



CABINET FOR HEALTH  
AND FAMILY SERVICES

**Kentucky Medicaid Section 1115 Amendment Public Forum(s)  
Improving Health Outcomes for Individuals with Serious Mental Illness and Health  
Related Social Needs**

Microsoft Teams Meeting ID:279 612 657 461 , Password:6wTdNE

Wednesday April 12, 2023 3:00 EST

Wednesday April 19, 2023 10:00 EST

Wednesday April 26, 2023 12:00 EST

# Objectives

- To be informed of Kentucky's 1115 amendment request to improve health outcomes for individuals with serious mental illness (SMI) and Health Related Social Needs (HRSN)
- To be informed of the public comment process prior to submission of the official application in accordance with 42 CFR 431.08

# What is an 1115 Amendment?

- An 1115 waiver is often described as a pilot or demonstration project that is likely to assist in promoting the objectives of the Medicaid program. The purpose of the demonstration is to give states additional flexibility to design and improve their programs.
- An 1115 demonstration project presents an opportunity for states to institute reforms that go beyond just routine medical care, and focus on evidence-based interventions that drive better health outcomes and quality of life improvements.

# Current 1115 Demonstration Components

- KY's overarching 1115 authority is called "Kentucky Helping to Engage and Achieve Long Term Health" (KY HEALTH) and it is the authority for the delivery of the following components:
  - Substance Use Disorder 1115
  - Waive of Non Emergency Medical Transportation for methadone treatment
  - Eligibility for out of state former foster care youth
  - Alignment of Employee sponsored insurance open enrollment dates

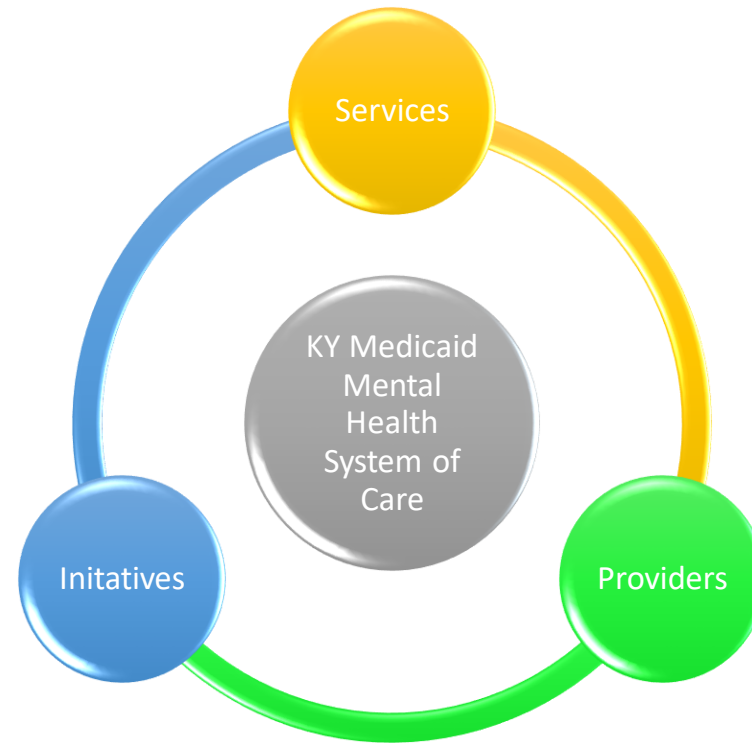
# New Proposed 1115 Components

1. Reimburse medically necessary short-term, defined as a state-wide average length of stay no longer than 30 days, inpatient treatment services within settings that qualify as institutions for mental diseases (IMDs) for Medicaid-eligible adults with serious mental illness (SMI); DMS is referring to this component as **IMD Expansion**.
2. Implement a pilot program to provide Health-Related Social Needs (HRSN) services, specifically recuperative care services, also known as medical respite care, to adult beneficiaries who are homeless or at risk of homelessness, and need additional medical support and care coordination. DMS is referring to this component as the **Recuperative Care Pilot Program**

