

Bevin's Medicaid changes actually mean Kentucky will pay more to provide health care

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(Photo: By Michael Clevenger, The Courier-Journal)

Within Gov. Matt Bevin's complex plan to reshape the state Medicaid program to cut costs and hold people accountable is this fact that may surprise some Kentuckians:

Under Bevin's plan, it actually will cost Kentucky *more* to provide health coverage to people affected by the Medicaid changes than if the state did nothing.

Cost savings come from a five-year project recently approved by the federal government. For those who remain, the monthly cost of care increases faster than it would have had the state made no changes, according to the administration's

projections.

"You're spending more money to cover fewer people," said Dustin Pugel, a policy analyst for the Kentucky Center for Economic Policy in Berea and a critic of the Bevin plan. "I'm not crazy about the idea of us spending more money to cover fewer people."

Read this: [Trump lacks the authority to change Kentucky's Medicaid law, lawsuit says](#) (/story/news/2018/01/24/kentucky-medicaid-changes-lawsuit-bevin/1059495001/)

Meanwhile, Kentucky plans to spend close to \$374 million over the next two years — most of it in federal money — to launch the plan starting July 1.

It has added \$186 million to the current budget and proposes \$187 million in the next budget year starting July 1 for administrative costs, most of the money associated with the Medicaid changes. Part of the administrative costs added to this year's budget would go toward creating a Medicaid computer system required by the federal government.

Much of the money will go to adding technology to track compliance with new rules that require some people on Medicaid to work, train for jobs or volunteer at least 20 hours a week and pay monthly premiums. Those changes are expected to affect fewer than 200,000 people out of the 1.4 million Kentuckians enrolled in the federal-state health plan.

Critics of the plan argue that's a lot of money for a plan aimed at a small fraction of the Medicaid population.

"The math, so far as we know it, doesn't seem to support all the effort that's going into this," said Bill Wagner, CEO of Louisville's Family Health Centers, a network of community health clinics that serves about 40,000 individuals a year, more than half covered by Medicaid.

But the goal isn't just to save money. Rather, it's to get more people into jobs that provide health coverage, Tim Feeley, the deputy secretary of the Cabinet for Health and Family Services, recently told a legislative panel.

"The goal here is to get people working and off Medicaid and into private insurance, to improve their health and give them the satisfaction of working," said Feeley, whose cabinet administers Medicaid.

Must-read: [Kentucky's budget has reached a crisis and lawmakers say there's little relief in sight \(/story/news/politics/2018/02/09/kentucky-budget-cuts-tax-reform-matt-bevin/308479002/\)](#)

Background: [Bevin revises Medicaid plan, seeks to reduce Kentucky's rolls by another 9,000 people \(/story/news/2017/07/07/bevin-proposes-more-changes-limit-states-medicaid-health-plan/450982001/\)](#)

Bevin has said he wants to provide more Kentuckians with the "dignity" of work.

"This is a program that will allow people to rise up out of poverty," [Bevin said last month \(/story/news/politics/2018/01/12/medicaid-kentucky-obamacare-work-requirement-matt-bevin/417070001/\)](#) as he announced that federal officials had accepted Kentucky's Medicaid changes, making it the first state to win federal approval for work requirements for some enrollees.

Advocates argue the majority of those in Kentucky affected by the changes already work at low-wage or part-time jobs with no health coverage.

The changes are aimed largely at the "expansion population" of about 480,000 adults added to Medicaid under the Affordable Care Act, or Obamacare, which allowed states to add anyone up to 138 percent of the federal poverty level, an annual income of about \$16,400 for an individual. But they apply only to "able-bodied" adults, exempting those such as pregnant women, a parent caring for a child, disabled people or those considered "medically frail."

That leaves roughly 200,000 individuals covered by Medicaid who would have to meet the new requirements or lose benefits, Scott Brinkman, Bevin's cabinet secretary, told a legislative panel in July.

Administration officials say the changes will result in cost savings to the state's \$11.5 billion Medicaid program, which gets about 80 percent of its money from the federal government.

But Kentucky Medicaid Commissioner Stephen Miller told the legislative human services budget subcommittee last week that the state will see no savings from the changes in the next two budget years.

