

Issue Brief

KyHealth Choices: What It Means for Kentucky's Children

Medicaid and KCHIP (Kentucky Children's Health Insurance Program) members in Kentucky were notified by the Cabinet for Health and Family Services in May 2006 regarding changes in their healthcare coverage program benefits. The majority of these changes were the result of the Deficit Reduction Act (DRA) passed by Congress in February 2006. The DRA included provisions that enabled states to restructure their Medicaid programs by designing plans modeled on commercial health insurance coverage. A significant change included shifting cost to Medicaid beneficiaries and limiting benefits in order to cut down on state spending and to foster personal responsibility in members. Kentucky's new Medicaid program, now called KyHealth Choices, includes four benefit plans aimed at addressing the individual needs of each Medicaid beneficiary, while saving the state money.

It is still too early to determine what KyHealth Choices will mean for its members or the extent of the cost savings in the Medicaid program. However, the amount of information that has been shared with Medicaid members, providers and the public regarding the implementation of changes in the program has been inadequate. While updates are sometimes provided on the Cabinet's website, Medicaid members have not received any correspondence regarding changes to benefit limits or cost-sharing other than a brief letter sent last May when KyHealth Choices was officially introduced. As a result, a considerable amount of confusion exists over the program by its members, providers, advocates and healthcare professionals. The newly imposed benefit limits on some services and cost-sharing requirements, combined with the need for better information, is likely to have an adverse impact on accessibility of healthcare services for members. This issue brief will provide some additional information about KyHealth Choices and the services that affect approximately 400,000 children who currently rely on Medicaid or KCHIP for healthcare coverage.

The Four Plans of KyHealth Choices

Global Choices: The basic program in Kentucky that covers the general Medicaid population.

Family Choices: Medicaid plan for children including KCHIP members.

Optimum Choices: Covers Intermediate Care Facility for the Mentally Retarded (ICF/MR) level of care for individuals with mental retardation and developmental disabilities.

Comprehensive Choices: Covers members who are elderly and in need of a nursing facility level of care and individuals with acquired brain injuries.

Source: Cabinet for Family and Health Services, Department for Medicaid Services; KyHealth Choices Fact Sheet, <http://chfs.ky.gov/dms/KyHealthchoices.htm>

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The Family Choices plan of KyHealth Choices includes *most* children enrolled in Medicaid or KCHIP (members in the Passport¹ region are not included in these plans). A smaller portion of children are covered under the other KyHealth Choices plans. Global Choices is Kentucky’s basic Medicaid plan and includes mandatory populations covered under federal law. These groups include pregnant women, foster children, medically fragile children, disabled and elderly persons receiving SSI and families living below TANF eligibility levels. Children with mental or physical disabilities that meet eligibility criteria to participate in one of the three existing Medicaid waivers have been placed in the Comprehensive Choices or Optimum Choices plans.²

Eligibility Levels for Medicaid and KCHIP Enrollment (18 and under)
Children covered under basic Medicaid plan:
Infants 0 – 1 living at or below 185% FPL
Children 1 – 18 living at or below 150% FPL
Children covered under KCHIP:
Children 1 – 18 living between 151 and 200% FPL

Cost-Sharing, Service Limits and Children

KyHealth Choices does not impose co-payments on Medicaid eligible children under the age of eighteen³. However, KCHIP children whose family income is between 151 and 200 percent of the federal poverty level are responsible for a \$20 per month per family premium. These monthly premiums were charged to KCHIP children prior to KyHealth Choices. KCHIP children are also charged co-payments for prescription drugs and visits to the emergency room (See Appendix B and C).

KCHIP Income Limits⁴	
Family Size	Monthly Income Limit*
1	\$1,702
2	\$2,282
3	\$2,862
4	\$3,442
5	\$4,022
6	\$4,602
7	\$5,182
8	\$5,762
Add \$580 for each additional member.	
*Based on 200% of 2007 federal poverty levels	

All members of KyHealth Choices now have an out-of-pocket maximum of \$450 per year. This includes \$225 for medical expenses and \$225 for pharmacy expenses. However, cost sharing (premiums, co-payments, and co-insurance) cannot exceed five percent of a family’s quarterly income. For example, the maximum out-of-pocket expenses for a family of four with a monthly income of \$3,442 (200% of the federal poverty level) and with two children enrolled in KCHIP would total \$2,065.20 per year. However, since pharmacy and medical costs are capped at \$450 per person per year, the most the family would have to pay, depending on their service utilization, would be \$1,140 (\$450 per child per year plus \$240 in premiums).

