

FULL PUBLIC NOTICE

Kentucky Medicaid Section 1115 Demonstration: Community Engagement

Summary of Proposed Demonstration

In accordance with 42 CFR 431.408, the Cabinet for Health and Family Services (CHFS), Department for Medicaid Services (DMS) announces its intention to file a Section 1115(a) Demonstration proposal with the Centers for Medicare & Medicaid Services (CMS), to request implementation of a Community Engagement Waiver Program.

The goals of the proposed Demonstration are to:

- Expand current efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs.
- To identify individuals who meet an exemption criterion and may have higher level of care needs and connect those individuals to necessary supports.

Under the proposed Demonstration, DMS will refer eligible Medicaid expansion eligibility group members to the Kentucky Education and Labor Cabinet's Department of Workforce Development (DWD). DWD will reach out to these members to provide information about available job placement assistance programs. For individuals who agree to receive support, DWD will connect them to supports such as apprenticeships, career development, education, employment and training, and will provide support in preparing them to enter the workforce, advance their careers, improve job performance, and fill skills gaps.

Demonstration Eligibility

This Community Engagement Waiver Program will apply for the following able-bodied Medicaid expansion adults who have been enrolled for more than twelve (12) months:

- Individuals who are between nineteen (19) and sixty (60) years of age.
- Individuals who are physically and mentally able to work as defined by the Cabinet.
- Individuals who are not primarily responsible for the care of a dependent child under age eighteen (18) or a dependent disabled adult relative.

DMS will review eligible members for possible exemptions from referral and will not refer those who meet one or more of the below exemption criteria, unless the individual has requested to be referred.

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| <ul style="list-style-type: none"> • Individuals under 19 or over 60 years of age. • Individuals responsible for care of a dependent child under age 18 or a dependent disabled adult relative. • Individuals with: <ul style="list-style-type: none"> - A diagnosed substance use disorder or serious mental illness. - A chronic disease as determined by CHFS. - An acute medical condition (physical and/or behavioral) that would prevent them from complying with requirements. • Individuals whose eligibility has been determined based on disability or who have been deemed disabled by the Social Security Administration. • Individuals with verified earned income. • Individuals receiving Unemployment Insurance income benefits. | <ul style="list-style-type: none"> • Pregnant women. • Individuals who are homeless or who were recently homeless for up to six months post-housing. • Individuals who are victims of domestic violence. • Individuals who have recently been directly impacted by a catastrophic event such as a natural disaster or the death of a family member living in the same household. • Individuals already participating in a workforce participation program that CHFS has determined meets the objective of the Community Engagement Waiver Program (e.g., SNAP). • Former foster youth up to age 26. • Other good cause exceptions as approved by CHFS. |
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The Commonwealth is not requesting any eligibility changes for the Medicaid expansion eligibility group.

Benefits and Cost-Sharing

The Commonwealth is not requesting changes to benefits or cost-sharing requirements for individuals in the Medicaid expansion eligibility group through this Demonstration

Projected Enrollment

CHFS has not proposed enrollment limits for this Demonstration. Following implementation of the waiver, a minimal impact to enrollment is expected for members who are able to identify gainful employment through the community engagement process and therefore are no longer eligible for Medicaid. It is estimated that approximately 75,000 individuals will be subject to the requirements of this waiver. However, the demonstration is not expected to have a material impact on eligibility and enrollment.

Budget Neutrality Projections

While the Commonwealth anticipates incurring certain administrative expenses due to systems changes and additional staffing, currently, no federal expenditure authorities are required to operate the proposed Demonstration and none are being requested. As such, the Demonstration budget neutrality calculation for this waiver utilizes the hypothetical budget neutrality test on a per member per month basis. The “Without Waiver” tab of the budget neutrality workbook utilizes DY 00 enrollment and managed care projected payments as of July 2025. Utilizing an enrollment growth of 0% and PMPM trend of 5%, DMS developed a five-year projection. The “With Waiver” tab of the budget neutrality workbook assumes a similar PMPM value and trend but reflects a minimal 0.20% decrease in enrollment on an annual basis starting in DY 02. This decrease assumes that a portion of the members subject to the community engagement

requirement will identify gainful employment as a result of the increased communication and connection to available employment resources that will result in increased income over the Medicaid program eligibility limits. The resulting spend difference over the five-year projection period is approximately \$184.6 million.

