

May 17, 1999

Andriette E. Johnson
HCFA-Atlanta
61 Forsyth Street SW, Suite 4T20
Atlanta, GA 30303-8909

Re: Kentucky's Federal Fiscal Year Report 1998

Dear Ms. Johnson

Enclosed is Kentucky's KCHIP Annual Report for Federal Fiscal Year 1998. The annual report includes the KCHIP program narrative and partial enrollment data.

Due to programming issues we are unable to provide complete enrollment and financial information, at this time. Cost data for children, 14 through 18 years old, up to 100 percent of the poverty level will be compiled and forwarded to your office when the information becomes available. The enrollment information will also be updated to include statistical data on all children enrolled in Kentucky's Medicaid program as soon as it becomes available.

Should you need additional information please contact Sally Bowzer or me at the Division for Children's Health Programs, Department for Medicaid Services, 502 564-6890, fax 502 564-0509 or e-mail lynne.flynn@mail.state.ky.us.

Sincerely,

Lynne J. Flynn
Director, Division of Children's Health Programs

Enclosure

cc: Maria Boulmetis

Kentucky

KCHIP Annual Report

Federal Fiscal Year 1998

Table of Contents

	Page
Introduction	1
Baseline Estimates of Uninsured Children Population	2
Progress in Reduction of the Number of Uncovered, Low Income Children	2
Assessment of Strategic Objectives and Related Performance Goals and Measures	3
<i>(1) Objective</i>	3
<i>(2) Objective</i>	3
<i>(3) Objective</i>	4
<i>(4) Objective</i>	4
<i>(5) Objective</i>	5
<i>(6) Objective</i>	5
Barriers to Implementation of Plan and Proposed Approaches to Address Problems	5
Technical Assistance Needs	6
Financial Data	Attachment A
Enrollment Data	Attachment B

Kentucky

KCHIP Annual Report

Federal Fiscal Year 1998

July 1-September 30, 1998

Introduction

The Kentucky Children's Health Insurance Program (KCHIP) authorizing legislation was signed into law by Governor Paul Patton in April 1998. The Kentucky State Plan for KCHIP was approved by the Health Care Financing Administration (HCFA) November 25, 1998. KCHIP is a combination Medicaid expansion and state designed program: the Medicaid expansion targets children 14 through 18 years of age, whose family incomes are below 100 percent of the Federal Poverty Level (FPL), effective July 1, 1998; and, the state designed comprehensive health insurance program is for children from birth through 18 whose family incomes are above Medicaid eligibility levels up to 200 percent of the FPL.

In July, 1998, Governor Patton appointed the KCHIP Advisory Council and the Council immediately began monthly meetings. Knowing an integrated outreach and public information plan was critical to the success of KCHIP, the Advisory Council established an Outreach, Application and Enrollment Simplification Work Group to assist in development of this program component. Outreach efforts were begun for the Medicaid expansion of KCHIP and planning began on outreach for the separate insurance program. The Advisory Council will be a critical mechanism for the continued planning, development and implementation of KCHIP.

There are seven appointed members on the Advisory Council representing parents, advocates and providers. The Council partners provide state and community leadership and expertise in childhood issues, coalition building, and advocacy. Historically, as early as 1996, Kentucky had begun work on the concept of a comprehensive health plan for uninsured children and very soon after the passage of Title XXI legislation, work began on developing a specific benefits package. A KCHIP Advocacy Coalition was formed representing children's advocacy organizations. Over 150 groups and organizations have been involved in the KCHIP planning process. The Advocacy Coalition and Advisory Council have provided continuity, insight and support in planning and development of the programs, and they will be critical throughout implementation.

A Medicaid expansion, using CHIP funding, was implemented July 1998. Medicaid coverage was expanded to children between the ages of 14 and 19 years of age. These children were from families at the 34-100% of poverty level who previously were not eligible for Medicaid benefits. The expansion allowed older children in Kentucky immediate access to health services.

In July, 1998, a Notice of Intent was filed for the separate insurance program regulation and a public hearing was conducted on August 31, 1998, for additional public input. Also during July, a coordinator for the KCHIP program was named.

As a first step in identifying the Accountable Pediatric Organization (APO), a statewide seminar for organizations interested in learning more about the "APO" concept was conducted in Lexington on August 28, 1998. Following this seminar, the Cabinet issued a Request For Information (RFI) to identify interested, potential bidders. This RFI was sent to over 350

organizations, including all Kentucky health insurance companies, HMOs, other managed care organizations, such as the Medicaid Partnerships, and major medical provider groups.