# Legislative Background

- 2021 House Concurrent Resolution 7- “SMI Task Force”- created recommendations for DMS to expand services for individuals with SMI
- 2022 Senate Joint Resolution 72- Directive for DMS to apply for a waiver to expand Supportive Housing, Supportive Employment, and Medical Respite Services.
- Kentucky Revised Statute (KRS) 210.005 (2) defines “Mental illness” as a diagnostic term that covers many clinical categories, typically including behavioral or psychological symptoms, or both, along with impairment of personal and social function, and specifically defined and clinically interpreted through reference to criteria contained in the most recent version of *The Diagnostic and Statistical Manual of Mental Disorders*. Further, KRS 210.005 (3) defines "Chronic" as clinically significant symptoms of mental illness that have persisted in the individual for a continuous period of at least two (2) years, or that the individual has been hospitalized for mental illness more than once in the last two (2) years, and that the individual is presently significantly impaired in his ability to function socially or occupationally, or both.

# Overview of Kentucky Efforts to Improve the Continuum of care for the SMI Population



# Medicaid Behavioral Health Services

- In 2014, Kentucky expanded Medicaid and has since broadened overall access to behavioral health services.
- There are many state plan covered services for beneficiaries with SMI ranging from individual services to community supports among outpatient settings to more intensive settings
- A full list of Medicaid state plan services can be found on the [DMS Website](#).
- Some examples of these services are:
  - Individual Psychotherapy
  - Family Psychotherapy
  - Peer Support
  - Targeted Case Management
  - Assertive Community Treatment
  - Comprehensive Community Support Services
  - Intensive Outpatient Treatment
  - Partial Hospitalization
  - Residential Crisis Stabilization
  - Psychiatric Hospital Inpatient



# Medicaid Provider Types

- Providers can enroll with Medicaid in a variety of ways for behavioral health service provision
- Some examples of provider types are:
  - Community Mental Health Centers (CMHCs)
  - Behavioral Health Service Organizations (BHSOs)
  - Certified Community Behavioral Health Clinics (CCBHCs)
  - Individual Practitioners
  - Behavioral Health Multi Specialty Groups
  - Residential Crisis Stabilization Units
  - Psychiatric Hospitals

# Medicaid Initiatives Relevant to SMI

- **Mobile Crisis Intervention Services Implementation**

Ky DMS received funding for a one-year Mobile Crisis Intervention Services Planning Grant which was completed in 2022

The goal of implementation is to increase behavioral health preparedness for complex and high acuity individuals and decrease the overuse of law enforcement responding to behavioral health crisis calls

- **Certified Community Behavioral Health Center (CCBHC) Demonstration**

In August 2020, Kentucky was selected to participate in the CCBHC Demonstration to improve overall health by bolstering community-based mental health and addiction treatment and advance behavioral health care to the next stage of integration with physical health care

Kentucky has opened four regional CCBHC's and is in the implementation phase of the demonstration which began on 1/1/2022. CCBHC's must provide a comprehensive range of behavioral health services to vulnerable individuals to: increase access to services, stabilize people in crisis, and provide the necessary treatment for those with the most serious, complex mental illnesses and substance use disorders

CCBHC's will provide care regardless of ability to pay or place of residence, providing care for those who are on Medicaid, underserved, homeless, have low incomes, or are insured/uninsured

- **Racial Equity Action Plan**

In 2021, a charter was established within the Cabinet for Health and Family Services to enhance racial equity and the cabinet established a Racial Equity Community of Practice workgroup

DMS identified champions to serve on the workgroup and a racial equity core team across all division of DMS to create a collective racial equity action plan to enhance racial and health equity and to decrease racial and health disparities across Medicaid

This work specifically targets individuals with SMI who have an increase in health related social needs and limitations in access to services due to impairment in daily functioning

