

Kentucky

1. HMA Managed Medicaid Opportunity Assessment for Kentucky
2. Medicaid Plan Financials
 - a. Kentucky Health Plan Financials, 6 Plans, 2022
 - b. Kentucky Health Plan Financials, 6 Plans, 2021
3. RFP Developments and Analysis
 - a. Medicaid RFP Calendar
4. Medicaid Plan Enrollment Update
 - a. Kentucky Managed Care Enrollment, 2016-21, Sep-23
 - b. Enrollment in Kentucky Managed Medicaid by Plan, 2016-21, Sep-23
 - c. Kentucky Medicaid Market Share by Total Enrollment, 5 Top Plans, Sep 2023
5. Medicaid Fee for Service vs. Managed Care Penetration
 - a. Kentucky Medicaid Fee for Service vs. Managed Care Penetration, 2014-22
6. SNPs and Dual Eligibles
 - a. Kentucky SNP Enrollment by Plan, November 2023

1. MANAGED CARE OPPORTUNITY ASSESSMENT (UPDATED 3-22-24)

Kentucky currently contracts with Medicaid MCOs through its Department for Medicaid Services (DMS), which also oversees the Medicaid managed care program. In July 2021 the state awarded contracts to Aetna, Humana, Molina, UnitedHealthcare, and WellCare/Centene to manage care for most of the state's Medicaid enrollees.

Incumbent Elevance did not initially win an award, but after filing a protest the state was ordered to allow the plan to retain a Medicaid managed care contract while legal disputes were pending, making it the sixth Medicaid managed care plan offering. In March 2024, the Kentucky state Supreme Court upheld a 2022 state Court of Appeals ruling that Elevance Health was rightfully excluded from receiving a contract in the state's 2020 Medicaid managed care procurement. Current contract holders are Aetna, Humana, Molina, UnitedHealthcare, and WellCare/Centene. The contracts run through December 31, 2024, with six optional two-year renewals.

Aetna has also been contracted to provide covered services, population health management, and care management services to foster care, adoption assistance, and juvenile justice enrollees under the Kentucky SKY (Supporting Kentucky Youth) program, a separate Medicaid managed care program.

Aged, Blind, or Disabled (ABD) individuals remain in Medicaid Fee-for-service. Kentucky long term services and supports are furnished through fee-for-service delivery system.

Hot Topics

Kentucky administers a Medicaid Section 1115 demonstration program, TEAMKY (formerly named Kentucky Helping to Engage and Achieve Long-Term Health (KY HEALTH)), which expires September 30, 2024. Kentucky is negotiating with federal officials on a program extension that includes new requests, including to provide substance use disorder (SUD) treatment to eligible incarcerated members, short-term inpatient treatment services in institutions for mental diseases (IMDs) for eligible adults with serious mental illness (SMI), recuperative care services to eligible adults who are homeless or at risk of homelessness, and case management services to individuals pre- and post-release from public institutions.

In addition, in 2024 the Medicaid agency plans to request federal approval to provide home and community-based services to individuals who do not yet meet institutional level of care. These services would be available statewide and will not have capped slots.

In 2024, the Kentucky legislature is considering a bill that would limit the state to awarding no more than three Medicaid managed care contracts. The state has rejected six previous attempts to reduce the number of contracts.

Some Kentucky lawmakers also want to establish work requirements for able-bodied Medicaid beneficiaries. In 2022 the legislature enacted a bill calling for the state to implement a work requirement. Kentucky has experience with a work requirement policy, having been the first state to win federal agency approval to implement Medicaid work requirements in 2018 through its five-year, 1115 demonstration program KY HEALTH. The work requirement policy was challenged in court. Following a change in the political party holding the governorship in the 2019 election, the state withdrew its work requirement program in December 2019.

HMA Managed Medicaid Opportunity Assessment for Kentucky

Positive Metrics

Strong Indicators

- Average medical loss ratio among five Kentucky Medicaid plans was 89.3% in 2022.

- Kentucky awarded new Medicaid managed care in May 2020, including two new entries: Molina and UnitedHealthcare.

Negative Metrics

Weak Indicators

- Average PMPM premium among six Medicaid managed care plans in Kentucky was \$558.60 in 2022.

- Ongoing discussions about limiting the number of Medicaid MCOs could result in fewer plans awarded

Source: HMA

2. MANAGED MEDICAID PLAN FINANCIALS

Average medical loss ratio among Kentucky Medicaid plans was 89.3% in 2022. Per member per month premiums among Kentucky Medicaid managed care plans averaged \$558.60.