Baseline Estimates of Uninsured Children Population

The Kentucky Cabinet for Health Services utilized data developed by the Kentucky Legislative Research Commission (LRC) to estimate the number of uninsured children in Kentucky. These estimates were based on: the Kentucky Health Insurance Survey in 1996 and 1997 and the Current Population Survey for various years. Based on these sources for 1997, LRC estimated that there were 154,000 uninsured children in the state, 123,000 of whom are under 200% of the Federal Poverty Level (FPL). Of those children, 45,000 (approximately 30%) are believed to be eligible for Medicaid under the current eligibility requirements, but have not accessed the system. An additional 23,000 children age 14 through 18 are between 33% and 100% FPL and are eligible for the Title XXI Medicaid expansion. This leaves approximately 55,000 children from 100% to 200% FPL who would be eligible for the KCHIP insurance program. These baseline estimates were included in Kentucky's CHIP State Plan, and have not been modified for FFY 1998, the time period covered in this report.

Progress in Reduction of the Number of Uncovered, Low Income Children

The estimate above shows that 23,000 children, ages 14 through 18 may be eligible for Medicaid expansion services. Kentucky's goal is to find 10,000 of these children in the first two years of implementation.

Between July 1 and September 30, 1998, 4,507 children have been enrolled in the Medicaid expansion component of the program with 3,339 eligibles counted on September 30. Enrollment and disenrollment trends and patterns will change numbers counted at any point in time. Kentucky has exceeded expectations in progress toward meeting its two year goal by finding almost one/half of 10,000 expansion children in the first quarter of implementation.

The baseline Medicaid enrollment for children was 220,003 as of July 1, 1998. At the end of September 214,453 were enrolled in Medicaid (not counting expansion children). Welfare reform continues to have a tremendous impact on lowering overall numbers of Medicaid eligibles and the aged, blind and disabled population is not reported by age in Kentucky, therefore, this population of children is not included in these numbers. Kentucky will continue to improve evaluation of data as impacted by these and other factors.

The following methodology is used in this report to derive number of expansion children: KCHIP expansion children are flagged within Medicaid eligibility systems with a KCHIP recipient status code; enrollment and financial reports are generated based on this status code. (See attached forms for reported numbers.) Data reports continue to be refined to provide the most accurate information available.

Assessment of Strategic Objectives and Related Performance Goals and Measures

These objectives are stated in the KCHIP state plan and have been developed in conjunction with "Healthy Kentuckians 2000", Kentucky's response to "National Health Promotion and Disease Prevention Objectives". Specific time frames for attainment of the performance goals related to these strategic objectives is noted in the following narrative. Included in this assessment is a description of issues that Kentucky is monitoring in the state plan and progress toward the identified strategic objectives, performance goals and measures. The assessment provides an overview of planning activities, implementation strategies, status of timelines for meeting critical benchmarks and accomplishments.

(1) Objective

Increase the number of 14 to 19 year olds enrolled in Medicaid.

Performance Goal

Within two years increase Medicaid enrollment 1) 10,000 new 14 to 19 year olds will be covered by Medicaid; 2) an additional 10,000 currently Medicaid eligible children will be enrolled in Medicaid.

Medicaid enrollment of children under KCHIP Medicaid expansion began July 1, 1998. From July 1 through September 30, 1998, 4,507 children, ages 14-18 were enrolled and processed into the Medicaid expansion program.

In FFY 1998 Outreach strategies for the Medicaid expansion included the following activities:

- I. Press releases and other media coverage,
- II. Notification to advocacy groups and professional groups,
- III. Training for local eligibility workers and 800 number staff,
- IV. Flyers, postcards and other materials distributed by the Department for Public Health, Department of Education, Family Resource Youth Services Centers and other community locations,
- V. Postcard sent to food stamp recipients, and
- VI. Monthly notification to Medicaid providers.

It is anticipated that a major increase in the number of currently Medicaid-eligible children who enroll in Medicaid will begin when the major outreach efforts for KCHIP begin in the summer of 1999.

(2) Objective

Improve the health status of Kentucky children with a focus on preventive and early primary care.

Performance Goal

Within three years increase health status of children 3) 90% of children covered under KCHIP will have complete immunizations by age 2; 95% of 13 year olds in KCHIP will have complete immunizations; 75% of children under 18 months of age will receive the recommended number of well child visits (Healthy Kentuckians goal=90%); 75% of children between 3 and 6 years of age will receive at least one well child exam (Healthy Kentuckians goal=80%); 75% of children 12-17 will receive at least one well child exam annually (Healthy Kentuckians goal=50%); 75% of children will receive routine vision screening yearly by PCP; 50% of children will receive an eye exam by an eye care specialist between age 3-6.

