

**KENTUCKY HELPING TO ENGAGE AND ACHIEVE LONG TERM HEALTH (HEALTH)
SECTION 1115 MEDICAID DEMONSTRATION
FACT SHEET**

Name of Section 1115 Demonstration:	KY HEALTH 1115 Demonstration
Waiver Number:	11-W-00300/8 and 21-W-00067/4
Date Proposal Submitted:	August 24, 2016
Date Approved:	January 12, 2018
Date Implemented:	January 12, 2018
Date Expires:	September 30, 2023
Number of Amendments:	0

SUMMARY

On August 24, 2016, Kentucky submitted an application for a section 1115(a) demonstration entitled, “Helping to Engage and Achieve Long Term Health (HEALTH).” The demonstration was approved on January 12, 2018. Kentucky will implement the substance use disorder (SUD) program beginning on the date of demonstration approval. The Kentucky HEALTH portion of the demonstration will begin July 1, 2018, although roll out for the Kentucky HEALTH program, including the ability to earn credit for *My Rewards Account* activities, will begin April 1, 2018. The demonstration is set to expire on September 30, 2023.

The demonstration includes a substance use disorder (SUD) program to ensure that a broad continuum of care is available to Kentuckians with SUD, which will help improve the quality, care, and health outcomes for Kentucky Medicaid beneficiaries with SUD.

Kentucky will implement two consumer-driven tools, the My Rewards Account, which encourages beneficiaries to maintain and improve their health by providing incentives to engage in healthy behaviors and community engagement, and the Deductible Account, which is an educational tool to inform beneficiaries about the cost of healthcare. Beneficiaries will receive incentives in their My Rewards Account that can be used to obtain enhanced benefits.

In addition, Kentucky will implement a community engagement requirement as a condition of eligibility for adult beneficiaries ages 19 to 64, excluding: former foster care youth, pregnant women, primary caregivers of a dependent (limited to one caregiver per household), beneficiaries considered medically frail, beneficiaries diagnosed with an acute medical condition that would prevent them from complying with the requirements, and full time students. To remain eligible for coverage, non-exempt beneficiaries must complete 80 hours per month of community engagement activities, including employment, education, job skills training, and community service. Beneficiaries will have their eligibility suspended for failure to demonstrate compliance with the community engagement requirement and will be able to reactivate their eligibility on the first day of the month after they complete 80 hours of community engagement in a 30-day period or a state-approved health literacy or financial literacy course. Beneficiaries who are in an eligibility suspension for failure to meet the requirement on their redetermination date will have their enrollment terminated and will be required to submit a new application.

Kentucky will provide good cause exemptions in certain circumstances for beneficiaries who cannot meet the community engagement requirement.

CMS provided the following additional waiver and expenditure authorities for the demonstration as a whole:

- Alignment of a beneficiary’s annual redetermination with their employer sponsored insurance (ESI) open enrollment period, including any children enrolled in Medicaid or CHIP and covered by a parent or caretaker’s ESI;
- Extension of coverage to former foster care youth who were the responsibility of another state; and
- A waiver of non-emergency medical transportation (NEMT) for certain populations and services.

CMS also authorized additional waivers and expenditure authorities for the Kentucky HEALTH program, including:

- My Rewards Account incentives;
- Premiums for certain beneficiaries in the new adult group and section 1931 parents and other caretaker relatives (with exceptions for pregnant women, former foster care youth, and those determined medically frail);
- Consequences for beneficiaries who do not pay premiums after a 60 day payment period, including disenrollment and a six-month non-eligibility period for beneficiaries with household income above 100 percent of the federal poverty level (FPL);
- A six month non-eligibility period for certain beneficiaries for failure to comply with the redetermination process;
- Disenrollment and six non-eligibility period for certain beneficiaries for failure to report a change in circumstance that would affect Medicaid eligibility;
- Limit to managed care organization disenrollment without cause; and
- A waiver of retroactive eligibility for certain beneficiaries.

