



**COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR**

**Andy Beshear
GOVERNOR**

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June 25, 2025

Secretary Robert F. Kennedy Jr.
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Re: Kentucky Community Engagement Demonstration Request

Dear Secretary Kennedy:

As Governor of the Commonwealth of Kentucky, please find enclosed the Commonwealth's request to implement a Section 1115(a) Demonstration, entitled "Community Engagement Demonstration Program." This application seeks to build upon Kentucky's ongoing efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs.

In compliance with Kentucky House Bill 695 passed during the 2025 legislative session, the proposed Demonstration aims to implement a Community Engagement Waiver Program for able-bodied adults without dependents who have been enrolled in the Commonwealth's medical assistance program for more than twelve (12) months. The Cabinet for Health and Family Services (CHFS) must include in the Demonstration Program participation in the Kentucky Education and Labor Cabinet's Department of Workforce Development (DWD) job placement assistance program as a qualifying community engagement activity.

Under this Demonstration, CHFS will automatically refer non-exempt members of the Medicaid expansion eligibility group to the DWD, which will reach out to these members for participation in the job placement assistance program. The overarching goals of the proposed Demonstration are to expand current efforts to support individuals in community engagement, education, and job development and to identify and provide supports to individuals who are exempt due to higher level of care needs.

The Commonwealth seeks a five (5)-year approval period for the proposed Demonstration beginning on the date approved by CMS. The CHFS Department for Medicaid Services (DMS) will implement the program requirements within a reasonable time period not to exceed eighteen (18) to twenty-four (24) months after CMS approval.



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Thank you for the opportunity to submit the enclosed application, which includes all procedures set forth under 42 C.F.R. § 431.412. Following a determination of completeness and the required 30-day Federal comment period, we will work with the Agency to further promote the objectives of the Medicaid program in Kentucky. Please contact Kentucky State Medicaid Deputy Commissioner Leslie H. Hoffmann at leslie.hoffmann@ky.gov with any questions about this application.

Sincerely,



Andy Beshear
Governor



CABINET FOR HEALTH
AND FAMILY SERVICES

**Kentucky Department for
Medicaid Services**

**Section 1115 Community Engagement
Demonstration Proposal**

June 25, 2025

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Section I – Summary

The Kentucky Legislature passed House Bill 695 during the 2025 legislative session, which amends KRS 205.5371 to require the Cabinet for Health and Family Services (CHFS) to implement, to the extent permitted under federal law, a mandatory Community Engagement Waiver Program for able-bodied adults without dependents who have been enrolled in the Commonwealth’s medical assistance program for more than twelve (12) months. CHFS must include as a qualifying community engagement activity that non-exempt individuals participate in the Kentucky Education and Labor Cabinet’s Department of Workforce Development (DWD) job placement assistance program as established in KRS 151B.420. The job placement program provides one-on-one job placement coaching and support and prioritizes job placement with an employer who offers comprehensive health insurance coverage for medical and surgical services as an employee benefit.

As a result of House Bill 695, CHFS is seeking Social Security Act Section 1115 Demonstration authority to allow CHFS to automatically refer non-exempt members of the Medicaid expansion eligibility group to the DWD. DWD will reach out to these members for participation in the job placement assistance program. Additionally, CHFS seeks to implement quality initiatives, measures, and governance structures to improve coordination across Cabinet-level programs and between external ecosystem partners.

Through this Program, CHFS will seek to positively impact Kentuckians by providing referrals and supports to help lift individuals out of poverty by gaining employment through skills development and job assistance programs. Therefore, the goals for the proposed Demonstration are as follows:

- To expand current efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs.
- To identify individuals who meet an exemption criterion and may have higher level of care needs and connect those individuals to necessary supports.

The Commonwealth respectfully requests the Centers for Medicare & Medicaid Services (CMS) review and approval of this Demonstration. The CHFS Department for Medicaid Services (DMS) will implement the program requirements within a reasonable time period not to exceed twenty-four (24) months after CMS approval.

Section II – Proposed Demonstration Program

Section II.A. Overview of Proposed Community Engagement Program

Participating in community engagement, such as education, employment, and social support, have been longstanding public health priorities with research indicating that such engagement plays a crucial role in shaping an individual’s health outcomes.¹ Potential benefits of such

¹ Nanette Goodman, The Impact of Employment on the Health Status and Health Care Costs of Working-age People with Disabilities, LEAD (Nov. 2015). https://leadcenter.org/wp-content/uploads/2021/07/impact_of_employment_health_status_health_care_costs_0.pdf

engagement extend beyond clinical care, influencing opportunities for healthier lifestyles, access to resources, and overall well-being. Community engagement can empower individuals, provide financial security, and foster social connection, all of which are linked to better physical and emotional health.² Investing in these areas provides opportunity to create stronger, healthier communities and may reduce health disparities across populations.³

For this reason, CHFS has long prioritized supporting individuals to identify opportunities to engage in their communities, educational activities, and job development with the ultimate goal of empowering and providing them with necessary tools to seek employment all while improving health outcomes. For example, the following supports are currently provided to Kentucky's Medicaid applicants and/or members:

- Kentuckians applying for Medicaid are given a questionnaire about potential needs that may be submitted with the individual's application. The questionnaire includes the following questions about employment status:
 1. Are you employed and able to meet your needs? If respond no:
 2. Which best describes your current employment situation?
 - a. **CRITICAL** No job.
 - b. **CRITICAL** I have temporary, seasonal, or part-time work that does NOT meet my needs; I need more employment.
 - c. **IMPORTANT** Full-time with no benefits or benefits that do not meet my needs. (Note: Benefits may include medical, dental, and vision insurance and retirement packages.)
 - d. **STABLE** I have temporary, seasonal, or part-time work that DOES meet my needs; I do not need more employment.
 - e. **STABLE** Full-time with benefits that meet my needs.

Individuals who do not respond as "stable" are connected with the kynect resources platform to be able to initiate referrals for additional resources, including connections to employment assistance. kynect is a self-service portal provided by the Commonwealth as a "one-stop" shop to identify programs, community resources, and assistance that individuals can access within the Commonwealth.

² See, Trudy Millar Krause et al., The Association of Social Determinants of Health with Health Outcomes (March 2021) The American Journal of Managed Care, Vol. 27, No. 3.

https://www.researchgate.net/profile/Linda_Highfield/publication/349569815_The_Association_of_Social_Determinants_of_Health_With_Health_Outcomes/links/60366286a6fdcc37a84d824e/The-Association-of-Social-Determinants-of-Health-With-Health-Outcomes.pdf?_sg%5B0%5D=started_experiment_milestone&origin=journalDetail

³ <https://odphp.health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/employment#cit6>

- Through the Kentucky Medicaid Managed Care (MMC) Program, all five (5) of the Commonwealth's currently contracted Medicaid managed care organizations (MCOs) offer General Educational Development (GED) assistance, criminal expungement, and job coaching as a value-added benefit. Examples of benefits available to MCO enrollees include:
 - \$1,000 for trade school/college after completing certain GED/job skills training.
 - A lifetime benefit of \$250 for free GED preparation and testing.
 - Free GED Test and a \$50 gift card for passing.
 - GED coaching, prep, and testing.
 - Steps2Success + GED, \$1,000 College and Trade School. Steps2Success is a program that provides free job training and financial education classes.