(Note: Financial metrics and comparisons presented in this overview are based on health plan NAIC filings in the state. Measures like per member per month premiums and medical loss ratios may vary greatly by plan and by state depending on the mix of business (e.g., TANF, ABD, etc.), scope of the state's Medicaid benefit package, geographic variations in the cost of care, and other factors.)

Kentucky Medicaid Plan Financials, 2022							
Plan	Publicly Traded	Enrollment	Member Months	PMPM	Premiums Earned (000)	Medical Costs (000)	MLR ⁽¹⁾
Anthem	Y	181,360	2,070,411	\$522.26	\$1,081,292	\$947,181	87.6%
Centene/WellCare	Y	496,303	5,906,601	\$550.48	\$3,251,491	\$2,878,712	88.6%
CVS Health/Aetna	Y	240,449	2,863,187	\$636.99	\$1,823,814	\$1,659,079	91.0%
Humana Inc.	Y	172,941	2,033,245	\$565.37	\$1,149,534	\$1,007,430	87.6% ⁽²⁾
Molina	N	342,210	4,044,473	\$513.43	\$2,076,544	\$1,892,719	91.0%
UnitedHealthcare of KY	Y	96,325	981,837	\$627.44	\$616,039	\$571,608	92.9%
Total, KY plans		1,529,588	17,899,754	\$558.60	\$9,998,714	\$8,956,730	89.3%

(1) After reinsurance recoveries. (2) Before reinsurance recoveries.

Source: S&P Global Market Intelligence, NAIC, HMA

Kentucky Medicaid Plan Financials, 2021							
Plan	Publicly Traded	Enrollment	Member Months	PMPM	Premiums Earned (000)	Medical Costs (000)	MLR ⁽¹⁾
Anthem	Y	162,114	1,917,238	\$501.84	\$962,144	\$806,991	83.9%
Centene/WellCare	Y	481,866	5,751,734	\$509.28	\$2,929,222	\$2,535,434	86.6%
CVS Health/Aetna	Y	236,298	2,822,257	\$624.91	\$1,763,665	\$1,583,216	89.8%
Humana Inc.	Y	168,822	2,026,585	\$542.53	\$1,099,486	\$996,479	90.6% ⁽²⁾
Molina	N	330,850	3,950,832	\$502.68	\$1,985,993	\$1,795,017	90.1%
UnitedHealthcare of KY	Y	56,660	1,199,152	\$477.49	\$572,589	\$479,287	83.8%
Total, KY plans		1,436,610	17,667,798	\$527.12	\$9,313,098	\$8,196,424	88.0%

(1) After reinsurance recoveries. (2) Before reinsurance recoveries.

Source: S&P Global Market Intelligence, NAIC, HMA

3. RFP DEVELOPMENTS AND ANALYSIS^(UPDATED 3-22-24)

Kentucky Medicaid managed care contracts went into effect in July 2021 after awarding contracts in May 2020 to Aetna, Humana, Molina, UnitedHealthcare, and WellCare/Centene. Incumbent Elevance, which protested the awards, was added as a sixth MCO due to a lower court ruling that the state’s procurement process was flawed. Humana, Molina, and UnitedHealthcare filed an appeal challenging the ruling. Following a series of legal actions, in March 2024, the Kentucky state Supreme Court upheld a 2022 state Court of Appeals ruling that Elevance Health was rightfully excluded from receiving a contract in the state’s 2020 Medicaid managed care procurement. The current contracts run through December 31, 2024, with six optional two-year renewals.

Kentucky re-released a pharmacy benefits manager (PBM) request for proposals (RFP) in March 2022 for the state’s fee-for-service (FFS) Medicaid pharmacy program, serving about 110,000 members. This comes after an RFP was released in 2021 but ended without an award. Proposals are due on May 2, 2022.

Kentucky Medicaid RFP Calendar		
Contract	Key Dates	# of Beneficiaries
Medicaid Managed Care RFP	Awarded: November 27, 2019 Implementation: July 1, 2020 Contract End: December 31, 2025 Options through December 31, 2035	1.4 million
	RFP Re-released: January 10, 2020 Proposals Due: February 7, 2020 Awarded: May 29, 2020 Implementation: January 1, 2021 Contract End: December 31, 2024 Options through December 31, 2036	
Pharmacy Benefits Manager RFP	Released: March 3, 2022 Proposals Due: May 2, 2022	110,000

Source: KY Cabinet for Health and Family Services, HMA

4. MANAGED CARE ENROLLMENT UPDATE

Kentucky Medicaid managed care enrollment was down 4.2% to 1.5 million in September 2023 compared to year-end 2022, after increasing 6.1% in 2022, 7.7% in 2021 and 13% in 2020 and decreasing 3.4% in 2019 and 2.1% in 2018.