Upon implementation of the KCHIP separate insurance program, data reflecting progress for this objective and performance goal will be available and reported.

(3) Objective

Increase the proportion of children in Kentucky who have creditable health insurance and therefore a usual source of care.

Performance Goal

Within two years increase number of kids with creditable coverage 4) KCHIP, the Medicaid expansion, and Medicaid outreach will cover approximately 50,000 additional children; 5) KCHIP will achieve 50% penetration and enroll 27,500 children. The Medicaid expansion will enroll approximately 10,000 additional children. Improved outreach will enroll approximately 10,000 children currently Medicaid eligible.

Refer to Objective 1 and Performance Goals 1) and 2) for numbers of Medicaid expansion children and new enrollees.

Outreach education and multilevel initiatives are the prime vehicle to assure that Kentucky will increase numbers of children with creditable health care coverage. The Cabinet and the KCHIP Advisory Council have developed an extensive outreach program for KCHIP. The KCHIP Advisory Council has an extremely active Outreach Work Group that has been meeting monthly since August 1998. The following are several key issues and related activities identified by the Work Group to increase credible health insurance coverage.

The University of Kentucky Center for Health Services Management and Research, in conjunction with a statewide grassroots coalition, has applied for a *three-year grant from the Robert Wood Johnson Foundation* to support outreach efforts of KCHIP in covering more kids. The project proposes to include statewide initiatives as well as two community-based pilot sites in Jefferson County and Harlan County.

A *Simplified KCHIP/Medicaid application* form is under development. This form will simplify the application process will help ensure wide availability of applications for increased enrollment. The

applications would be available at many diverse locations throughout the state. Health departments, school family resource centers, hospitals, public housing offices and other community agencies are targeted for participation in application completion and mailing.

(4) Objective

Reduce the financial barriers to affordable health care coverage for low-income families.

Performance Goal

Within two years reduce barriers to affordable health coverage 6) Cost sharing will be at a level that families will enroll in KCHIP with at least 30,000 participants.

Medicaid expansion does not require cost sharing. A separate insurance program has not been implemented during this reporting period (July-September 1998).

(5) Objective

Increase current levels of employer sponsored health care coverage for children.

Performance Goal

Within two years increase current level of employer sponsored health coverage 7) Ten companies offering no dependent benefits will offer KCHIP or equivalent coverage; 8) less than 5% of all children applying for KCHIP is due to dropping employer coverage.

Performance Goal 7 was withdrawn from the KCHIP federal application in Kentucky's September 2, 1998 response letter to HCFA questions. Methodology for monitoring Crowd Out will be developed and implemented.

(6) Objective

KCHIP will be available to all eligible children statewide within one year of plan approval.

Performance Goal

Within one year of HCFA plan approval, provide statewide coverage 9) Provide statewide coverage with KCHIP through APO contract or state run program.

Please refer to the Introduction section of this report for progress on APO development, during the reporting period (July-September 1998).

Barriers to Implementation of Plan and Proposed Approaches to Address Problems

Restrictions on administrative funds make it difficult to plan a stand alone insurance program when these funds are generated by the fairly limited Medicaid expansion.

Approach: Assistance in program development has been solicited from interested organizations and individuals throughout the Cabinet for Health Services, Cabinet for Families and Children, other public and private human service organizations, and advocacy groups.

Designing a separate insurance program requires planning and development time for organizing a development team and putting in place an organizational structure to support the planning and implementation process.

Approach: Specific action steps and timelines have been developed to assure timely implementation.

Several elements of Kentucky's State Plan for the separate insurance component were unusual and required significant amounts of discussion between HCFA and state officials before the plan was approved. Particularly problematic areas were: the employee subsidy program, the preventive only benefit package included in SB 128, presumptive eligibility as described in Kentucky's plan, and co-payments.

Approach: These program elements were modified in consultation with HCFA and the plan was approved in November 1998.

Eligibility data are a critical link to evaluating numbers of children. Initially, some children in foster care who were not eligible for KCHIP were assigned to the KCHIP recipient status code due to a systems problem.

Approach: Data fields were cleaned and programming corrected and number recalculated using corrected data.

Technical Assistance Needs

Research and assist in resolving waiting period and potential amendment of state plan and development of crowd out indicators.

Financial Data

This information is currently unavailable. The Kentucky Department for Medicaid Services will provide financial data under separate cover, at a later date.

Enrollment Data

This information is currently available in hard copy only and is being forwarded under separate cover.