# Other State Initiatives

- **Department for Behavioral Health and Developmental Intellectual Disabilities (DBHDID)**  
**Initiatives specific to SMI**
  - iHOPE Program- early intervention program for individuals with first episode psychosis
  - Direct Intervention: Vital Early Responsive Treatment System (DIVERTS)- DIVERTS services are developed and made available to assist persons with SMI in transitioning to living in integrated settings in the community, while receiving appropriate evidence-based treatment and support services.
  - Projects for Assistance in Transition from Homelessness (PATH)-The PATH program supports the delivery of services and resources to individuals who have SMI, may include a co-occurring substance use disorder, and are homeless or at imminent risk of homelessness.

# Other State Initiatives cont'd

- **In state housing collaboration- “Health and Housing” workgroup-** This group consists of individuals from DBHDID, DMS, Kentucky Housing Cooperative (KHC), the Center for Supportive Housing (CSH), and the Department for Aging and Independent Living (DAIL). The focus of this group has been enhancing the support services and processes that are available to homeless Kentuckians. Also, a focus has been to identify a matched population within Kentucky of individuals who are homeless and who are Medicaid beneficiaries to analyze prevalence and outcomes for this population in Kentucky.
- **Recuperative Care Services in KY-**Kentucky has several Recuperative Care providers across the state that address the needs of homeless individuals requiring acute care for recovery. As part of the waiver application process, DMS collaborated with current operating Medical Respite programs across the state to help inform service provision model.

# New Proposed 1115 Amendment Program Descriptions

IMD Expansion and Recuperative Care Pilot  
Program

# IMD Expansion

- Medicaid Beneficiaries 21 to 64 years of age
- Beneficiary must meet criteria for Serious Mental Illness (SMI) in KY
- Inpatient treatment for mental health within a facility that qualifies as an Institute for Mental Disease (IMD)- a facility with greater than 16 beds
- Up to 30 day state wide average stay per beneficiary
- IMD Expansion will begin immediately after CMS approval of amendment application

# Rationale for IMD Expansion

- KY does not currently reimburse more than 15 days in a calendar month for inpatient treatment of mental health in IMDs
- Additional days would provide more time for beneficiaries with SMI to receive treatment aimed at stability of symptoms prior to discharge
- Additional days treatment would provide more time for beneficiaries with SMI to receive more comprehensive care coordination and to address health related social needs prior to discharge
- DMS proposes that longer length of stay for acute inpatient treatment will decrease unnecessary emergency department visits and hospital readmissions

# IMD Expansion Hypotheses and Evaluation

- Goals are in accordance with CMS State Medical Director Letter 18--011 “Opportunities to Design Innovative Service Delivery Systems for Adults with Serious Mental Illness or Children with Serious Emotional Disturbance”.
- An independent evaluator will be monitoring goals and objectives for this demonstration.
- More specific information about goals and hypotheses can be found in the application draft posted on line
- **Goal 1:** Reduce Utilization and lengths of stay in ED’s among Medicaid Beneficiaries
- **Goal 2:** Reduce preventable readmissions to acute care hospitals and residential settings.



# IMD Expansion Hypotheses and Evaluation

## Cont'd

- **Goal 3:** Improve availability of crisis stabilization services including services made available through call centers and mobile crisis teams, intensive outpatient services, as well as services provided during acute short-term stays in residential crisis stabilization programs, psychiatric hospitals, and residential treatment settings.
- **Goal 4:** Improve access to community-based services to address the chronic mental health care needs of beneficiaries with SMI including through increased integration of primary and behavioral health care
- **Goal 5:** Improve care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities

# What is Recuperative Care?

Definition from *National Institute for Medical Respite Care*:

Medical respite care (aka recuperative care) is acute and post-acute care for people experiencing homelessness who are too ill or frail to recover from an illness or injury on the streets or in a shelter, but who do not require hospital-level care. Unlike “respite” for caregivers, “medical respite” is short-term residential care that allows individuals experiencing homelessness the opportunity to rest, recover, and heal in a safe environment while accessing medical care and other supportive services. Medical respite care is offered in a variety of settings including freestanding facilities, homeless shelters, motels, and transitional housing.