Additionally, three (3) MCOs provide job seeker support for their enrollees. Examples of job seeker support include: childcare, interview preparation, transportation vouchers; online housing, employment, and money management skills training; and, goodwill partnerships for job skills development and placement.

- CHFS is implementing an 1115 waiver around incarceration that furthers the Second Chance initiative established by Governor Andy Beshear's administration in 2019. This initiative aims to support individuals in overcoming barriers to employment and reintegrating into society after involvement in the criminal justice system. It offers resources such as job placement assistance, educational opportunities, and recovery support, all designed to help Kentuckians rebuild their lives and reduce recidivism. The program reflects the Commonwealth's commitment to providing second chances for a brighter future.

A particularly successful job placement assistance program, and the focus for this proposed Demonstration, is a collaboration between CHFS and the Kentucky Department of Workforce Development (DWD). Specifically, all Medicaid applications include a data field for applicants to indicate if they consent to CHFS sharing their information with DWD for job placement supports. DWD assists individuals with apprenticeships, career development, education, employment and training, and prepares them to enter the workforce, advance their careers, improve job performance, and fill skills gaps.⁴ CHFS has experienced many applicants opting to provide information to DWD, including 21,260 total individuals in the period from January 2024 to mid-April 2025.

Through this Demonstration proposal, CHFS seeks to build upon this job placement assistance program with DWD by automatically referring non-exempt members of the Medicaid expansion eligibility group to the DWD. The DWD will contact these members for participation in the job placement assistance program. This Community Engagement Waiver Program will apply for the

⁴ Department of Workforce Development. <https://elc.ky.gov/Agencies/Pages/Department-of-Workforce-Investment.aspx>

following able-bodied Medicaid expansion adults who have been enrolled for more than twelve (12) months:

- Individuals who are between nineteen (19) and sixty (60) years of age.
- Individuals who are physically and mentally able to work as defined by the Cabinet.
- Individuals who are not primarily responsible for the care of a dependent child under age eighteen (18) or a dependent disabled adult relative.

While any Medicaid member may request assistance from the Kentucky DWD, CHFS will exempt Medicaid expansion eligibility group members who meet at least one of the following criteria from automatic referral to DWD:

- Individuals who are under nineteen (19) years of age or over sixty (60) years of age.
- Individuals who are responsible for the care of a dependent child under age eighteen (18) or a dependent disabled adult relative.
- Full-time students.
- Individuals with verified earned income.
- Individuals with a diagnosed substance use disorder or serious mental illness.
- Pregnant women.
- Individuals with a chronic disease as determined by the Cabinet.
- Individuals whose eligibility has been determined based on disability or who have been deemed disabled by the Social Security Administration.
- Individuals already participating in a workforce participation program that the Cabinet has determined meets the objective of the Community Engagement Waiver Program (e.g., SNAP as defined at 7 C.F.R. 273.24).
- Individuals who are homeless or who were recently homeless for up to six (6) months post-housing.
- Individuals who are receiving Unemployment Insurance income benefits.
- Individuals who have an acute medical condition (physical and/or behavioral) that would prevent them from complying with the requirements.
- Victims of domestic violence.
- Individuals who have recently been directly impacted by a catastrophic event such as a natural disaster or the death of a family member living in the same household.

- Former foster youth (FFY) up to age twenty-six (26).
- Individuals who reside in counties in which the unemployment rate is greater than one hundred fifty percent (150%) of the national average.
- Other good cause exceptions as approved by CHFS.

To operationalize the new Demonstration Program, CHFS will continue its current process of providing information to DWD for all applicants who were determined eligible and enrolled in Medicaid and who opted to share their information. The Medicaid application will also be updated to include a signature field for individuals to agree to referral to the DWD if they are determined as non-exempt. With this change, CHFS will also implement a process for Medicaid expansion eligibility group members to request exemption and to appeal if they do not meet an exemption criterion.

Additionally, CHFS will implement an outreach initiative as follows for members enrolled in the Medicaid expansion eligibility group:

- **Newly Enrolled Members.** CHFS will send letters to new members upon initial enrollment, at six (6) months, and again at twelve (12) months to inform them about the Community Engagement Program. Individuals may choose to participate in the program prior to being enrolled in the Medicaid program for twelve (12) months.
- **Existing Members:** At launch, CHFS will identify existing members who meet the criteria of this Demonstration. CHFS will send outreach letters to these members providing thirty (30)-day notice that they will be referred to and contacted by DWD unless they meet an exemption criterion. Additionally, CHFS will remind members at their eligibility redetermination periods of the available resources DWD has to offer and encourage their engagement.
- **Managed Care Program Enrollees:** CHFS may also engage DMS's contracted MCOs to provide additional outreach about the Program to their enrollees.

Outreach letters will include information about DWD and its offerings, will remind new members that they consented for their information to be provided to DWD, and will include information about how to request an exemption. Members will be allowed to self-attest to meeting an exemption criterion, and CHFS will verify that they meet the requested exemption(s) using existing information and available data (e.g., review of claims data for relevant chronic condition diagnoses). Members will not be required to submit additional information to support the review of the exemption request.

CHFS and DWD will continually collaborate about the Community Engagement Program and will track progress and success of increasing participation levels through sharing of Medicaid expansion eligibility group member information. Efforts are underway to identify necessary systems changes to share information and to track important data to understand the impact of the Program.

Following implementation of the waiver, a minimal impact to enrollment is expected for members who are able to identify gainful employment through the community engagement process and therefore are no longer eligible for Medicaid. CHFS views this new initiative to refer all non-exempt Medicaid expansion members to DWD as a next step in an iterative process that CHFS is undertaking to improve quality and health outcomes for Kentuckians. Implementing additional support for Medicaid expansion eligibility group members to gain economic stability will, in turn, further Kentucky Medicaid's mission that includes advancing innovative policy solutions and improving equitable outcomes for members across the healthcare system.

Section II.B. Demonstration Area and Delivery System

The Demonstration will take place statewide. Individuals will continue to receive the authorized Medicaid coverage and will be served through the same delivery systems in which they are currently enrolled.

Section II.C. Demonstration Timeframe

The Commonwealth seeks a five (5)-year approval period for the proposed Demonstration beginning on the date approved by CMS. The CHFS DMS will implement the program requirements within a reasonable time period not to exceed twenty-four (24) months after CMS approval.

