



**Kentucky
Hospital
Association**

Representing Kentucky Health Care Organizations

OCT 19 2016

Michael T. Rust
President

October 3, 2016

Sylvia Burwell
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Burwell:

The Kentucky Hospital Association (KHA) represents all 125 hospitals in the Commonwealth of Kentucky. On behalf of our members, I am writing to express our support for the Medicaid 1115 waiver proposal, Kentucky HEALTH, submitted to your office for approval by the Kentucky Department for Medicaid Services.

Kentucky hospitals support the Medicaid expansion and the benefits it has brought to low-income Kentuckians. We also understand the concern regarding the financial sustainability of the expansion, and we support the efforts of the state to address mounting costs while ensuring that the expansion will continue.

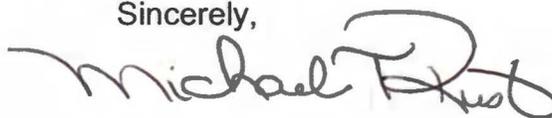
Many of the principles articulated in the waiver align with KHA's principles for Medicaid reform. Since many of the expansion population are working and may have access to employer based coverage, KHA and Kentucky's hospitals support the proposed employer premium assistance program to promote private coverage. This will greatly benefit those Medicaid eligibles by giving them broader provider access and coverage under Kentucky's patient protection laws that Medicaid managed care organizations have not been required to follow. We also believe the state employee health plan is an appropriate benchmark for expansion population benefits, as our membership has long supported greater alignment of Medicaid benefits with commercial plans available to Kentucky's taxpayers which are financing a portion of Medicaid costs. We also support the cost sharing proposals contained in the waiver and, particularly, the opportunity for enrollees to earn incentives through a reward account to encourage healthy lifestyles and proper use of services. These initiatives are extremely important in lowering the long term cost of the Medicaid program because the high incidence of

multiple chronic conditions and use of health services is ultimately related to adoption of healthy behaviors by Medicaid recipients.

KHA and its members have studied 1115 waivers operating in other states. We believe Kentucky's proposal contains innovative approaches that improve on many features which CMS has already approved.

The Kentucky HEALTH proposed waiver has undergone extensive public review and comment which has resulted in further refinement. The waiver is intended to lower cost but also improve health by incentivizing and engaging patients to be better consumers of health care. We believe the state and the federal government should work within the framework of the submitted waiver to find common ground and reach approval. KHA and Kentucky's hospitals stand ready to work with Governor Bevin and his administration on implementation of the waiver.

Sincerely,

A handwritten signature in black ink that reads "Michael T. Rust". The signature is written in a cursive style with a large, stylized initial "M".

Michael T. Rust
President