<https://nimrc.org/>

# Rationale for Recuperative Care Pilot Program in KY

- Kentucky Medicaid does not currently cover recuperative care services as part of the Medicaid State Plan
- SJR 72 directed DMS to apply for a waiver for medical respite
- Current research indicates positive health outcomes for beneficiaries when health related social needs (HRSN) are addressed
- Current in state providers do not have adequate funding to expand services to meet the current needs
- DMS proposes that providing recuperative care services will decrease emergency department visits and hospital readmission rates post discharge for beneficiaries and will improve health outcomes while decreasing expenditures

# Recuperative Care Pilot Program Proposed Eligibility Criteria

- Medicaid Beneficiaries who are 18 years of age and older
- Beneficiaries who are homeless, or at risk of homelessness- who meet criteria based upon definitions in 24 CFR 91.5 AND
- Beneficiaries who are at risk of hospitalization and/or readmission with a medical or other care need:
  - Following discharge from acute care facility or Emergency Department OR
  - Have a planned medical procedure requiring preparation care OR
  - Have a planned medical treatment (ie: chemotherapy treatment) requiring care prior to or following the treatment AND
- Must have a primary medical Diagnosis

# Recuperative Care Pilot Program Proposed Service Components

## *At minimum:*

- 24-hour staffed program
- 3 meals a day
- Arrange transportation to any/all aftercare appointments
- Access to a phone for telehealth and/or communications related to medical needs
- Safe and secure space to store personal items
- Wellness check at least 1x every 24 hours by medical professional
- Safe and secure (preferably double locked) space to store medications in patient's room

# Recuperative Care Pilot Program Service Components Cont'd

## *At minimum:*

- Nursing assessment within 24 hours of admission
- Medication monitoring supervised by licensed clinical staff
- On-Site or access to community behavioral health services for behavioral health screening and brief intervention and referral as needed
- Care coordination plan to be completed within 72 hours of admission
- Onsite Care Coordination
- Required trainings for clinical and non-clinical staff

# Recuperative Care Pilot Program Settings

- Interim housing facilities with additional on-site support,
- Separate units of shelter beds with additional on-site support,
- Converted homes with additional on-site support

# Recuperative Care Pilot Program Limitations

- DMS proposes to reimburse up to 20 beds per program at any given time to provide up to 45 days of service/care per beneficiary
- Providers interested in the pilot program must already be established programs currently providing recuperative care services in KY
- Providers interested in participating in the Recuperative Care Pilot Program will be expected to adhere to the proposed service components outlined by DMS for recuperative care
- Prior to participating in the pilot program, providers are expected to be listed on the provider directory through the National Institute for Medical Respite Care (NIMRC)



# Recuperative Care Pilot Program Timeframe

- Kentucky proposes to implement the Recuperative Care Pilot Program one year following the approval of this amendment. The demonstration is projected to occur over a 5-year timeframe.

# Recuperative Care Goals

- Goal 1: Reduce utilization of avoidable high-acuity healthcare services through improved access to other continuum of care services
- Goal 2: Reduce health disparities by improving beneficiary physical and behavioral health outcomes
- Goal 3: Reduce health disparities by improving access to community-based services to address health related social needs
- Goal 4: Ensure long-term fiscal sustainability of recuperative care services