Kentucky’s Department for Medicaid Services states that there are no limits on the number or type of medical services that Medicaid enrolled children under the age of 18 can utilize. However, there are limits for some services beyond basic and preventive care often referred to as “soft” limits. A “soft” limit is defined as a request submitted by a Medicaid provider to waive the benefit limits of a health service for a Medicaid patient if it is deemed medically necessary⁵. If proven medically necessary these “soft” limits can be circumvented with prior authorization.

In some cases, “soft” limits can also differ between plans. For example, the maximum limit on eyewear for members in the Global Choice plan is \$200 per twelve months to allow for one pair of glasses, while Family Choices members have a maximum of \$400 on eyewear per twelve months to allow for two pairs glasses. Again, such limits can be waived through a prior authorization process. Yet, this difference in benefit coverage of vision services illustrates the importance of Medicaid and KCHIP families knowing what plan that their child is enrolled in, the “soft” limits that may exist on certain services and understanding the process by which they can be overridden if necessary.

EPSDT and EPSDT Special Services

To ensure that children continue to receive the healthcare services they need and are entitled to, it is equally important for members and providers to understand Early Periodic Screening, Diagnosis and Treatment (EPSDT) in relation to KyHealth Choices. While the Deficit Reduction Act (DRA) provided states with more flexibility in restructuring their Medicaid programs, it **did not** give states the ability to change or limit the services through EPSDT, a program proven to be essential in providing adequate healthcare to low-income children.

EPSDT is a federally mandated program covering children under the age of 18 that receive Medicaid.⁶ With an emphasis on preventive care, EPSDT is a comprehensive healthcare plan that provides early and periodic medical, vision, hearing and dental screenings and immunizations. In addition to regular preventative check-ups, the early screening and diagnosis provided under EPSDT serves an important role in identifying physical and mental conditions and following up with the necessary treatment. Therefore, EPSDT is vital in detecting conditions that may affect mental and physical development early in a child's life.

KyHealth Choices separates EPSDT into two separate components. The first being the screening and diagnosis and the second is focused on treatment aspect of the program. The treatment component is referred to as EPSDT Special Services. EPSDT Special Services is defined as a program that "allows coverage for items or services which are medically necessary and which are not covered somewhere else in Medicaid".⁷ In other words, services that would not normally be covered under the basic EPSDT program are considered EPSDT Special Services. Services provided under EPSDT Special Services also require prior authorization. All children enrolled in Medicaid living below 150 percent of the federal poverty level receive EPSDT screenings and EPSDT Special Services. Children enrolled in KCHIP

living between 151 and 200 percent of the federal poverty level also receive EPSDT screenings, but are not eligible for EPSDT Special Services.

EPSDT was designed to focus on diagnosis and treatment just as much as preventive care and check-ups, therefore it is important that every child enrolled in Medicaid receives both components of the program. The separation of EPSDT in Kentucky's Medicaid program has been in existence *prior* to KyHealth Choices. However, the prior authorization requirements for EPSDT Special Services, in combination with "soft" limits on some services, are likely to exacerbate the confusion among Medicaid families. This could potentially create another barrier to healthcare services.

Conclusion

With an emphasis on a reduction in Medicaid spending, the Deficit Reduction Act enabled Kentucky to design a program that is predicted by the state to save money while addressing members' individual healthcare needs. What the impact of KyHealth Choices will be on children remains unclear and will require continued monitoring, particularly in regards to "soft limits", EPSDT special services and prior authorization requirements. Meanwhile, it is extremely important that families of children enrolled in Medicaid and KCHIP, Medicaid providers, advocates and others are informed to ensure that children's access to healthcare services are not inadvertently jeopardized.

Appendix A KyHealth Choices Coverage for Medicaid Children, 18 and under (≤ 100% FPL)*			
Services	Benefit Limits?	Prior Authorization Required?	Co-payments?
Regular Office Visits	No	No	No
Emergency Room Visits	No	No	No
Prescription Drugs	No	No	No
Dental Services (basic)	Yes (two cleanings per twelve months)	No (for preventive care) Yes (for x-rays, orthodontic services and other services outside of basic care)	No
Vision Services (basic)	Yes (Global Choices: \$200 for one pair of glasses per twelve months; Family Choices: \$400 for two pairs of glasses per twelve months)	No	No
Allergy Services	No	No	No
Home Health	No (Global Choices) Yes (Family Choices: twenty-five visits per calendar year)	Yes	No
Speech Therapy	No	No (if covered in an outpatient setting) Yes (if covered under EPSDT Special Services or home health)	No
Physical Therapy	No	No (if covered in an outpatient setting) Yes (if provided under EPDST Special Services or home health)	No
Occupational Therapy	No	No	No
Ambulance transportation in emergencies	No	No	No
Non-emergency transportation	No	No	No
EPSDT Special Services	No	Yes (must be medically necessary)	No

*Children that are part of the federal mandatory Medicaid population (foster children, medically fragile children or disabled children) have been placed in the Global Choices plan. All others have been placed in Family Choices.