Section III – Demonstration Eligibility

Section III.A. Demonstration Eligibility Group

The proposed Demonstration will apply to Kentucky's Medicaid expansion eligibility group, which the Commonwealth implemented in 2014 under the Affordable Care Act, increasing Medicaid access to hundreds of thousands of Kentuckians. Medicaid expansion in Kentucky covers nearly all adults up to 138% of the Federal Poverty Level (FPL), and as of May 2025 there are 459,380 individuals in the Medicaid expansion eligibility group.

Section III.B. Impact to Eligibility

The Commonwealth is not requesting any eligibility changes for the Medicaid expansion eligibility group.

Section III.C. Enrollment Limits

CHFS has not proposed enrollment limits for this Demonstration.

Section III.D. Projected Eligibility and Enrollment

Following implementation of the waiver, a minimal impact to enrollment is expected for members who are able to identify gainful employment through the community engagement process and therefore are no longer eligible for Medicaid. It is estimated that approximately 60,000 individuals will be subject to the requirements of this waiver; however, the demonstration is not expected to have a material impact on eligibility and enrollment. Note, this estimate is not based on the number of members who have achieved twelve (12) months of enrollment, as such figures vary considerably from month to month.

Section IV – Benefits and Cost-Sharing Requirements

The Commonwealth is not requesting changes to benefits or cost-sharing requirements for individuals in the Medicaid expansion eligibility group through this Demonstration.

Section V – List of Proposed Waivers and Expenditure Authorities

The Commonwealth is requesting the following waivers necessary to implement the policies described in this proposed Demonstration. CHFS will work with CMS during the federal review period to make any necessary modifications to this request.

1. ***Disclosure of information, Section 1902(a)(7)(A).*** To the extent necessary to enable the Commonwealth to disclose information concerning Medicaid expansion group members to the Kentucky Department of Workforce Development.
2. ***42 CFR 435.907(e).*** To the extent necessary to enable the Commonwealth to require that applicants provide a signature agreeing to be automatically referred to the DWD if enrolled in the Medicaid expansion eligibility group and determined as non-exempt from the Community Engagement Program.

Section VI – Demonstration Goals and Hypotheses

Tables 1 and 2 below detail the goals of the proposed Demonstration, as well as preliminary hypotheses, measurements, and data sources, which have been developed consistent with CMS guidance for evaluation of 1115 Demonstrations. CHFS will submit a final, detailed evaluation methodology following CMS approval of the proposed Demonstration.

Goal 1

To expand current efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs.

Table 1. Proposed Demonstration Goals and Hypotheses

Hypothesis 1	Potential Measurement(s)	Data Source(s)
The Demonstration will increase the number of Medicaid expansion group members engaged with the Department of Workforce Development (DWD).	<ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who requested referral to DWD at time of Medicaid application. The number and percentage of Medicaid expansion group members who did not opt in at time of Medicaid application but who CHFS referred to DWD as they did not meet an exemption status. 	<ul style="list-style-type: none"> CHFS referrals to DWD. DWD data for the number of Medicaid expansion group members contacted and agreed to participate.
The Demonstration will increase the number of	<ul style="list-style-type: none"> The number and percentage of Medicaid expansion group 	<ul style="list-style-type: none"> DWD report.

Hypothesis 1	Potential Measurement(s)	Data Source(s)
Medicaid expansion group members who are connected with training and educational supports to prepare them for employment.	members who DWD connected to training and educational supports.	
The Demonstration will increase the number of Medicaid expansion group members who are connected to employment opportunities.	<ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who DWD connected to employment opportunities. 	<ul style="list-style-type: none"> DWD report.

Goal 2

To identify individuals who meet an exemption criterion and may have higher level of care needs and connect those individuals to necessary supports.

Table 2. Proposed Demonstration Goals and Hypotheses

Hypothesis 1	Potential Measurement(s)	Data Source(s)
The Demonstration exemption process will increase the identification of Medicaid expansion group members who have additional care needs.	<ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who are verified as having an exemption from referral to DWD. 	<ul style="list-style-type: none"> Reporting on exempted members.
The Demonstration exemption process will increase the number of Medicaid expansion group members who receive outreach and assessment from their assigned MCO and who are connected with services to meet their healthcare needs.	<ul style="list-style-type: none"> The number and percentage of exempted Medicaid expansion group members who MCOs connect with additional services based on their identified healthcare needs. 	<ul style="list-style-type: none"> Reporting on exempted members. MCO reporting on outreach and referrals.

Section VII – Demonstration Financing and Budget Neutrality

While the Commonwealth anticipates incurring certain administrative expenses due to systems changes and additional staffing, currently, no federal expenditure authorities are required to operate the proposed Demonstration and none are being requested. As such, the Demonstration budget neutrality calculation for this waiver utilizes the hypothetical budget neutrality test on a per member per month (PMPM) basis. The “Without Waiver” calculations utilize Demonstration Year (DY) 00 enrollment and managed care projected payments as of July 2025. Utilizing an enrollment growth of 0% and PMPM trend of 5%, DMS developed a five (5)-year projection. The “With Waiver” calculations assume a similar PMPM value and trend but reflects a minimal 0.20% decrease in enrollment on an annual basis starting in DY 02. This decrease assumes that a portion of the members subject to the community engagement requirement will identify gainful employment as a result of the increased communication and connection to available employment resources that will result in increased income over the Medicaid program eligibility limits. The resulting spend difference over the five (5)-year projection period is approximately \$184.6 million.

Table 3. Without Waiver and With Waiver Demonstration Years

Without Waiver Total Expenditures						
	DEMONSTRATION YEARS (DY)					TOTAL
	DY 01	DY 02	DY 03	DY 04	DY 05	
Adult Expansion MEG 1	\$7,981,542,450	\$8,380,644,300	\$8,799,693,000	\$9,239,677,650	\$9,701,642,300	\$44,103,199,700
TOTAL	\$7,981,542,450	\$8,380,644,300	\$8,799,693,000	\$9,239,677,650	\$9,701,642,300	\$44,103,199,700
With Waiver Total Expenditures						
	DY 01	DY 02	DY 03	DY 04	DY 05	TOTAL
Adult Expansion MEG 1	\$7,981,542,450	\$8,363,883,011	\$8,764,529,459	\$9,184,350,561	\$9,624,262,213	\$43,918,567,694
TOTAL	\$7,981,542,450	\$8,363,883,011	\$8,764,529,459	\$9,184,350,561	\$9,624,262,213	\$43,918,567,694
Net Overspend	\$0	\$16,761,289	\$35,163,541	\$55,327,089	\$77,380,087	\$184,632,006

Table 4. Per Member Per Month (PMPM) Trend Rates

MEG(s)	Trend Rate	DY 01	DY 02	DY 03	DY 04	DY 05
Adult Expansion MEG 1	5.0%	\$1,452.51	\$1,525.14	\$1,601.40	\$1,681.47	\$1,765.54

