STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Kentucky

Citation	Condition or Requirement
1906 of the Act	State Method on Cost Effectiveness of Employer-Based Group Health Plans

A. Cost Effectiveness

(1) The state provides both a benefits wrap and cost sharing wrap and each element is included in the cost effectiveness test.

(2) Enrollment in a group health insurance plan shall be considered cost effective when the cost of paying the premiums, coinsurance, deductibles ,other cost-sharing obligations, services provided by providers in the Medicaid network, even for benefits covered by the group health plan, and additional administrative costs is estimated to be less than the amount paid for an equivalent set of Medicaid services.

(3) When determining cost effectiveness of a group health insurance plan, the department shall consider the following information:

a. The cost of the insurance premium, cost sharing, and Medicaid managed care capitation rate, if applicable;

b. The scope of services covered under the insurance plan, including exclusions for pre-existing conditions, exclusions to enrollment, and lifetime maximum benefits imposed;

c. The cost of allowing beneficiaries to seek care from within the Medicaid network of providers, even for services that are covered by the group health plan;

d. The average anticipated Medicaid utilization:

1. By age, sex, and coverage group for persons covered under the insurance plan; and

2. Using a statewide average for the geographic component;

e. The specific health-related circumstances of the persons covered under the insurance plan; and

f. Annual administrative expenditures of an amount determined by the department per Medicaid participant covered under the group health insurance plan.

B. Cost Effectiveness Review.

(1) The department shall complete a cost effectiveness review annually at the employer's annual enrollment.

(2) The department shall perform a cost effectiveness re-determination if:

a. A predetermined premium rate, or cost sharing increases;

b. Any of the individuals covered under the group health plan lose full Medicaid eligibility; or

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Kentucky

c. There is a:
   1. Change in Medicaid eligibility;
   2. Loss of employment when the insurance is through an employer; or
   3. A decrease in the services covered under the policy.

(3) Changes in enrollment
   a. A health insurance premium payment program participant, who is a Medicaid enrollee, or a person on that individual's behalf, shall report all changes concerning health insurance coverage to the participant's local Department for Community Based Services (DCBS), Division of Family Support or the Medicaid KI-HIPP office within thirty (30) days of the change.
   b. Except as allowed in section (4) below, if a Medicaid enrollee who is a health insurance premium payment program participant fails to comply with paragraph (a) of this subsection, the department shall disenroll the HIPP program participating Medicaid enrollee, and any family member enrolled in the HIPP program directly through the individual if applicable, from the HIPP program.

(4) The department shall not disenroll an individual from HIPP program participation if the individual demonstrates to the department, within thirty (30) days of notice of HIPP program disenrollment, good cause for failing to comply with subsection (3) of this section.

(5) Good cause for failing to comply with subsection (3) of this section shall exist if:
   a. There was a serious illness or death of the individual, parent, guardian, or caretaker or a member of the individual's, parent's guardian's, or caretaker's family;
   b. There was a family emergency or household disaster – for example a fire, flood, tornado, or similar;
   c. The individual, parent, guardian, or caretaker offers a good cause beyond the individual's, parent's, guardian's, or caretaker's control; or
   d. There was a failure to receive the department's request for information or notification for a reason not attributable to the individual, parent, guardian, or caretaker or lack of a forwarding address shall be attributable to the individual, parent, guardian, or caretaker.

C Coverage of Non-Medicaid Family Members.

(1) If determined to be cost effective, the department shall enroll a family member who is not a Medicaid enrollee into the HIPP program if the family member has group health insurance plan coverage through which the department can obtain health insurance coverage for a Medicaid-enrollee in the family.

(2) The needs of a family member who is not a Medicaid enrollee shall not be taken into consideration when determining cost effectiveness of a group health insurance plan.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: Kentucky

(3) The department shall:

a. Pay a HIPP program premium on behalf of a HIPP program participating family member who is not a Medicaid enrollee; and

b. Not pay a deductible, coinsurance, or other cost-sharing obligation on behalf of a HIPP program-participating family member who is not a Medicaid enrollee.

The department will not provide any services to a HIPP program-participating family member who is not a Medicaid enrollee.