

Key terms and timelines of Medicaid and Medicaid expansion

What is Medicaid?

Medicaid is a health insurance program jointly funded by the state and the federal government, but administered by the state. Each state has the ability to determine the eligibility requirements for its state program. In Kentucky, traditional Medicaid provides health insurance coverage to low-income children and the elderly, pregnant women and individuals with certain disabilities. Poverty alone does not necessarily qualify someone for Medicaid. States are not required to participate in the Medicaid program, although all currently do. Medicaid recipients must be U.S. citizens or legal permanent residents.

What is Medicaid expansion?

The Affordable Care Act significantly expanded both eligibility for and federal funding of Medicaid. Under the law, each state was given the option of extending Medicaid coverage to citizens and legal residents with incomes up to 138% of the Federal Poverty Level. Kentucky Governor Steve Beshear chose to expand Medicaid coverage to Kentuckians as permitted under the ACA.

What is the Federal Poverty Level?

Federal Poverty Levels (which are also called Federal Poverty Guidelines, Federal Poverty Line, or simply FPL) are a measure of income level issued annually by the Department of Health and Human Services. Federal poverty levels are used to determine eligibility for certain programs and benefits. FPL is used to determine an individual's eligibility for financial assistance when buying insurance through kynect. It is also used to determine eligibility for Medicaid.

Below is a table of the current FPL by household size.

Household Size	100% FPL*	138% FPL (Medicaid Expansion Eligible)
1	\$11,670	\$16,105
2	\$15,730	\$21,707
3	\$19,790	\$27,310
4	\$23,850	\$32,913
5	\$27,910	\$38,516
6	\$31,970	\$44,119
7	\$36,030	\$49,721
8	\$40,090	\$55,324

What is uncompensated care?

Uncompensated care or charity care is a term used to describe healthcare services delivered by a healthcare provider to an individual who is uninsured or under-insured and does not have sufficient healthcare coverage or the financial means to pay for treatment.

What is DSH?

Acknowledging that hospitals typically bear significant costs associated with treating the uninsured and under-insured, the Federal government created the disproportionate share (DSH) payment program. DSH payments allow hospitals that treat a significant number of indigent individuals to receive payments from a pool in proportion to the number of indigent patients treated.

As a result of Medicaid expansion, the number of uninsured in Kentucky is dramatically decreasing. This trend was anticipated in the Affordable Care Act and language was included to begin reducing DSH payments immediately. However, as a result of recent budget negotiations at the federal level, those reductions were postponed until 2017. Therefore this year Kentucky hospitals will receive a full DSH payment based on their share of indigent care in preceding years in addition to the increased reimbursements they are receiving as a result of Medicaid expansion.

Timeline of significant events related to Medicaid expansion in Kentucky:

- May 9, 2013—Governor Beshear announced his decision to participate in Medicaid expansion following several months of internal analysis – as well as outside studies conducted by the University of Louisville and the Pricewaterhouse Coopers accounting and actuarial firm – determined that the expansion was a good deal for Kentucky families and for taxpayers. The reviews gathered information about possible impacts to citizen health, the state budget, workforce and economic development.
- May 15, 2013, Governor Beshear launched kynect, Kentucky's health benefit exchange, which enrolled more than 413,000 individuals in Medicaid and Qualified Health Plans during its first open enrollment, which began on Oct. 1, 2013 and closed on April 15, 2014.
- Nov. 15, 2014, kynect began its second open enrollment period, which closes on Feb. 15, 2015.
- Feb. 12, 2015, Governor Beshear releases the findings of an independent review of Medicaid expansion. This review, conducted by Deloitte Consulting LLC, examines 12-months of Medicaid expansion experience in Kentucky and the resulting impact on the economy, job growth, provider community and health statistics of Kentuckians.