



February 22, 2019 – Press Release

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Passport to Halt Construction on West Louisville HQ

Nonprofit health plan seeking critical rate relief from Commonwealth of Kentucky; Franklin County Circuit Court hearing scheduled for Feb. 26

Louisville, Ky. – Passport Health Plan is delaying construction on its new headquarters building at 18th and Broadway while the organization attempts to resolve a dispute with the Kentucky Cabinet for Health & Family Services. Passport is seeking immediate relief from a reduction in reimbursement rates that disproportionately impacts Medicaid beneficiaries in the Louisville area – where the majority of Passport’s members reside.

Passport broke ground on the four-story, 337,000-square foot building in March 2018 and had planned to occupy the building by early 2020. With the organization’s financial future now in question, those plans have been put on indefinite hiatus. Contractors will halt construction in the coming weeks after securing the site.

“While we remain passionate about the continued revitalization of west Louisville and hope to play a significant role in those efforts in the future, we have no choice but to delay any further work on Passport’s new headquarters building,” said Passport CEO Mark Carter. “This greatly saddens me because of the promise it holds for a vital part of our community. But, our immediate priority is to preserve the future of our organization, for the more than 310,000 members we serve and our nearly 700 employees.”

In December 2018, Passport announced that three national Community Development Entities (CDEs) would invest \$24.35 million in New Markets Tax Credits (NMTC) to help bring the headquarters development to fruition. The project qualified for the NMTC funding due to its key role in the revitalization of west Louisville. It has been viewed as an economic development boon and a catalyst for future development in an area that has long struggled with health and income disparities, among other challenges.

The development was projected to generate more than 300 new jobs in the coming years and has received widespread support from area residents, community leaders, elected officials and others.

“There has been so much positive momentum surrounding the new Passport headquarters, and I am extremely disappointed at the prospect of it not being built,” said Steve Poe, Poe Companies CEO and Board Chair for OneWest, a community development corporation focused on revitalizing west Louisville through commercial development growth. “In my many years as a developer, this is easily one of the most exciting projects I’ve been involved with. The Passport headquarters is a crucial part of the ongoing efforts to revitalize west Louisville and holds immense promise for the future of the neighborhood, city and region. It is very important that all stakeholders come together to resolve this issue so that Passport can continue to serve the community. West Louisville cannot afford and does not deserve another setback.”

Passport’s financial situation is a direct result of recent changes to the state’s Medicaid reimbursement model, which directly and negatively impact the Louisville region. The changes resulted in a 4.1 percent decrease in reimbursement rates (a nearly \$140 million annual budget shortfall for Passport) for a 16-county region that comprises Jefferson and surrounding counties, where Passport members account for approximately 65 percent of all Medicaid beneficiaries. Meanwhile, the state’s changes resulted in a 2.2 percent increase in Medicaid reimbursement rates for the remainder of the state, making Passport the state’s only Medicaid Managed Care Organization to receive a composite rate reduction.

After attempting to resolve the matter in discussion with state leaders, Passport last week filed a complaint in Franklin County Circuit Court against the Kentucky Cabinet for Health and Family Services, seeking immediate and long-term relief. The filing is part of the dispute resolution process outlined in Passport’s contract with the state and was the necessary next step to ensure adequate reimbursement to Passport’s extensive network of providers.

“Passport has served as a strong partner for the Commonwealth of Kentucky for over 20 years and worked to improve the lives of hundreds of thousands of Kentuckians,” Carter said. “We are taking the necessary steps to ensure that we will be able to continue to serve the Commonwealth well into the future.”

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About Passport Health Plan

Passport Health Plan is a provider-sponsored, non-profit, community-based health plan administering Medicaid benefits to more than 300,000 Kentuckians. Named the top Medicaid plan in Kentucky by the National Committee for Quality Assurance (NCQA) for 2016-17, Passport has been contracted with the Commonwealth of Kentucky to administer Medicaid benefits since 1997. For details, please visit passporthealthplan.com or call toll-free (800) 578-0603. Passport also operates a Medicare Advantage program, called “Passport Advantage,” for residents of Jefferson, Bullitt, Hardin, Nelson, Breckinridge, Carroll, Grayson, Henry, Larue, Marion, Meade, Oldham, Shelby, Spencer, Trimble and Washington counties who are eligible for both Medicaid and Medicare. For details, go online to passportadvantage.com or call toll-free (844) 859-6152.