ELIGIBILITY

The demonstration enables the Commonwealth to provide Medicaid coverage to former foster care youth under age 26 who were in foster care under the responsibility of another state when they turned 18 (or such higher age as the state has elected for termination of federal foster care assistance under title IV-E of the Social Security Act), and were enrolled in Medicaid at that time, and are now applying for Medicaid in the state in the Commonwealth. Eligibility for all other eligibility groups in in the demonstration is established under the state plan.

While beneficiaries considered medically frail, former foster care youth, and pregnant women will participate in the Kentucky HEALTH program, they are exempted from several Kentucky HEALTH requirements, including the community engagement requirement.

DEMONSTRATION ELEMENTS

Substance Use Disorder Program

All Medicaid beneficiaries in Kentucky will continue to have access to all current mental health and SUD benefits. In addition, all beneficiaries ages 21 through 64 will have access to expanded covered services provided while residing in an Institution for Mental Diseases (IMD) for SUD short-term residential stays. The SUD program will allow beneficiaries with SUD to access benefits that include SUD residential treatment, crisis stabilization and withdrawal management services provided in IMDs, which would otherwise be excluded from federal reimbursement.

This demonstration also allows the state to provide methadone treatment services for beneficiaries. The coverage of these services will expand Kentucky's current SUD benefit package which will be available to all beneficiaries. These services will be delivered through the managed care delivery system.

The demonstration includes two waivers of NEMT. The first is a waiver of NEMT specifically for transportation to and from methadone treatment, which requires daily dosing, for all Medicaid populations. The waiver of NEMT for transportation to and from methadone treatment does not apply if the service provided subject to EPSDT to a child under the age of 21, former foster youth, and pregnant women. The second is a waiver of the requirement to assure NEMT for all services for the new adult group, as defined in 42 CFR 435.119, with certain exceptions (see discussion below).

Community Engagement Requirement of the Kentucky HEALTH Program

As described above, Kentucky will implement a community engagement requirement as a condition of eligibility for adult beneficiaries ages 19 to 64 in Kentucky HEALTH, excluding former foster care youth, pregnant women, primary caregivers of a dependent (limited to one caregiver per household), beneficiaries considered medically frail, beneficiaries diagnosed with an acute medical condition that would prevent them from complying with the requirements (as validated by a medical professional), and full time students. To maintain eligibility, non-exempt beneficiaries will be required to participate in 80 hours per month worth of various activities including employment, education, participation in substance use disorder treatment, or community service. Beneficiaries will also be deemed to satisfy the community engagement requirement if they (1) satisfy Supplemental Nutrition Assistance Program (SNAP) and/or Temporary Assistance for Needy Families (TANF) work requirements or are exempt from having to meet those requirements,(2) are enrolled in the state's Medicaid employer premium assistance program (a spouse or dependent of the beneficiary enrolled in the premium assistance program is also exempt), or (3) are employed for 120 hours or more a month. Beneficiaries who are deemed to satisfy the community engagement requirements will not be required to actively document their participation in qualifying activities, although, like all beneficiaries, they will be required to timely report changes in eligibility to the state consistent with the reporting rules under the Kentucky HEALTH program.

Following a one-month opportunity to cure, beneficiaries who fail to meet their required community engagement hours will have their eligibility suspended. The state will allow good cause exemptions in certain circumstances for beneficiaries who cannot meet their requirement. Beneficiaries whose eligibility is suspended can re-activate eligibility at any time during their 12-month benefit period by completing 80 hours of community engagement in a 30-day period or completing a state approved re-enrollment health literacy or financial literacy course. The re-

enrollment course for reactivation is only available one time per 12-month eligibility period. Eligibility will be effective the first day of the month following completion of the required hours or health literacy or financial literacy course. During a suspension period, any beneficiary who becomes pregnant; is determined to be medically frail; becomes the primary caregiver of a dependent including either a dependent minor child or adult who is disabled (limited to only one exempt beneficiary per household); becomes diagnosed with an acute medical condition that would prevent them from complying with the requirements (as validated by a medical professional); becomes a full-time student; or otherwise becomes eligible for Medicaid under an eligibility group not subject to the provisions of the community engagement suspension can reactivate their eligibility with an effective date consistent with the beneficiary's new eligibility category or status.