Section VIII – Public Notice

Public Notice Process

In accordance with 42 CFR § 431.408, DMS conducted a thirty (30)-day public notice and comment period beginning on May 13, 2025 and ending on June 12, 2025. DMS conducted the following public notice activities:

- Posted all materials on the DMS website at:
<https://www.chfs.ky.gov/agencies/dms/Pages/Medicaid-SUD-1115-Waiver.aspx>.
- Provided social media postings about the Demonstration and public notice period.
- Sent alerts through the GovDelivery listserv platform utilized by DMS.
- Accepted written comments by email and mail.
- Conducted two (2) public forums as follows, including one in-person forum and one virtual forum to assure accessibility throughout the Commonwealth.
 - **Public Forum #1:** Thursday, May 22, 2025, at 10:00AM -11:00AM EST. This forum was conducted virtually as part of an Advisory Council for Medical Assistance (MAC) meeting. In addition to the one-hour timeframe for discussion and comment, DMS accepted all related comments submitted for the entirety of the three-hour meeting.
 - **Public Forum #2:** Friday, May 23, 2025, at 10:00AM – 11:00AM EST. This forum was held in person at The Kentucky Transportation Cabinet in Frankfort, KY 40622.

See Appendix A for the abbreviated and full public notices and Appendix B for a summary of comments received and Commonwealth responses.

Tribal Notice Process

Kentucky does not have any tribal units.

Section IX – Demonstration Administration

Please provide the contact information for Kentucky’s point of contact for the Demonstration application.

Name: Leslie H. Hoffmann
Title: Deputy Commissioner
Agency: Department for Medicaid Services
Address: 275 East Main Street
City/State/Zip: Frankfort, Kentucky 40601
Telephone Number: 502.564.4321, Ext. 2883
Email Address: leslie.hoffmann@ky.gov

Appendix A: Public Notices

ABBREVIATED PUBLIC NOTICE

Kentucky Medicaid Section 1115 Demonstration: Community Engagement

In accordance with 42 CFR 431.408, the Cabinet for Health and Family Services (CHFS), Department for Medicaid Services (DMS) announces its intention to file a Section 1115(a) Demonstration proposal with the Centers for Medicare & Medicaid Services (CMS), to request implementation of a Community Engagement Waiver Program.

The goals of the proposed Demonstration are to:

- Expand current efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs.
- To identify individuals who meet an exemption criterion and may have higher level of care needs and connect those individuals to necessary supports.

Under the proposed Demonstration, DMS will refer eligible Medicaid expansion eligibility group members to the Kentucky Education and Labor Cabinet's Department of Workforce Development (DWD). DWD will reach out to these members to provide information about available job placement assistance programs. For individuals who agree to receive support, DWD will connect them to supports such as apprenticeships, career development, education, employment and training, and will provide support in preparing them to enter the workforce, advance their careers, improve job performance, and fill skills gaps.

Eligible members are in the Medicaid expansion eligibility group and must be able-bodied adults without dependents who have been enrolled in the Commonwealth's medical assistance program for more than twelve (12) months. DMS will review eligible members for possible exemptions from referral and will not refer those who meet an exemption criterion, unless the individual has requested to be referred.

Public Forums

DMS will hold two public forums on the following dates:

Public Forum #1: Thursday, May 22, 2025, at 10:00AM -11:00AM EST

Join on your computer or mobile app via Zoom:

<https://us06web.zoom.us/j/87343193242?pwd=s3uEpNTJvZMbZO9NcacK3hqGhwflSg.1>

Passcode: 217974

Or call in (audio only): (713) 353-0212 or (888) 822-7517, Conference ID: 729573

Public Forum #2: Friday, May 23, 2025, at 10:00AM – 11:00AM EST

Join in-person at: The Kentucky Transportation Cabinet, 200 Mero Street, Frankfort, KY 40622, Auditorium C105

Public Comments

A draft of the proposed Demonstration application and copies of this notice are available on the DMS website at: <https://www.chfs.ky.gov/agencies/dms/Pages/Medicaid-SUD-1115-Waiver.aspx>.

Comments or inquiries should be submitted via email and received on or before June 12, 2025, to: KY1115CommEngagement@mslc.com.

Written comments must be postmarked by June 12, 2025, and mailed to:

Kentucky Medicaid Section 1115 Comment
C/o DMS Commissioner's Office
275 E. Main St. 6W-A
Frankfort, KY 40621

FULL PUBLIC NOTICE

Kentucky Medicaid Section 1115 Demonstration: Community Engagement

Summary of Proposed Demonstration

In accordance with 42 CFR 431.408, the Cabinet for Health and Family Services (CHFS), Department for Medicaid Services (DMS) announces its intention to file a Section 1115(a) Demonstration proposal with the Centers for Medicare & Medicaid Services (CMS), to request implementation of a Community Engagement Waiver Program.

The goals of the proposed Demonstration are to:

- Expand current efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs.
- To identify individuals who meet an exemption criterion and may have higher level of care needs and connect those individuals to necessary supports.

Under the proposed Demonstration, DMS will refer eligible Medicaid expansion eligibility group members to the Kentucky Education and Labor Cabinet's Department of Workforce Development (DWD). DWD will reach out to these members to provide information about available job placement assistance programs. For individuals who agree to receive support, DWD will connect them to supports such as apprenticeships, career development, education, employment and training, and will provide support in preparing them to enter the workforce, advance their careers, improve job performance, and fill skills gaps.

Demonstration Eligibility

This Community Engagement Waiver Program will apply for the following able-bodied Medicaid expansion adults who have been enrolled for more than twelve (12) months:

- Individuals who are between nineteen (19) and sixty (60) years of age.
- Individuals who are physically and mentally able to work as defined by the Cabinet.
- Individuals who are not primarily responsible for the care of a dependent child under age eighteen (18) or a dependent disabled adult relative.

DMS will review eligible members for possible exemptions from referral and will not refer those who meet one or more of the below exemption criteria, unless the individual has requested to be referred.

<ul style="list-style-type: none"> • Individuals under 19 or over 60 years of age. • Individuals responsible for care of a dependent child under age 18 or a dependent disabled adult relative. • Individuals with: <ul style="list-style-type: none"> - A diagnosed substance use disorder or serious mental illness. - A chronic disease as determined by CHFS. - An acute medical condition (physical and/or behavioral) that would prevent them from complying with requirements. • Individuals whose eligibility has been determined based on disability or who have been deemed disabled by the Social Security Administration. • Individuals with verified earned income. • Individuals receiving Unemployment Insurance income benefits. 	<ul style="list-style-type: none"> • Pregnant women. • Individuals who are homeless or who were recently homeless for up to six months post-housing. • Individuals who are victims of domestic violence. • Individuals who have recently been directly impacted by a catastrophic event such as a natural disaster or the death of a family member living in the same household. • Individuals already participating in a workforce participation program that CHFS has determined meets the objective of the Community Engagement Waiver Program (e.g., SNAP). • Former foster youth up to age 26. • Other good cause exceptions as approved by CHFS.
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The Commonwealth is not requesting any eligibility changes for the Medicaid expansion eligibility group.