Appendix B KyHealth Choices Coverage for KCHIP Children, 18 and under (101% - 150% FPL)			
Services	Benefit Limits?	Prior Authorization Required?	Co-payments?
Regular Office Visits	No	No	No
Emergency Room Visits	No	No	\$6 cap
Prescription Drugs	No	No	\$1 generic \$2 preferred \$3 for non-preferred brand Rx
Dental Services (basic)	Yes <i>(Two cleanings per twelve months)</i>	No <i>(for preventive care)</i> Yes <i>(for x-rays, orthodontic services and other services outside of basic care)</i>	No
Vision Services (basic)	Yes <i>(\$400 maximum for two pairs of eyewear per twelve months)</i>	No	No
Allergy Services	No	No	\$2 for office visit and testing
Home Health	No	Yes	No
Speech Therapy	No	No <i>(if covered in an outpatient setting)</i> Yes <i>(if covered under EPSDT Special Services or home health)</i>	No
Physical Therapy	No	No <i>(if covered in an outpatient setting)</i> Yes <i>(if covered under EPSDT Special Services or home health)</i>	No
Occupational Therapy	No	Yes	No
Ambulance transportation in emergencies	No	No	No
Non-emergency transportation	No	No	No
EPSDT Special Services	No	Yes <i>(must be medically necessary)</i>	No

Appendix C			
KyHealth Choices Coverage for KCHIP Children, 18 and under (151% - 200% FPL)*			
Services	Benefit Limits?	Prior Authorization Required?	Co-payments?
Regular Office Visits	No	No	No
Emergency Room Visits	No	No	\$6 cap
Prescription Drugs	No	No	\$1 generic \$2 preferred \$3 for non-preferred brand Rx
Dental Services (basic)	Yes <i>(Two cleanings per twelve months)</i>	No <i>(for preventive care)</i> Yes <i>(for x-rays, orthodontic services and other services outside of basic care)</i>	No
Vision Services (basic)	Yes <i>(\$400 maximum on eyewear per twelve months)</i>	No	No
Allergy Services	No	No	\$2 for office visit and testing
Home Health	No	Yes	No
Speech Therapy	No	No <i>(if covered in an outpatient setting)</i> Yes <i>(if covered under home health)</i>	No
Physical Therapy	No	No <i>(if covered in an outpatient setting)</i> Yes <i>(if covered under home health)</i>	No
Occupational Therapy	No	Yes	No
Ambulance transportation in emergencies	No	No	No
Non-emergency transportation	Not covered	Not covered	Not covered
EPSDT Special Services	Not covered	Not covered	Not covered

* KCHIP children living between 151-200% percent poverty level must pay \$20 per month premium.

- 1 Passport is a separate managed care plan that serves the Medicaid and KCHIP populations for sixteen counties in Kentucky.
- 2 The 1915c waivers consist of the Acquired Brain Injury (ABI), Supports for Community Living (SCL) and the Home and Community Based (HCB) waivers. These waivers provide coverage to individuals with mental or physical developmental disabilities receiving long-term care services in community settings under Medicaid.
- 3 Children living at or below 100 percent of the federal poverty level are eligible for Medicaid (\$17,170 for a family of three). Children living between 101 and 200 percent of the federal poverty level are eligible for KCHIP.
- 4 *KCHIP Eligibility Criteria*. Cabinet for Family and Health Services, Department for Medicaid Services. <http://chfs.ky.gov/dms/kchipelig.htm>.
- 5 *KyHealth Choices Fact Sheet*. Cabinet for Family and Health Services, Department for Medicaid Services. <http://chfs.ky.gov/dms/kyhealthchoices.htm>.
- 6 *EPSDT*, Cabinet for Family and Health Services, Department for Medicaid Services, <http://chfs.ky.gov/dms/epsdt.htm>.
- 7 *EPSDT*, Cabinet for Family and Health Services, Department for Medicaid Services, <http://chfs.ky.gov/dms/epsdt.htm>.