If a Kentucky HEALTH beneficiary is in a suspension for failure to meet the requirement on his or her redetermination date, and does not meet the requirement or qualify for an exemption (including a good-cause exemption) in the month of redetermination, Kentucky will deny that beneficiary's eligibility and terminate his or her enrollment at that time.

The state will make several assurances related to the community engagement requirement, including an assurance that it will assess areas within the state that experience high rates of unemployment, areas with limited economies and/or educational opportunities, and areas with lack of public transportation to determine whether there should be further exemptions from the community engagement requirements and/or additional mitigation strategies, so that the community engagement requirements will not be impossible or unreasonably burdensome for beneficiaries to meet.

Kentucky will provide reasonable accommodations related to meeting the community engagement requirement for beneficiaries with disabilities protected by the ADA, Section 504 of the Rehabilitation Act, and Section 1557 of the Patient Protection and Affordable Care Act, when necessary, to enable them to have an equal opportunity to participate in and benefit from the program. Reasonable modifications must include exemptions from participation where an individual is unable to participate for disability-related reasons, modification in the number of hours of participation required where an individual is unable to participate for the required number of hours, and provision of support services necessary to participate, where participation is possible with supports. In addition, the state must evaluate individuals' ability to participate and the types of reasonable modifications and supports needed.

Beneficiary Health Care Accounts in the Kentucky HEALTH Program

The Kentucky HEALTH program, which is administered through a managed care delivery system, includes two member-managed health care spending accounts that encourage beneficiaries to maintain and improve their health by providing incentives that prepare beneficiaries to transition to private coverage. The Deductible Account is a tool to educate beneficiaries on deductibles and the My Rewards Account assists in the purchase of optional enhanced benefits. The accounts are designed to incentivize beneficiaries to obtain preventive care, participate in disease management programs, engage in their communities, and prudently manage healthcare spending.

The My Rewards Account allows beneficiaries to earn incentive dollars that can be used to pay for items and services, including dental and vision services, limited fitness related services, or over the counter medications. All beneficiaries, except pregnant women, are required to pay premiums to access the My Rewards Account. Pregnant women, former foster care youth, and beneficiaries who are medically frail will still have access to state plan benefits such as vision and dental, but can earn other My Rewards items and services.

Premiums and disenrollment for nonpayment in the Kentucky HEALTH Program

Individuals determined eligible for Kentucky HEALTH are required to make their first premium payment prior to the start of eligibility, except for beneficiaries who are medically frail, former foster care youth, and pregnant women. Individuals may expedite enrollment by making a premium pre-payment at application, which would allow enrollment to begin the month in which the pre-payment was made. The pre-payment will be refunded if the individual is determined ineligible, and if the individual is eligible and the pre-payment amount was greater than the premium due for the first month of coverage, the excess amount will be applied to future months of coverage. Beneficiaries with income above 100 percent of the FPL who fail to make a premium payment within 60 days will be required to reapply to participate. Beneficiaries with income at or below 100 percent of the FPL who do not make a premium payment within 60 days will be enrolled but required to pay copayments instead of premiums, and their eligibility will begin the first day of the month in which the 60 day period expires.

Kentucky will charge monthly premiums to non-exempt beneficiaries in the Kentucky HEALTH program. Pregnant women are exempt from paying premiums. Beneficiaries who are medically frail and former foster care youth may opt to pay premiums to access the My Rewards Account but non-payment of premiums will not result in any penalties other than suspension of the My Rewards Account.

The state has the flexibility to determine the premium amount, up to four percent of household income, except that beneficiaries will be required to pay a minimum of \$1 per month. Kentucky has the flexibility to decrease premium amounts at any time, and increase premium amounts annually, subject to adequate beneficiary notice and a 60 day public notice period when changing premium amounts. The state is required to ensure that beneficiaries do not incur total cost sharing (premiums and copayments) that exceeds 5% of household income.

To encourage payment of premiums, beneficiaries with income above 100 percent of the FPL who stop paying premiums will be disenrolled and subject to a non-eligibility period for six months, subject to certain good cause exceptions. Beneficiaries will have a 60 day payment period to make a premium payment. Beneficiaries who re-enter the program after the six month non-eligibility period will not be required to pay past premium debt but will have dollars deducted from their My Rewards Account.