# 1115 Demonstration Eligibility

- All Kentucky Medicaid enrollees eligible in mandatory, optional, or expansion eligibility groups, approved for full Medicaid coverage and between the ages of 21 – 64, with Federal Poverty Limit of up to 218% depending on eligibility and type of assistance, would be eligible for acute inpatient stays for the proposed 30 days in an IMD (IMD Expansion) if they have an SMI diagnosis, and the inpatient stay is a medical necessity.
- All Kentucky Medicaid enrollees eligible in mandatory, optional, or expansion eligibility groups, approved for full Medicaid coverage, ages 18 or older, and are homeless or at risk of homelessness, with Federal Poverty Limit of up to 218% depending on eligibility and type of assistance, would be eligible for the recuperative care services proposed under the waiver as long as the individual meets the recuperative care eligibility criteria discussed earlier in the presentation and the services are medically necessary.
- No Medicaid eligibility changes or modifications to the current Kentucky Medicaid fee-for-service or managed care arrangements are proposed through this amendment; all enrollees will continue to receive services through their current delivery system. Additionally, payment methodologies will remain consistent with those currently approved in the Kentucky Medicaid State Plan.

# 1115 Demonstration Eligibility Cont'd

- Only the eligibility groups outlined in the table below will not be eligible under the proposed waiver, as they receive limited Medicaid benefits, are in receipt of Long-Term Care services and supports, or do not meet the age criteria.

Eligibility Groups	Social Security Act and CFR Citations	2023 Federal Poverty Limit
Qualified Medicare Beneficiaries	1902(a)(10)(E)(i) 1905(p)	100% FPL
Specified Low Income Medicare Beneficiaries	1902(a)(10)(E)(iii) 1905(p)(3)(A)(ii)	120% FPL
Qualifying Individuals	1902(a)(10)(E)(iv) 1905(p)(3)(A)(ii)	135% FPL
Qualified Disabled and Working Individuals	1902(a)(10)(E)(ii) 1905(s) 1905(p)(3)(A)(i)	200% FPL
Mandatory Poverty Level Related Infants	1902(a)(10)(A)(i)(IV) 1902(l)(1)(B)	200% FPL
Mandatory Poverty Level Related Children aged 1-5	1902(a)(10)(A)(i)(VI) 1902(l)(1)(C)	147% FPL
Mandatory Poverty Level Related Children aged 6-18	1902(a)(10)(A)(i)(VII) 1902(l)(1)(D)	147% FPL
Deemed Eligible Newborns	1902(e)(4) 42 CFR 435.117	-NA-
Institutionalized Individuals Continuously Eligible Since 1973	42 CFR 435.132	-NA-
Limited Services Available to Certain Aliens	42 CFR §435.139	-NA-
Individuals Receiving Home and Community Based Services under Institutional Rules	42 CFR 435.217 1902(a)(10)(A)(ii)(VI)	-NA-
Individuals Participating in a PACE Program under Institutional Rules	1934	-NA-
Institutionalized Individuals Eligible under a Special Income Level	42 CFR 435.236 1902(a)(10)(A)(ii)(V) 1905(a)	Subject to Special Income Standard
Medically Needy Children under 18	1902(a)(10)(C)(ii)(I) 42 CFR 435.301(b)(1)(ii)	-NA-

# 1115 Demonstration Projected Enrollment

- The requested 1115 waiver amendment is not anticipated to impact Kentucky Medicaid enrollment over the course of the five-year demonstration, as there are no waiver-specific eligibility criteria included.

# Demonstration Delivery System and Payment Rates for Services

- Benefits provided under this demonstration do not differ from those provided under Medicaid State Plan.
- Kentucky Medicaid does not currently have cost sharing for beneficiaries. No modifications are proposed through this waiver application for cost sharing.

# Demonstration Implementation Plan

- The State is aware of the CMS Implementation Plan requirements and is already planning activities that will support successful waiver implementation.
- Once the key elements of the waiver are agreed upon with CMS, the state will provide a full Implementation Plan according to CMS requirements within 90 days of approval of the application.

# Demonstration Financing and Budget Neutrality

- According to CFR 431.412, 1115 demonstrations must also be **budget neutral** to the Federal government, which means that, during the course of the project, Federal Medicaid expenditures will not be more than Federal spending without the demonstration. The cost of services have to be less than or equal to the cost of services provided today.