Demonstration Area and Delivery System

The Demonstration will take place statewide. Individuals will continue to receive the authorized Medicaid coverage and will be served through the same delivery systems in which they are currently enrolled.

Benefits and Cost-Sharing

The Commonwealth is not requesting changes to benefits or cost-sharing requirements for individuals in the Medicaid expansion eligibility group through this Demonstration

Projected Enrollment

CHFS has not proposed enrollment limits for this Demonstration. Following implementation of the waiver, a minimal impact to enrollment is expected for members who are able to identify gainful employment through the community engagement process and therefore are no longer eligible for Medicaid. It is estimated that approximately 75,000 individuals will be subject to the requirements of this waiver. However, the demonstration is not expected to have a material impact on eligibility and enrollment.

Budget Neutrality Projections

While the Commonwealth anticipates incurring certain administrative expenses due to systems changes and additional staffing, currently, no federal expenditure authorities are required to operate the proposed Demonstration and none are being requested. As such, the Demonstration budget neutrality calculation for this waiver utilizes the hypothetical budget neutrality test on a per member per month basis. The “Without Waiver” tab of the budget neutrality workbook

utilizes DY 00 enrollment and managed care projected payments as of July 2025. Utilizing an enrollment growth of 0% and PMPM trend of 5%, DMS developed a five-year projection. The “With Waiver” tab of the budget neutrality workbook assumes a similar PMPM value and trend but reflects a minimal 0.20% decrease in enrollment on an annual basis starting in DY 02. This decrease assumes that a portion of the members subject to the community engagement requirement will identify gainful employment as a result of the increased communication and connection to available employment resources that will result in increased income over the Medicaid program eligibility limits. The resulting spend difference over the five-year projection period is approximately \$184.6 million.

Demonstration Evaluation

The Commonwealth will develop a comprehensive evaluation plan for the Demonstration based on the below two goals and hypotheses.

Goal 1

To expand current efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs.

Table 1. Proposed Demonstration Goals and Hypotheses

Hypothesis 1	Potential Measurement(s)	Data Source(s)
The Demonstration will increase the number of Medicaid expansion group members engaged with the Department of Workforce Development (DWD).	<ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who requested referral to DWD at time of Medicaid application. The number and percentage of Medicaid expansion group members who did not opt in at time of Medicaid application but who CHFS referred to DWD as they did not meet an exemption status. 	<ul style="list-style-type: none"> CHFS referrals to DWD. DWD data for the number of Medicaid expansion group members contacted and agreed to participate.
The Demonstration will increase the number of Medicaid expansion group members who are connected with training and educational supports to prepare them for employment.	<ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who DWD connected to training and educational supports. 	<ul style="list-style-type: none"> DWD report.
The Demonstration will increase the number of Medicaid expansion group members who are connected to employment opportunities.	<ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who DWD connected to employment opportunities. 	<ul style="list-style-type: none"> DWD report.

Goal 2

To identify individuals who meet an exemption criterion and may have higher level of care needs and connect those individuals to necessary supports.

Table 2. Proposed Demonstration Goals and Hypotheses

Hypothesis 1	Potential Measurement(s)	Data Source(s)
The Demonstration exemption process will increase the identification of Medicaid expansion group members who have additional care needs.	<ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who are verified as having an exemption from referral to DWD. 	<ul style="list-style-type: none"> Reporting on exempted members.
The Demonstration exemption process will increase the number of Medicaid expansion group members who receive outreach and assessment from their assigned MCO and who are connected with services to meet their health care needs.	<ul style="list-style-type: none"> The number and percentage of exempted Medicaid expansion group members who MCOs connect with additional services based on their identified health care needs. 	<ul style="list-style-type: none"> Reporting on exempted members. MCO reporting on outreach and referrals.

Waiver Authority

The Commonwealth is requesting the following federal waivers to implement the policies described in the proposed Demonstration. CHFS will work with CMS during the federal review period to make any necessary modifications to this request.

1. ***Disclosure of information, Section 1902(a)(7)(A).*** To the extent necessary to enable the Commonwealth to disclose information concerning Medicaid expansion group members to the Kentucky Department of Workforce Development.
2. ***42 CFR 435.907(e).*** To the extent necessary to enable the Commonwealth to require that applicants provide a signature agreeing to be automatically referred to the DWD if enrolled in the Medicaid expansion eligibility group and determined as non-exempt from the Community Engagement Program.

Public Input Process

Public Forums

DMS will hold two public forums on the dates below to allow an opportunity for individuals to submit verbal comments about the proposed Demonstration Program to the Commonwealth.

Public Forum #1: Thursday, May 22, 2025, at 10:00AM -11:00AM EST

Join on your computer or mobile app via Zoom:

<https://us06web.zoom.us/j/87343193242?pwd=s3uEpNTJvZMbZO9NcacK3hqGhwflSg.1>

Passcode: 217974

Or call in (audio only): (713) 353-0212 or (888) 822-7517, Conference ID: 729573

Public Forum #2: Friday, May 23, 2025, at 10:00AM – 11:00AM EST

Join in-person at: The Kentucky Transportation Cabinet, 200 Mero Street, Frankfort, KY 40622, Auditorium C105

Submission of Public Comments

A draft of the proposed Demonstration application and copies of this notice are available on the DMS website at: <https://www.chfs.ky.gov/agencies/dms/Pages/Medicaid-SUD-1115-Waiver.aspx>.

Comments or inquiries should be submitted via email and received on or before June 12, 2025, to: KY1115CommEngagement@mslc.com.

Written comments must be postmarked by June 12, 2025, and mailed to:

Kentucky Medicaid Section 1115 Comment
C/o DMS Commissioner's Office
275 E. Main St. 6W-A
Frankfort, KY 40621

Appendix B: Summary of Public Comments

As noted in Section VIII, Public Notice, DMS conducted two public forums in accordance with 42 CFR § 431.408(3) to inform the public of the Commonwealth's intent to request approval from the Centers for Medicare & Medicaid Services for a Section 1115 Community Engagement Demonstration. DMS received public comments as follows:

- **Public Forum #1** on Thursday, May 22, 2025. 187 individuals attended the forum. 19 individuals provided comments.
- **Public Forum #2** on May 23, 2025. One individual attended the forum, but did not provide comments.
- **Emailed comments.** DMS received twenty-three (23) emailed comments.
- **Mailed comments.** DMS did not receive mailed comments.