Demonstration Evaluation

The Commonwealth will develop a comprehensive evaluation plan for the Demonstration based on the below two goals and hypotheses.

Goal 1

To expand current efforts to support individuals in gaining economic stability through linkages with educational and job assistance programs.

Table 1. Proposed Demonstration Goals and Hypotheses

| Hypothesis 1 | Potential Measurement(s) | Data Source(s) |
|---|---|--|
| The Demonstration will increase the number of Medicaid expansion group members engaged with the Department of Workforce Development (DWD). | <ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who requested referral to DWD at time of Medicaid application. The number and percentage of Medicaid expansion group members who did not opt in at time of Medicaid application but who CHFS referred to DWD as they did not meet an exemption status. | <ul style="list-style-type: none"> CHFS referrals to DWD. DWD data for the number of Medicaid expansion group members contacted and agreed to participate. |
| The Demonstration will increase the number of Medicaid expansion group members who are connected with training and educational supports to prepare them for employment. | <ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who DWD connected to training and educational supports. | <ul style="list-style-type: none"> DWD report. |
| The Demonstration will increase the number of Medicaid expansion group members who are connected to employment opportunities. | <ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who DWD connected to employment opportunities. | <ul style="list-style-type: none"> DWD report. |

Goal 2

To identify individuals who meet an exemption criterion and may have higher level of care needs and connect those individuals to necessary supports.

Table 2. Proposed Demonstration Goals and Hypotheses

| Hypothesis 1 | Potential Measurement(s) | Data Source(s) |
|---|---|--|
| The Demonstration exemption process will increase the identification of Medicaid expansion group members who have additional care needs. | <ul style="list-style-type: none"> The number and percentage of Medicaid expansion group members who are verified as having an exemption from referral to DWD. | <ul style="list-style-type: none"> Reporting on exempted members. |
| The Demonstration exemption process will increase the number of Medicaid expansion group members who receive outreach and assessment from their assigned MCO and who are connected with services to meet their health care needs. | <ul style="list-style-type: none"> The number and percentage of exempted Medicaid expansion group members who MCOs connect with additional services based on their identified health care needs. | <ul style="list-style-type: none"> Reporting on exempted members. MCO reporting on outreach and referrals. |

Waiver Authority

The Commonwealth is requesting the following federal waivers to implement the policies described in the proposed Demonstration. CHFS will work with CMS during the federal review period to make any necessary modifications to this request.

1. ***Disclosure of information, Section 1902(a)(7)(A).*** To the extent necessary to enable the Commonwealth to disclose information concerning Medicaid expansion group members to the Kentucky Department of Workforce Development.
2. ***42 CFR 435.907(e).*** To the extent necessary to enable the Commonwealth to require that applicants provide a signature agreeing to be automatically referred to the DWD if enrolled in the Medicaid expansion eligibility group and determined as non-exempt from the Community Engagement Program.

Public Input Process

Public Forums

DMS will hold two public forums on the dates below to allow an opportunity for individuals to submit verbal comments about the proposed Demonstration Program to the Commonwealth.

Public Forum #1: Thursday, May 22, 2025, at 10:00AM -11:00AM EST

Join on your computer or mobile app via Zoom:

<https://us06web.zoom.us/j/87343193242?pwd=s3uEpNTJvZMbZO9NcacK3hqGhwflSg.1>

Passcode: 217974

Or call in (audio only): (713) 353-0212 or (888) 822-7517, Conference ID: 729573

Public Forum #2: Friday, May 23, 2025, at 10:00AM – 11:00AM EST

Join in-person at: The Kentucky Transportation Cabinet, 200 Mero Street, Frankfort, KY 40622, Auditorium C105

Submission of Public Comments

A draft of the proposed Demonstration application and copies of this notice are available on the DMS website at: <https://www.chfs.ky.gov/agencies/dms/Pages/Medicaid-SUD-1115-Waiver.aspx>.

Comments or inquiries should be submitted via email and received on or before June 12, 2025, to: KY1115CommEngagement@mslc.com.

Written comments must be postmarked by June 12, 2025, and mailed to:

Kentucky Medicaid Section 1115 Comment
C/o DMS Commissioner's Office
275 E. Main St. 6W-A
Frankfort, KY 40621