# Demonstration Financing and Budget Neutrality

## **Budget Neutrality Impact**

- Please refer to Appendix A of the posted 1115 amendment draft for a detailed analysis of the budget neutrality impact.

## **CHIP Allotment**

- This requirement is not applicable to this amendment request, as the amendment does not make any changes to the CHIP program.

## **Maintenance of Effort**

- In accordance with the November 13, 2018 CMS State Medicaid Director Letter, the state understands this waiver request is subject to a maintenance of effort (MOE) requirement to ensure the authority for more flexible inpatient treatment does not reduce the availability of outpatient treatment for these conditions. The Commonwealth has many outpatient services, provider types, and initiatives to serve the SMI population which will continue to be available to beneficiaries despite increasing access to inpatient treatment services through this demonstration.

# IMD Expansion Budget Neutrality

WW and WOW Demonstration Years					
	DY1	DY2	DY3	DY4	DY5
<b>MH IMD MC</b>					
Eligible Member Months	4,780	4,828	4,877	4,925	4,975
PMPM Cost	\$1,691.98	\$1,795.19	\$1,904.70	\$2,020.89	\$2,144.16
Expenditures Subtotal	\$8,088,428	\$8,667,636	\$9,288,342	\$9,953,497	\$10,666,245
<b>MH IMD FFS</b>					
Eligible Member Months	207	209	211	213	215
PMPM Cost	\$21,120.24	\$22,408.57	\$23,775.49	\$25,225.79	\$26,764.56
Expenditures Subtotal	\$4,373,799	\$4,687,006	\$5,022,642	\$5,382,312	\$5,767,739
<b>MH IMD Total Expenditures</b>	<b>\$12,462,227</b>	<b>\$13,354,642</b>	<b>\$14,310,984</b>	<b>\$15,335,809</b>	<b>\$16,433,984</b>

# Recuperative Care Budget Neutrality

WW and WOW Demonstration Years					
	DY1	DY2	DY3	DY4	DY5
<b>Recuperative Care</b>					
<b>Eligible Member Months</b>	1,248	1,260	1,273	1,285	1,298
<b>PMPM Cost</b>	\$2,155.74	\$2,287.24	\$2,426.76	\$2,574.79	\$2,731.85
<b>Recuperative Care Subtotal</b>	\$2,689,615	\$2,882,219	\$3,088,612	\$3,309,785	\$3,546,796

# Demonstration Proposed Waiver Expenditure Authorities

- Kentucky requests waiver of Section 1902(a)(10)(B) to the extent necessary to allow the State to offer HRSN services, specifically recuperative care, for beneficiaries who meet the eligibility criteria specified in this waiver amendment application.
- The State requests expenditure authority for Medicaid state plan services furnished to otherwise eligible individuals who are primarily receiving treatment for a SMI who are short-term in facilities that meet the definition of an IMD.

# Public Notice and Comment

# Public Notice

- Public notice has been conducted according to 42 CFR § 431.408
- The abbreviated public notice and draft of the application can be viewed:  
[DMS Website Public Notice](#)
- For Kentucky's 1115 Demonstration historical information refer to:  
[KY HEALTH 1115 Demonstration](#)

# Public Comments

- Comments can be submitted via email received on or before **May 5, 2023** to: [DMS.Issues@ky.gov](mailto:DMS.Issues@ky.gov) with subject line *“1115 Amendment Comment”*
- Written comments must be postmarked by **May 5, 2023** and mailed to:  
SMI 1115 Amendment Comment  
c/o DMS Commissioner’s Office  
275 E. Main St. 2E  
Frankfort, KY 40601
- Prior to submitting KY's Section 1115 Demonstration amendment request to CMS, DMS will follow guidelines and procedures according to 42 CFR § 431.408 regarding collection, review of and response to public comments.

Thank  
You