

[Kentucky 1115 Waiver Summary](#)

Background

Effective January 12, 2018, CMS approved Kentucky's 1115 demonstration project Kentucky "Helping to Engage and Achieve Long Term Health" (KY HEALTH). Approved for five years, the demonstration will run through September 2023 with full implementation expected to begin in July of 2018. Absent of specified exemptions, the waiver will apply to the adult expansion group and all other non-disabled adult Medicaid beneficiaries. The below describes some of the key waiver elements.

Key 1115 Waiver Elements

Community engagement/work requirements: Individuals between 19 and 64 who are non-disabled, working age, abled bodied adults will be required to participate in a community engagement and employment initiative of at least 20 hour per week (80 hour per month). Community engagement/work activities include volunteer work, employment, job search, job training, education, or caring for a non-dependent relative or person with a disabling chronic condition. Individuals will be required to update changes to their work status. Eligibility will be suspended if an individual does not meet the work requirements, does not meet a "good cause" exemption, or does not complete a health or financial literacy course.

Premiums: Beneficiaries, with the exception of pregnant women, children, and medically frail individuals, will incur flat rate monthly premiums assessed on family income levels, less than 4% of household income and at least \$1. Members will be provided a 60-day grace period in order to make their required monthly premium payment. Individuals who fail to pay a required premium payment within sixty calendar days from the due date will face a six-month non-payment penalty based on a members' income level. Individuals above 100% FPL will be disenrolled from Kentucky Health and are subject to a re-enrollment waiting period of six months. For individuals at or below 100% FPL, they will not be disenrolled from the program if they fail to the premium. Members may end the penalty period sooner than six months by paying outstanding premium payments and completing a financial or health literacy course.

My Rewards Account and Deductible Account: To encourage healthy behaviors, the KY HEALTH will provide incentives to beneficiaries through a "My Rewards Account" and a "Deductible Account". Beneficiaries may use the Rewards Account to obtain enhanced benefits not otherwise covered, such as vision, dental, or over the counter medications. Beneficiaries may accrue My Reward Account funds by transferring any remaining deductible account funds each year and/or by completing specified health related or community engagement activities. These activities may include participating in community service, job training, health risk assessments, or passing the GED exam. The My Reward Account will be deducted for the utilization of the emergency department in a non-emergency situation or failure to pay monthly premiums.

The Deductible Accounts will be utilized by the state as an educational tool with the intention to inform beneficiaries on the costs of healthcare. The state will contribute a \$1,000 annual deductible that will cover non-preventative health care services. Once the deductible has been expended, Medicaid will be responsible for covered services.

Non-emergency medical transportation (NEMT) waiver: The Commonwealth will not provide coverage for non-emergency medical transportation (NEMT) to newly eligible adult groups. This includes the transportation to and from medical providers. Children, pregnant women, medically frail individuals, and individuals eligible for Medicaid prior to ACA continue to be eligible for NEMT services. (However, all Medicaid beneficiaries will not be able to utilize NEMT for methadone treatment services, except for children under the age of 21 subject to EPSDT.)

IMD Exclusion Waiver for Substance Use Disorders: The waiver lifts the Medicaid IMD exclusion for substance use disorder services. Medicaid federal financial participation will be available for Medicaid eligible adults ages 21 through 64 residing in an IMD for short-term residential stays for substance use disorder treatment services.

Legal Action Taken

As of January 24, 2018, the National Health Law Program, the Kentucky Equal Justice Center, and the Southern Poverty Law Center filed a joint federal lawsuit, challenging the work requirement's legality. The 80 page complaint alleges CMS' new policy and the Kentucky waiver exceed the permitted scope of authority under Medicaid and deviates from government process.