Beneficiaries subject to a non-eligibility period for non-payment of premiums will have the opportunity to re-enter the program with full access to their plan and My Rewards Account items and services prior to the expiration of the six-month non-eligibility period. Early re-enrollment

is available once per benefit year, per consequence type. Beneficiaries seeking early re-enrollment must complete both of the following:

- Pay a one-time payment up to three months of premium contributions, covering the month/s of debt in which the member received healthcare coverage (during the 60 day payment period) , as well as the advance premium payment required to restart coverage; and
- Attend an early re-enrollment educational course at no cost to the beneficiary. The course providers will be certified by the state and offer members course options for early re-enrollment, including, but not limited to the following: (1) health literacy, and (2) financial literacy.

Beneficiaries with income at or below 100 percent of the FPL who stop paying premiums will maintain eligibility but will be required to pay copayments (equal to the current copayments schedule in the Kentucky Medicaid state plan) for services and will not have access to the My Rewards Account for a six month period.

Non-Eligibility Period for Failure to Complete Redetermination in the Kentucky HEALTH Program

Consistent with Medicaid regulations, beneficiaries failing to provide necessary information or documentation to complete the annual redetermination process will be disenrolled from Kentucky HEALTH. Beneficiaries will be granted an additional 90 day reconsideration period in which to submit their redetermination paperwork to be reenrolled in Kentucky HEALTH. Upon the expiration of the 90 day reconsideration period, Kentucky HEALTH beneficiaries, unless otherwise exempt, will be prohibited from re-enrollment in the demonstration for up to six months, unless the individual meets a good cause exception.

Beneficiaries in the non-eligibility period will have the opportunity to re-enter the program with full access to their MCO and *My Rewards Account* benefits prior to the expiration of the applicable six-month period. Beneficiaries seeking early re-enrollment from a non-eligibility period for failure to complete redetermination must complete both of the following:

- Pay the premium payment required for the first month of coverage to restart benefits.
- Attend an early re-enrollment educational course. The course providers will be certified by the state and offer members course options for early re-enrollment on: (1) health literacy, and (2) financial literacy.

The early re-enrollment opportunity from a non-eligibility period for failure to complete redetermination is only available one time per 12 month benefit period.

Non-Eligibility Period for Failure to Submit a Change in Circumstance in the Kentucky HEALTH Program

Kentucky will implement a prospective six-month non-eligibility period as a consequence for beneficiaries that do not notify the state when they have a change in circumstance that affects eligibility, only in such circumstances where a beneficiary would no longer be eligible for Medicaid under any MAGI or non-MAGI categories. This non-eligibility period will not apply to

beneficiaries considered medically frail, former foster care youth, and pregnant women. The state will provide good cause exceptions to the non-eligibility period. Beneficiaries seeking early re-enrollment from a non-eligibility period for failure to report a change in circumstances must complete both of the following:

- Pay the premium payment required for the first month of coverage to restart benefits.
- Attend an early re-enrollment educational course. The course providers will be certified by the state and offer members course options for early re-enrollment on: (1) health literacy, and (2) financial literacy.

The early re-enrollment opportunity from a non-eligibility period for failure to report a change in circumstances is only available one time per 12 month benefit period.

Waivers of Non-Emergency Medical Transportation (NEMT)

There are two waivers of NEMT in the KY HEALTH demonstration. One waiver, noted above, is a waiver of NEMT with respect to methadone treatment. Separately, Kentucky is not obligated to provide NEMT for any services provided to beneficiaries enrolled in the new adult group as defined in 42 CFR 435.119 except for beneficiaries who are medically frail, 19 or 20 year old beneficiaries entitled to EPSDT services, former foster care youth, and pregnant women. Most beneficiaries receiving state plan benefits will continue to receive NEMT for all services, except for methadone treatment. However, children under age 21 who are subject to EPSDT, former foster care youth, and pregnant women will continue to receive NEMT for all services, including methadone treatment.

Waiver of Retroactive Eligibility in the Kentucky HEALTH Program

Kentucky will not provide retroactive eligibility to Kentucky HEALTH beneficiaries, except for former foster care youth, and pregnant women.

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