DMS received a total of forty-two (42) comments from individuals, provider organizations, associations, and advocacy groups.⁵ The following summarizes comments received during the public comment period and provides DMS responses.⁶ As recommended by a commenter, DMS added an exemption for individuals who reside in counties in which the unemployment rate is greater than one hundred fifty percent (150%) of the national average. With this change, DMS revised the estimated number of members who will be subject to the requirements of this Demonstration from 75,000 to 60,000. Additionally, DMS will carefully consider all input as part of our ongoing planning for implementation and operations.

1. Support for Kentucky's 1115 Community Engagement Demonstration Proposal

Summary of Comments Received

Multiple commenters praised DMS for the nature of the proposed Demonstration and commended the emphasis on expanding current efforts to connect individuals to educational programs, job supports, and other services through proactive outreach. Commenters indicated their support for promoting economic stability and financial independence in a manner that is not tied to penalties or eligibility, noting that doing so will also allow for continued efforts to improve health outcomes and result in savings in the long-term. Commenters were also supportive of the plan to allow self-attestation for exemptions. Commenters appreciated the listing of exemption categories, and that DMS will also work to identify individuals who may have higher level of care needs and

⁵ An organization conducted a survey about Medicaid and work/community engagement requirements at the national and state level and included responses with its submission of comments to DMS. DMS has not included survey responses in the total count of comments received (i.e., the one organization is included in the count, not the number of survey respondents). Additionally, DMS only considered survey questions as applicable to this 1115 Demonstration proposal (i.e., those about impacts of Medicaid work requirements in the current proposed federal bill (H.R. 1) are not addressed in our response).

⁶ DMS received comments that are not relevant to this 1115 Demonstration proposal for Community Engagement, but applied to other programs (e.g., Re-entry, HCBS waivers). We have included those comments in the count of comments received, but we have not provided response. Those comments have been referred to appropriate parties within DMS.

connect them to necessary supports.

Commenters also commended DMS for planning an approach for cross-department collaboration between DMS and the Department of Workforce Development (DWD).

DMS Response

DMS appreciates each commenter's support for this Demonstration proposal.

2. Opposition to Kentucky's 1115 Community Engagement Demonstration Proposal

Summary of Comments Received

Though many commenters were in support of the proposed amendment, some commenters noted their opposition to the current proposal citing experiences of other states, such as Arkansas and Georgia, as well as research studies pointing to administrative burdens, increased costs and challenges with operations that have not led to improved workforce participation or better paying jobs that provide health insurance or living wages. Some also commented on high percentages of Medicaid members who are already working.

Several commenters indicated opposition to any future 1115 Demonstration amendments to incorporate program changes such as mandating work or community engagement as a condition of Medicaid eligibility, adding paperwork for exemptions or reporting activities, or imposing penalties that may cause Kentuckians to lose access to health care.

One commenter opposing the Demonstration proposal stated, "While framed as a workforce referral program, this waiver is a backdoor attempt to reintroduce harmful Medicaid work requirements that have consistently been shown to reduce health coverage without improving employment outcomes." The commenter further indicated that the proposal "would only deepen coverage instability and reduce access to essential reproductive, preventive, and basic health care services for those most in need, indicating that these policies disproportionately impact individuals with low incomes, caregivers, people with disabilities, and communities of color—populations already experiencing systemic barriers to care."

Some commenters also voiced concern about decreased access to care and burdensome administration requirements for members deterring enrollment and disrupting continuity of care. One commenter voiced that exemptions incentivize people to make life choices that will allow them to continue to meet an exemption (e.g., avoid getting better). Additionally, a commenter cited Kentucky's economy as not being equipped to offer over 75,000 good paying jobs. Commenters voiced concerns about additional challenges for those in rural communities and challenges with transportation.

Some commenters requested that instead of moving forward with this Demonstration proposal, Kentucky instead use funding to improve health care and access.

DMS Response

DMS understands stakeholder concerns for Kentuckians and opposition to work requirements programs and therefore has worked to design a program that meets the requirements of Kentucky House Bill 695 to develop a community engagement waiver program while also considering in that design the very challenges raised by commenters. We further recognize that several commenters raised concerns about the administrative burden of member reporting. We are seeking to minimize potential burden by allowing eligible members to self-attest for any exemptions. As the mission of DMS is to “elevate the quality of life for all Kentuckians by expanding access to healthcare, advancing innovative policy solutions, and improving equitable outcomes for members across the healthcare system,” our design includes goals to not only expand efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs, but also to identify individuals who meet an exemption and may have higher level of care needs and connect those individuals to necessary supports. Through this program, we have an opportunity to identify individuals with higher needs who may need additional care and get them the necessary services.

3. Alignment of Community Engagement Program with State and Federal Law

Summary of Comments Received

Several commenters addressed the federal House Resolution (H.R.) 1 – One Big Beautiful Bill Act, requesting information about how DMS will consider impacts of the work requirements in that bill, if passed. Specifically, one commenter requested additional information on how DMS plans to align Kentucky’s Community Engagement Program with potential federal requirements.

DMS Response

DMS is legislatively mandated to submit this Demonstration application per the requirements of House Bill 695. Should federal proposals be enacted that mandate states to implement work requirements for Medicaid programs, DMS will work with our federal partners at CMS and the Kentucky legislature to ensure proper alignment and compliance with state and federal requirements.

4. Request for Additional Information and Transparency

Summary of Comments Received

Multiple commenters raised concerns about transparency in the process of development of the 1115 Community Engagement Demonstration proposal. They also expressed concerns that minimal information about the resulting program and limited supporting data (e.g., transparency in data/estimate of population impact) is provided in the draft Demonstration proposal, citing that it is short in length compared to the typical waiver renewal or application (e.g., a home- and community-based services waiver renewal application that was over 100 pages). Questions were raised about data the Commonwealth has analyzed in planning for the 1115 Demonstration program. Commenters would like to see the following data:

- Number of enrollees the Commonwealth currently shows as employed.
- Estimate of the number of people who would be unable to comply with the requirements, based on experience with the public health emergency unwinding.
- Estimated monitoring costs.
- There was a similar requirement during Governor Bevin's administration including a copay requirement of \$1. Is there any data regarding what came of that requirement?

Commenters also would like DMS to publish modifications that are required to the planned Community Engagement Program due to federal changes.

DMS Response

DMS appreciates commenters' concerns about transparency and available data. Within the ninety (90)-day timeframe provided to us in House Bill 695 for submission of an 1115 Community Engagement waiver to CMS for approval, we have provided extensive notification to the public and stakeholders about this new Demonstration. In addition to the public comment period and the two forums conducted through that process, DMS presented information about the Demonstration proposal during the following forums:

- ThriveKY Forum
- Advocate Monthly Meeting
- Technical Advisory Committee (TAC) on Consumer Rights & Client Needs
- Two (2) monthly Medicaid Forums

Additionally, DMS and its partners have reviewed available data in consideration of development of the Demonstration proposal (e.g., financial, administrative, workforce, enrollment, and claims data). We are actively working with DWD to determine ongoing data needs for reporting to CMS and for ongoing monitoring of the success of the additional supports being provided to members through this Demonstration. In response to the comment about prior copay requirements, that program was never implemented and therefore data is not available to review.

