care
 - increase efficiency
 - reduce costs

Opportunities for Moving Beyond Coverage to Better Care

- Investing in the things that keep people healthy
- Providing the right care, in the right setting, at the right time
- Paying for better outcomes, not more care
- Reducing health disparities, by addressing the social determinants of health

Questions?

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10 Essential Health Benefits

Every health plan **must** cover the following services:

1. Outpatient care
2. Emergency services
3. Hospitalization
4. Pregnancy, maternity, and newborn care
5. Mental health and substance use disorder services
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care