



Kentucky Spirit Terminates Managed Care Contract, Sues Cabinet

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Kentucky Spirit, one of the three Medicaid managed care companies serving Kentucky, has informed the Cabinet for Health and Family Services of its intention to prematurely terminate its three-year contract.

The company also filed a lawsuit in Franklin Circuit Court last week, alleging the Cabinet provided inaccurate information in the run-up to the managed care bids in 2011.

Kentucky Spirit claims the Commonwealth rushed the Medicaid privatization process and procured inaccurate data from the accounting firm PricewaterhouseCoopers. The company alleges this faulty information played a part in the losses experienced by the company since the contract began in 2011 (claimed to be \$120 million). As a result, the company notified the Cabinet last week that it would terminate its three-year contract after performing half of that term.

Cabinet Secretary Audrey Haynes has said the Commonwealth will pursue damages from the terminated contract, which was set to end in July 2014.

Currently, it is unclear how the Cabinet intends to reallocate the Medicaid recipients currently covered by Kentucky Spirit, although the Cabinet did state in a press release that it will ensure a “smooth transition” for Kentucky Spirit enrollees to another managed care organization in the coming months.

Kentucky Spirit serves approximately 125,000 Medicaid recipients in 104 counties across Kentucky. Its parent company, St. Louis-based Centene, currently offers managed care services in 18 other states.