Enrollment in Kentucky Managed Medicaid, 2016-21, September 2023

Plan Name	2018	2019	2020	2021	2022	Sep-23
Total Kentucky	1,229,023	1,187,554	1,342,423	1,446,354	1,534,657	1,470,292
+/- between reporting periods	(26,878)	(41,469)	154,869	103,931	88,303	(64,365)
% chg. between reporting periods	-2.1%	-3.4%	13.0%	7.7%	6.1%	-4.2%

Source: KY Cabinet for Health and Family Services, HMA

Enrollment in Kentucky Managed Medicaid, 2016-21, September 2023

Plan	2018	2019	2020	2021	2022	Sep-23
Centene/WellCare¹	435,991	422,251	468,111	479,677	494,247	471,580
+/- between reporting periods	(3,651)	(13,740)	45,860	11,566	14,570	(22,667)
% chg. between reporting periods	-0.8%	-3.2%	10.9%	2.5%	3.0%	-4.6%
% of total	35.5%	35.6%	34.9%	33.2%	32.2%	32.1%
CVS/Aetna	218,178	206,031	220,833	247,015	252,543	242,071
+/- between reporting periods	(21,901)	(12,147)	14,802	26,182	5,528	(10,472)
% chg. between reporting periods	-9.1%	-5.6%	7.2%	11.9%	2.2%	-4.1%
% of total	17.8%	17.3%	16.5%	17.1%	16.5%	16.5%
Molina/Passport²	305,397	293,318	329,645	328,766	339,656	322,723
+/- between reporting periods	(2,329)	(12,079)	36,327	(879)	10,890	(16,933)
% chg. between reporting periods	-0.8%	-4.0%	12.4%	-0.3%	3.3%	-5.0%
% of total	24.8%	24.7%	24.6%	22.7%	22.1%	21.9%
Humana	143,149	139,542	165,761	167,970	171,335	162,788
+/- between reporting periods	(838)	(3,607)	26,219	2,209	3,365	(8,547)
% chg. between reporting periods	-0.6%	-2.5%	18.8%	1.3%	2.0%	-5.0%
% of total	11.6%	11.8%	12.3%	11.6%	11.2%	11.1%
Anthem	126,308	126,412	158,073	167,087	181,571	176,977
+/- between reporting periods	1,841	104	31,661	9,014	14,484	(4,594)
% chg. between reporting periods	1.5%	0.1%	25.0%	5.7%	8.7%	-2.5%
% of total	10.3%	10.6%	11.8%	11.6%	11.8%	12.0%
UnitedHealthcare³				55,839	95,305	94,153
+/- between reporting periods				55,839	39,466	(1,152)
% chg. between reporting periods				NA	70.7%	-1.2%
% of total				3.9%	6.2%	6.4%
Total Kentucky	1,229,023	1,187,554	1,342,423	1,446,354	1,534,657	1,470,292
+/- between reporting periods	(26,878)	(41,469)	154,869	103,931	88,303	(64,365)
% chg. between reporting periods	-2.1%	-3.4%	13.0%	7.7%	6.1%	-4.2%

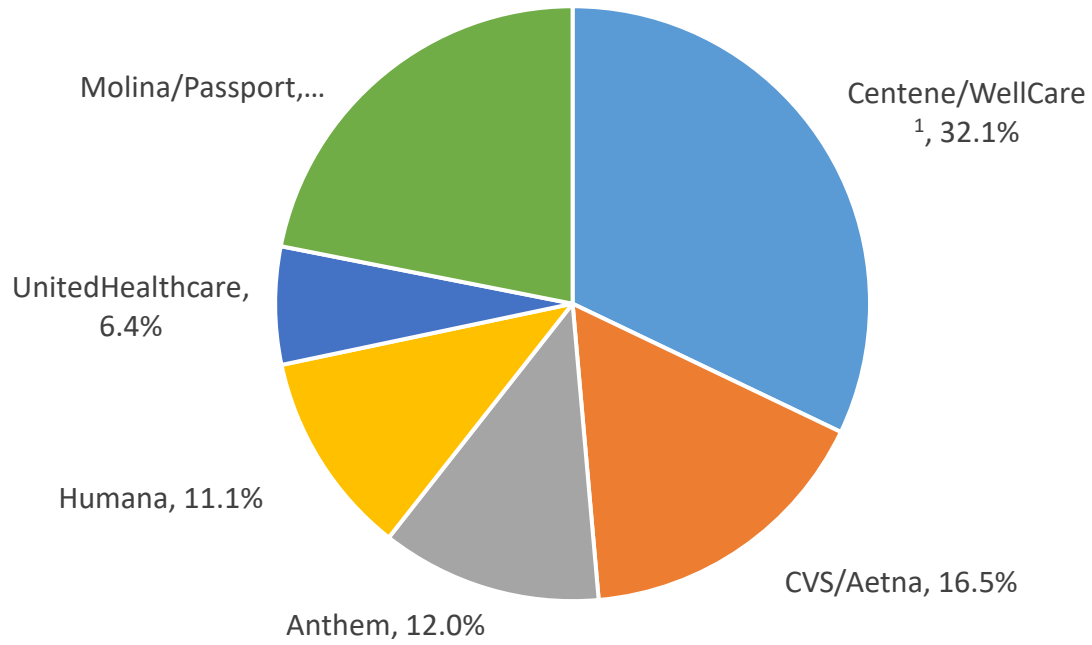
(1) Centene acquired WellCare in January 2020.

