

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-25-26  
Baltimore, Maryland 21244-1850



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## State Demonstrations Group

May 14, 2019

Carol H. Steckel  
Commissioner, Department for Medicaid Services  
Commonwealth of Kentucky  
Cabinet for Health and Family Services  
275 East Main Street, 6 West A  
Frankfort, KY 40621

Dear Ms. Steckel:

On November 20, 2018, the Centers for Medicare & Medicaid Services (CMS) approved the Kentucky HEALTH program as a component of the Commonwealth's section 1115 demonstration project, entitled "Kentucky Helping to Engage and Achieve Long Term Health" (KY HEALTH Project Number 11-W-00306/4 and 21-W-00067/4). The Kentucky HEALTH program requires beneficiaries ages 19 to 64, with exemptions for certain groups, to participate in and timely document and report 80 hours per month of community engagement activities, such as employment, education, job skills training, or community service, as a condition of continued Medicaid eligibility.

The November 2018 approval also authorized the following additional provisions for the Kentucky HEALTH program:

- Two consumer-driven tools, the My Rewards Account and the Deductible Account whereby beneficiaries may receive incentives for healthy behavior and community engagement in their My Rewards Account that could be used to obtain additional benefits;
- Premiums in lieu of the copayments required under the state plan of not less than one dollar per month and not to exceed four percent of household income for certain beneficiaries, with exceptions, as well as specified consequences for beneficiaries who do not pay premiums, including a six month non-eligibility period for some beneficiaries;
- A six month non-eligibility period for beneficiaries who fail to provide the necessary information or documentation to complete the annual redetermination process, with exceptions;
- Disenrollment and a six month non-eligibility period for beneficiaries who fail to report a change in circumstance that resulted in Medicaid ineligibility, with exceptions;
- A waiver of retroactive eligibility for certain beneficiaries, with exceptions; and

- A waiver of the requirement to provide non-emergency medical transportation (NEMT) for beneficiaries in the new adult group, with exceptions.

On March 27, 2019, the U.S. District Court for the District of Columbia vacated the approval of the demonstration project component known as Kentucky HEALTH. We have appealed this court decision and will continue our efforts to ensure states have maximum flexibility through section 1115 demonstrations. However, pending appeal, the state only has the authority for the provisions of the KY HEALTH demonstration approved on January 12, 2018 that remain in effect, including:

- A waiver of NEMT for methadone treatment services for all Medicaid beneficiaries except pregnant women, former foster care youth, and also does not apply if the service is provided subject to early and periodic screening, diagnostic, and treatment (EPSDT);
- Alignment of a beneficiary's annual redetermination with their employer sponsored insurance (ESI) open enrollment period, including any children enrolled in Medicaid or CHIP and covered by a parent or caretaker's ESI;
- Extension of coverage to former foster care youth who were the responsibility of another state; and
- A substance use disorder (SUD) program available to all Kentucky Medicaid beneficiaries.

We look forward to continuing to work with you on innovative, state-driven policies that advance the objectives of the Medicaid program. If you have questions regarding your section 1115 demonstration, please contact your CMS project officer, Ms. Melanie Benning, at [melanie.benning@cms.hhs.gov](mailto:melanie.benning@cms.hhs.gov).

Sincerely,

/s/

Andrea J. Casart  
Director  
Division of Medicaid Expansion Demonstrations

cc: Shantrina D. Roberts, Deputy Director, Division of Medicaid Field Operations South