

## **FACT SHEET**

### **Kentucky Medicaid Reform**

<b>Official Program Name:</b>	<b>KyHealth Choices</b>
<b>Date Proposal Submitted:</b>	<b>April 20, 2006</b>
<b>Date Proposal Approved:</b>	<b>May 3, 2006</b>
<b>Date Implemented:</b>	<b>May 15, 2006</b>
<b>Date Expires:</b>	<b>Not Applicable</b>

#### **SUMMARY**

On April 20, 2006, the Commonwealth of Kentucky submitted multiple SPAs as part of a larger Medicaid reform effort. Kentucky expects to implement most of its reform program through the flexibilities granted under the Deficit Reduction Act (DRA) of 2006.

- Kentucky Medicaid will better serve its beneficiaries through better targeting of benefits to meet beneficiary needs, creating incentives for healthy behavior, supporting private coverage, and enhancing the affordability and accountability.
- Through multiple amendments to the Medicaid State Plan, Kentucky has established four benefit packages uniquely tailored to those enrolled in those packages: Global Choices, Family Choices, and Comprehensive Choices and Optimum Choices. The benefit plans will not vary the amount duration and scope of mandatory services.
- Additionally, the Commonwealth is strengthening the existing health insurance coverage by encouraging take-up of employer sponsored insurance through offering a premium assistance option.
- To encourage and promote healthy behaviors among Kentuckians, the Commonwealth will also offer additional limited Get Healthy Benefits, including limited dental and visions services, for beneficiaries participating in Disease Management Programs.

#### **BENEFITS AND ELIGIBILITY**

##### Global Choices

- Global Choices becomes the “regular State Medicaid Plan coverage” in Kentucky for adults.
- Will cover the general Medicaid population program including foster children and medically fragile children.
- Modifications made under two traditional state plan amendments to incorporate cost sharing and benefit limit changes to the Medicaid State plan.
  - Limited, nominal cost sharing changes (allowable pre-DRA).
  - Service limits: limits to number of visits allowed for occupational therapy, physical therapy, speech therapy, chiropractic services, audiometric services, and other hearing aid dealer services; limits coverage for eyeglasses to one pair per year for recipients under age 21.
- Covers all disabled and elderly populations who do not opt-in to Comprehensive Choices and Optimum Choices.
- Medically necessary services provided in accordance with EPSDT requirements.
- Approximately 235,000 members.

Family Choices

- Will cover most children including SCHIP children.
- State is providing Medicaid coverage through a Secretary-approved benchmark plan under section 1937 of the Social Security Act as added by the Deficit Reduction Act (DRA). The Family Choices benefit package was based on the Kentucky state employee benefit package with modifications to assure nominal cost sharing. Limits imposed under the Family Choices plan are soft limits, which means additional visits will be authorized if medically necessary; in contrast, the limits in the state employee health benefit plan are hard limits and may not be exceeded. The *differences* between the state employee benefit and the Family Choices benefit are detailed in the following table:

<b>State Employee Benefit</b>	<b>Family Choices Benefit</b>
Chiropractic Services- 26 per visits per year	Chiropractic Services- 7 visits per year for those under 18 and 15 visits per year for those over 18
Speech Therapy- 30 visits per year	Speech Therapy- 15 visits per year
Physical Therapy- 30 visits per year	Physical Therapy- 15 visits per year
Occupational Therapy- 30 visits per year	Occupational Therapy- 15 visits per year
EPSDT (not fully covered)	EPSDT
Home Health- limited to 60 visits per year	Home Health- no visit limitation
Skilled Nursing Facility Services- limited to 30 days per year	Skilled Nursing Facility Services- no day limitation

- State is mandating enrollment for healthy children in accordance with authority provided under section 1937 of the Act.
- The State has submitted a corresponding State Plan Amendment under SCHIP to mirror the changes.
- This is currently a Fee-for-Service (FFS) delivery system. The State plans to contract with a managed care entity in the future.

- Copays apply for the SCHIP children as follows: \$2 allergy co-pay, tiered Rx drug copays (\$1 generic, \$2 preferred, \$3 non-preferred brand name prescriptions), and 5% coinsurance for non-emergency ER use.
- Approximately 263,000 members.

#### Comprehensive Choices

- Secretary-Approved Benchmark Plan.
- *Individuals who are elderly and in need of a nursing facility level of care* may voluntarily opt-in to the plan; no individuals are required to enroll in Comprehensive Choices.
- Provides lower copayments to vulnerable population with special needs including: physician services, vision services, dental services, chiropractic services, and hearing and audiometric services.
- Approximately 263,000 members eligible to opt-in.

#### Optimum Choices

- Secretary-Approved Benchmark Plan.
- *Individuals with mental retardation and developmental disabilities who meet the ICF/MR level of care* may voluntarily opt-in to the plan; no individuals are required to enroll in Optimum Choices.
- Provides lower copayments to vulnerable population with special needs including: physician services, vision services, dental services, chiropractic services, and hearing and audiometric services.
- Approximately 3,500 members eligible to opt-in.

### **INCENTIVES FOR HEALTHY BEHAVIOR**

#### Disease Management

- Kentucky Medicaid will provide targeted disease management in addition to Medicaid plan benefits in certain counties for voluntary participation of Medicaid individuals with certain diagnoses:
  - Diabetes
  - COPD/Adult Asthma
  - Pediatric Obesity
  - Cardiac – Heart Failure
  - Pediatric Asthma

#### Get Healthy Benefits

- As part of the disease management program, the State is providing enhanced Get Healthy benefits to those who successfully participate in one year of the appropriate disease management program and successfully complete a Centers for Disease Control and Prevention recommended age and periodicity screening guidelines. The limited, enhanced benefits include:
  - Limited allowance for dental services not to exceed \$50;
  - Limited allowance for vision hardware services not to exceed \$50;

- Five visits to a nutritionist (registered dietician) for meal planning and counseling; and
  - Two months of smoking cessation through a local health department, including two months of nicotine replacement therapy.
- Any individual who no longer participates in the Medicaid program will be immediately ineligible to access a Get Healthy Benefit.

### **SUPPORTING PRIVATE COVERAGE OPTIONS**

- Medicaid beneficiaries will now have the option to “opt-in” to private employee sponsored insurance (ESI).
- Only adults are eligible to opt-in to ESI; at this time, children will not have this option.
- The decision to opt-in is solely the beneficiary’s choice. If a beneficiary opts-in to ESI, KyHealth Choices will pay the member's portion of their premium.
- The Commonwealth will implement this private coverage component through benchmark-equivalent coverage under section 1937 of the Act. The State will compare employer-sponsored packages to the State Employees Health Benefits Plan and pay premiums if equivalent.
- Medicaid members who chose the ESI option may opt out of ESI and back into the appropriate Medicaid plan at any time.