This Demonstration proposal is shorter than others referenced, as 1115 applications are not prescriptive, while CMS provides application templates for other federal authority waivers (e.g., 1915(b) and 1915(c) waivers). As this 1115 Demonstration proposal is requesting approval to implement one initiative, it is also not as long as others that include requests for multiple initiatives (e.g., TEAMKY 1115 Demonstration).

5. Request for Operational Details

Summary of Comments Received

Many commenters requested additional details for how DMS will implement and operate the Community Engagement Program. Below we provide a summary of comments received organized by operational area and that are representative of the overall input received about operations.

- **Data Collection.** CHFS will have to modify Medicaid applications to collect the required data from members and will have to enhance data sharing systems to track progress and participation, which can be costly for the state. Consideration should be given to recording the minimum social care data required to protect patients from discrimination and other unintended consequences of data collection. Additionally, the administrative burden for state agency employees and enrollees should be considered when developing forms and data systems.

DMS Response. Commenters are correct that considerations are necessary for currently available data, systems for data sharing, and additional data that is required. DMS and DWD are currently collaborating to identify information readily available to DMS and to determine system changes that will be necessary to track members, their exemptions, and their referrals to DWD. DMS thanks commenters for recommendations about minimal data to record and will consider these comments as we continue planning.

- **Member Authorization.** Will non-exempt individuals be required to authorize transfer of their information to DWD? If a signature is required for individuals to authorize transfer of information, make this optional, as this should not be a condition for enrollment. Enrollees should not be penalized for failing to provide a signature.

Medicaid applicants will also have to answer a questionnaire about potential needs. Patients should consent to being screened and be aware that their questionnaire results will be a part of employment resource referrals.

DMS Response. DMS thanks commenters for recommendations regarding member authorization requirements. As indicated in the Demonstration proposal, the application will be updated to include a signature field for individuals to agree to referral to DWD if they are determined as non-exempt. DMS will consider these comments as we continue planning.

- **Self-Attestation Process.** Will there be a process in place or accommodations made for a person who needs to make a self-attestation but is not capable of doing so? For example, could a provider who knows that individual attest an exemption on their behalf?

DMS Response. DMS thanks commenters for recommendations regarding self-attestation processes and will consider necessary accommodations as we continue planning.

- **Appeal Process.** Implement a new administrative appeal process similar in scope to an External Medical Review for this program that is clearly communicated to enrollees, with timelines and accessible language in documentation. Allow the individual to remain enrolled in Medicaid until a final decision is rendered.

Individuals undergoing active treatment for lung cancer or other serious diseases may not have the capacity to complete additional paperwork or an appeals process if deemed noncompliant with the program referral process. The state should clarify these points and ensure that access to coverage is not impacted during implementation of this waiver.

DMS Response. DMS thanks commenters for recommendations for appeal processes and will consider these comments as planning continues. Please note that the waiver's appeal process applies to a member's request for an exemption to the waiver if the member does not meet the criteria for an exemption at initial determination. The appeal process is not intended to apply to the evaluation of a member's continued Medicaid enrollment.

- **Member Outreach.** What will be the result if a member does not receive the mailed outreach letters or ignores the letters that are received? Will individuals be allowed to opt into the Community Engagement Program at a later date? How frequently will individuals be contacted?

DMS Response. As indicated in the Demonstration proposal, CHFS will send letters to new members upon initial enrollment, at six (6) months, and again at twelve (12) months to inform them about the Community Engagement Program. Individuals may choose to participate in the program prior to being enrolled in the Medicaid program for twelve (12) months. DMS is continuing to consider outreach needs for members who are not responsive to outreach letters as part of our planning process.

- **Job Supports.** Commenters noted concerns regarding low funding and staffing for the Office of Vocational Rehabilitation (OVR) and asked how DMS intends to handle the influx of requests for vocational rehabilitation services.

DMS Response. DMS thanks the commenters for information about the OVR. According to OVR, the agency is not out of funding. However, available funds are not adequate to provide the full range of vocational rehabilitation services to all eligible individuals with disabilities who apply for services. Over the past four years, OVR has had a 95% increase in the number of consumer referrals and applications received. Yet, in FFY 2024, the agency successfully assisted 4,953 individuals with disabilities in achieving competitive integrated employment and to date, in FFY 2025, data trends indicate continued growth and potential for a more substantial increase in these areas. This increase has created wait times in some areas, and after careful review of the agency's current and projected fiscal and personnel resources, the agency is operating under an Order of Selection to control the costs of services. However, OVR encourages individuals to continue to apply for services and secure their place on the waiting list. Additionally, DMS and DWD are collaborating to address identified challenges as we continue planning.

DMS Overall Response

DMS appreciates commenters thoughtful considerations for operational requirements for the Community Engagement Program. DMS has provided general responses to each operational comment summary. However, we are conducting a comprehensive planning process inclusive of operational areas raised by commenters. DMS would like for commenters to understand that 1115 Demonstration proposals do not require extensive or comprehensive operational details, and they are not typically included by states. States,

including Kentucky for this Community Engagement Program, are typically continuing to conduct comprehensive planning processes while the proposal is under review by CMS. Kentucky will provide more comprehensive details in an implementation plan to CMS, which is a condition of approval of 1115 Demonstrations. DMS will also develop detailed policies and procedures, communications, and workflows, among other information that documents the operational details for the Program.

6. Member Communications

Summary of Comments Received

Multiple commenters indicated a need for clear and detailed communications about the requirements of and processes for the Community Engagement program. Requests include:

- Understand in communications that this Program will cause a lot of concern and anxiety for members, because many do not know if they are in the Medicaid expansion population. When people are highly anxious, they do not take in information well.
- Ensure clarity in all processes that there is no obligation for members to reply to contacts from DWD and that there is no impact to coverage for not replying.
- Provide very clear and widespread community education to prevent confusion about the exemptions and to ensure individuals there are no penalties or restrictions to eligibility tied to community engagement.
- Involve hospitals in member outreach as they can play an important role in educating members of the new requirements. Hospitals and health care providers are often the entry point where members may learn of changes to their health insurance.

DMS Response

DMS appreciates commenters' recommendations for communications. DMS will develop a comprehensive communication plan for informing members, providers, and other stakeholders about the Community Engagement Program, implementation plans and timelines, and processes that will be implemented. DMS will make every effort to communicate in a manner that is understood by the impacted populations.

7. Qualifying Activities and Member Compliance

Summary of Comments Received

Several commenters requested details about qualifying activities, how members will certify compliance with community engagement requirements and what happens if they do not complete the required community engagement.