But in budget years "three, four and five," Kentucky expects to see savings of \$2.4 billion, about \$300 million of that in state funds and the rest, federal.

Bevin issues ultimatum: [If courts block Medicaid plan, half million will lose care \(/story/news/politics/2018/01/16/kentucky-medicaid-bevin-plan-courts-approve-lose-care/1036514001/\)](#)

More: [Kentucky will finally make foster care payments owed to relatives raising children \(/story/news/2018/02/13/kentucky-finally-start-paying-families-who-provide-foster-care-relatives/332756002/\)](#)

State officials acknowledge costs will increase to cover adults affected by the changes over the five-year life of the plan known as a "waiver."

That's because the administration assumes that the healthiest Medicaid enrollees are the most likely to get better jobs with health insurance or improve their incomes under "community engagement" rules that require activities including employment, job training or volunteering 20 hours a week, said Doug Hogan, a spokesman for the Cabinet for Health and Family Services, which runs Medicaid.

That will allow them to leave Medicaid while sicker, higher cost individuals such as the "medically frail" remain enrolled, resulting in higher individual costs, Hogan said.

Medicaid calculates costs on an average "per member per month" basis, and state projections show such costs rising faster for people under the waiver than they would had the state not enacted the waiver.

State Rep. Joni Jenkins, a Louisville Democrat, said she wonders if it's all worth it.

"It seems like we're going through a lot of gyrations at the end of the day to save not that much money," she said.

"But it's all about dignity," Jenkins said in a reference to the governor's comment. "What price can you put on dignity."

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Health advocates are skeptical people will leave Medicaid because they get better jobs. Rather, they say, the complexity of the program, its increased demands that people report work or volunteer hours and monthly premium payments are more likely to cause people to lose coverage.

"More than anything we are concerned about the complexity of the program even for those who are working," Wagner said. "There are so many more opportunities for people to lose coverage."

People who don't meet requirements could have benefits cut or be locked out of coverage for six months.

The waiver includes what the administration terms "on ramps" to regain coverage, such as taking a "financial literacy" class. But Wagner said he's doubtful.

"They talk about on ramps for people to get back on," he said. "The off ramps have many more lanes."

Jenkins said she was surprised to learn the state plans to spend \$187.5 million next year — \$170 million of that from the federal government — to build a computer system in part to track work hours of Medicaid enrollees, many of whom already are working.

"I was a little amazed to hear it was \$187 million," she said. "It looks like we're going to spend a whole lot of money to track the working poor to make sure they are compliant with the work requirements."

Health advocates including Wagner also are worried about the aggressive timetable for the changes.

Wagner said health providers and patients need detailed information soon about how the new program will work and how patients and providers can comply with the rules.

Miller, the Medicaid commissioner, told the legislative committee last week that such information is coming, probably by mid-March.

"There is a detailed communication plan that will be rolled out," Miller said. "That has to happen, and it will happen."

Meanwhile, the state has a big job to expand its benefit computer system known as [Benefind \(/story/news/politics/2016/04/15/kentucky-new-benefind-system-costly-experiment/82991072/\)](#), which it has said it plans to use to track most of the Medicaid changes such as billing and collecting premiums and tracking work or volunteer hours, policy analyst Pugel said.

"They currently have no systems in place to do any of this," he said. "At least not publicly."

Miller has said the state will rely on Deloitte, the contractor who designed the Benefind system, to implement much of the technology.

Wagner said he hopes it doesn't encounter the same problems Benefind did when the Bevin administration launched it in early 2016. The system [caused massive problems for people \(/story/news/politics/2016/03/25/new-ky-benefits-system-disrupting-aid-many/82206656/\)](#) and disrupted essential health, food assistance and other benefits for thousands of Kentuckians.

The problems took months to straighten out and prompted inquiries from lawmakers bombarded with phone calls from desperate constituents.

"It was a nightmare," Wagner said. "This is much more complex."

Deborah Yetter: 502-582-4228; dyetter@courier-journal.com. Support strong local journalism by subscribing today: www.courier-journal.com/deborah ([/deborah](#)).

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