(2) Molina Acquired Passport in 2020.

(3) UnitedHealthcare entered the market in January 2021

Source: KY Cabinet for Health and Family Services, HMA

Kentucky Managed Medicaid Market Share by Total Enrollment, 6
Plans,
September 2023



- (1) Centene acquired WellCare in January 2020
- (2) Molina acquired Passport in 2020
- (3) UnitedHealthcare entered the market in 2021

5. MEDICAID FEE FOR SERVICE VS. MANAGED CARE PENETRATION

Total Medicaid enrollment in Kentucky was 1.6 million in 2022, nearly all of which is in managed care. Total Medicaid expenditures in Kentucky were \$14.6 billion in 2022, with about 78.6% through managed care and the rest through fee-for-service.

Kentucky Expenditures and Enrollment for Total Medicaid vs. Medicaid Managed Care, 2014-20						
Year	Total Medicaid Expenditures	Medicaid Managed Care Expenditures ⁽¹⁾	Medicaid Managed Care Expenditures as % of Total	Total Medicaid/CHIP Enrollment	Medicaid MCO Enrollment	Medicaid MCO Enrollment as % of Total ⁽³⁾
2022	\$14,590,469,639	\$11,473,974,790	78.6%	1,618,816	1,534,657	94.8%
2021	\$14,485,962,106	\$11,018,198,650	76.1%	1,524,888	1,446,354	94.8%
2020	\$11,905,613,440	\$8,330,061,206	70.0%	1,529,906	1,342,423	87.7%
2019	\$10,207,733,005	\$7,297,605,265	71.5%	1,184,224	1,187,554	100.3%
2018	\$9,801,380,491	\$7,172,290,782	73.2%	1,222,239	1,229,023	100.6%
2017	\$9,527,255,650	\$6,850,819,025	71.9%	1,272,976	1,255,901	98.7%
2016	\$9,609,364,927	\$6,878,104,559	71.6%	1,227,277	1,216,355	99.1%
2015 ⁽²⁾	\$9,423,467,372	\$6,777,791,567	71.9%	1,161,342	1,153,063	99.3%
2014	\$7,794,346,855	\$4,993,393,584	64.1%	1,099,327	1,064,902	96.9%

(1) Includes evaluation and management, vaccine codes, Community First Choice, and preventive services Grade A or B, ACIP vaccines and their administration, Prepaid Ambulatory Health Plans, and Prepaid Inpatient Health Plans.

(2) MCO enrollment as of September 2015.

(3) Due to differences in sources, enrollment penetration may be off. According to the Kentucky Finance and Administration Cabinet, Medicaid managed care penetration was 91% as of April 2019.

Sources: CMS64 for expenditures. CMS for total Medicaid/CHIP enrollment. States, NAIC for Medicaid managed care enrollment.

6. SNPs AND DUAL ELIGIBLES

Kentucky had 96,470 Special Needs Plan lives as of November 2023

Kentucky SNP Enrollment by Plan, November 2023					
Plan	Total SNPs	DSNPs	CSNPs	ISNPs	Share
Elevance	28,734	28,631	103	0	29.8%
UnitedHealthcare	25,063	24,964	0	99	26.0%
Humana/Arcadian ¹	20,933	18,164	2,769	0	21.7%
Centene	16,126	16,126	0	0	16.7%
CVS Health	2,943	2,943	0	0	3.1%
Molina Healthcare	1,641	1,641	0	0	1.7%
Signature Advantage ²	1,030	0	0	1,030	1.1%
Total	96,470	92,469	2,872	1,129	100%

¹ Humana CSNP enrollment includes members from Ohio.

² Signature Advantage ISNP enrollment includes members from Tennessee.

Source: CMS, HMA