Below we provide a sample of comments, organized by category, which are representative of the overall input received. Details such as the following were requested by commenters:

- **Qualifying Activities.** How many hours will a member be required to be employed to remain eligible if non-exempt? While KRS 205.5371(2) authorizes the Community Engagement Waiver Program to utilize the same requirements established in 7 C.F.R. sec. 273.24 (for SNAP's work requirement) to define qualifying community engagement activities, the draft proposal appears to only discuss linkages and referrals to Kentucky's DWD. Will the Program have requirements similar to the ones already established in 7 C.F.R. sec. 273.24 (for SNAP's work requirement)?
- **Self-Attestation Process.** How often will individual members be required to certify compliance? How will they certify compliance? What quick, responsive and user-friendly platforms are being designed to efficiently and effectively allow individuals looking for work to submit documentation without the barriers of mail delays, changing addresses, etc.?
- **Verification Process.** How will the Cabinet verify and process proof of individuals meeting community engagement requirements, employment, or other employment training programs? Take the steps needed to ensure unintended coverage loss due to administrative challenges or other avoidable technical issues is minimized.
- **Provider Verification Process.** How will a provider verify that a Medicaid member meets the work requirements and continues to have Medicaid coverage? Hospitals and other providers should not have exposure for bad data or if a member's status with Medicaid changes and should not be penalized for providing uncompensated care to individuals who do not meet community engagement requirements.
- **Member Non-compliance.** What happens if an individual does not complete the community engagement and is not exempt? Following a determination of non-compliance with the work requirement, allow a grace period during which enrollees can submit evidence of qualifying activities to DMS, appeal their determination, or otherwise be spurred to seek other employment, training, or treatment opportunities.

DMS Response

CHFS has long prioritized supporting individuals to identify opportunities to engage in their communities, educational activities, and job development with the ultimate goal of empowering and providing them with necessary tools to seek employment all while improving health outcomes. Therefore, as stated in the Demonstration proposal, the qualifying community engagement activity is referral to the DWD for participation in the job placement program. The DWD will contact these members to offer participation in the job placement assistance program. However, members are not required to meet a certain number of hours of employment or other community engagement to continue enrollment in Medicaid. This builds upon DMS's current process of providing information to DWD for all applicants who were determined eligible and enrolled in Medicaid and who opted to share their information.

Members will be allowed to self-attest to meeting an exemption, and CHFS will verify that they meet the requested exemption(s) using existing information and available data (e.g., review of claims data for relevant chronic condition diagnoses). Members will not be required to submit additional information to support the review of the exemption request.

The only reduction in enrollment that DMS currently expects is for members who are able to identify gainful employment through the community engagement process and therefore are no longer eligible for Medicaid.

8. Concerns about Exemptions

Summary of Comments Received

Several commenters voiced concern that the current exemption criteria are not fully defined and may not capture all individuals with, at risk of, or in the process of being diagnosed with, serious and chronic health conditions that prevent them from working. Additionally, a commenter noted that efforts to obtain a “medically frail” designation is complicated and onerous for Medicaid members and providers, and their time would be better spent on treatment.

Concerns were also noted specific to individuals with disabilities, individuals who are actively applying for a disability designation and individuals who have a mental health or physical health condition but are not currently receiving disability. While individuals with disabilities will be exempt, commenters indicated they are still impacted. For example, some with a disability will not be recognized by the Commonwealth as having a health condition that is a disability, paperwork requirements may be too confusing to complete, and there is a shortage of supported employment service providers, all of which create barriers to finding jobs in many parts of the Commonwealth.

Some commenters also indicated concern that doctors should make decisions for exemptions that are for medical issues. Several commenters noted that Kentucky does not have a clear evaluation process for identifying qualifying health conditions, which could leave many patients with conditions such as lung diseases, diabetes, blood cancer, and multiple sclerosis, unable to be determined exempt. Some commenters expressed concerns that exemptions will be loosely enforced if at all. Additionally, one commenter asked what the process will be for amending the list of chronic diseases, and if those determinations will be made on a global basis (e.g., for any individual with heart disease or diabetes) or an individual basis.

One commenter questioned the process for determining which adult is “primarily responsible” in a situation where two (2) adults are caring for a dependent child or dependent disabled adult relative, and whether both adults would be exempt?

Additionally, a commenter requested information about the review, approval, and appeals processes for good cause exceptions, and asked if those exceptions would provide for an exemption for the full year or for another shorter duration.

Recommendations made by commenters for DMS consideration specific to exemptions are as follows:

- Establish a clear definition for ability to work.
- Expressly allow for an exemption for individuals with chronic illnesses who are unable to participate in community engagement activities due to serious and life-threatening medical conditions such as End Stage Renal Disease (ESRD).
- Develop a list of chronic diseases that is easily accessible, whether as part of an administrative regulation or as published on the cabinet's website.
- Use the Social Security Administration's (SSA) "compassionate allowance list" when considering exemptions. The list is usually used when making SSI determinations.
- Consider location-specific exemptions or workarounds to account for issues with access to jobs based primarily on where an individual resides (e.g., if the closest job is 20 miles from a person's home and the person does not have transportation, how can that person fully comply with the requirements?).
- Consider exemptions based on the county's unemployment rates. Align with the provisions in the federal H.R. 1 exempting Medicaid members from a work requirement if they reside in a county with unemployment at or above eight percent or 1.5 times the national average rate.

DMS Response

DMS thanks the commenters for their questions and recommendations about specific exemptions. DMS agrees that it will be important to establish detailed definitions for each exemption and effective processes for verifying exemptions. It is important to note that 1115 Demonstration proposals do not require comprehensive details, such as specific definitions for conditions, which allows time for detailed consideration and planning for operational requirements of the Program. This information will be incorporated into communication materials and other documentation such as policy manuals. DMS will work to provide member communications that include clear information about exemptions, their definitions, and processes DMS will follow to confirm an individual has met an exemption.

Additionally, DMS understands that the SNAP program work requirements for Able-Bodied Adults Without Dependents (ABAWD) exempts applicants in determined Kentucky counties that have high unemployment rates. DMS has included in its proposal an exemption for individuals already participating in a workforce participation program such as SNAP. DMS will work during the program planning process to assure coordination with SNAP to align with their established exempt counties for work requirements.

9. Request for American Indian and Alaska Native People to be Exempt

Summary of Comments Received

One commenter noted that though there are no Urban Indian Organizations (UIOs) in Kentucky, the United States has a trust obligation to provide “health services to maintain and improve the health of” American Indian and Alaska Native people no matter where they live. The commenter indicated that 20,757 American Indian and Alaska Native people ages nineteen (19) to sixty-four (64) were enrolled in Kentucky’s Medicaid program in 2023. The commenter has asked that DMS exempt American Indians and Alaskan Native Medicaid members from the Community Engagement Program.

DMS Response

DMS thanks the commenter for providing information for consideration of American Indian and Alaska Native populations. At this time, we have not added an exemption for these members.