



CABINET FOR HEALTH AND FAMILY SERVICES

Budget Overview for the Department for Medicaid Services

Prepared for the House Budget Review Subcommittee on Health & Family Services

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Kentucky Medicaid at a Glance

Approximately 1.4 million members

Over 600,000 children – more than half of the children in Kentucky

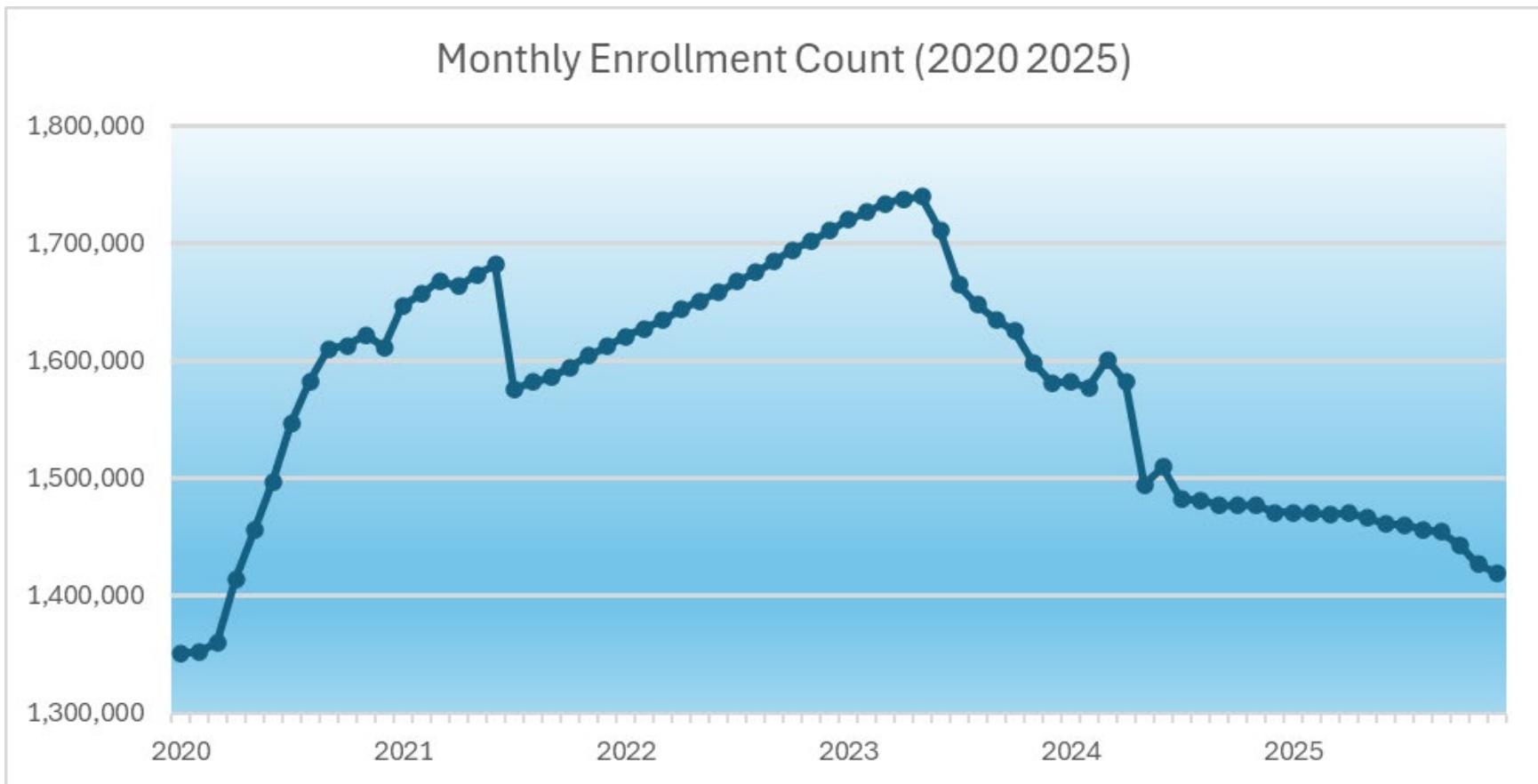
Approximately 450,000 Expansion Members

Over 75,000 enrolled providers

\$20.6 billion in total SFY 2025 expenditures
(Administrative and Benefits combined)

Medicaid Enrollment Trend

January 2020 to December 2025



Monthly Fee For Service Usage

Top Ten Procedure Codes -12/1/25 to 12/31/25

Procedure	Description	Member Count	Claim Count	Amount Paid
S5108	Home care training to home care client per 15 minutes	13,894	174,236	\$55,866,617.60
T2016	Habilitation, residential, waiver; per diem	4,073	37,627	\$29,471,427.33
97535	Training for self-care or home management, each 15 minutes	8,598	92,134	\$24,129,653.54
99213	Established patient office or other outpatient visit with low level of decision making, if using time, 20 minutes or more	110,029	158,104	\$20,252,658.11
T1019	Personal care services, per 15 minutes	3,428	49,085	\$17,288,121.68
99199	Other special serv, procedure, or report	3,721	4,124	\$7,064,228.51
T1040	Home care training to home care client, per 15 sec	15,664	38,766	\$6,656,341.02
T1016	Case management, each 15 minutes	13,985	16,504	\$6,202,328.92
H0004	Behavioral Health counseling and therapy per 15 minutes	4,483	13,545	\$5,688,174.37
T2022	Case management per month	12,520	13,258	\$5,685,337.32

Top Ten Diagnosis Codes – 12/1/25 to 12/31/25

Diagnosis	Description	Member Count	Claim Count	Amount Paid
F70	Mild intellectual disabilities	6,836	67,123	\$30,537,921.30
F71	Moderate intellectual disabilities	4,800	42,597	\$22,253,149.38
F840	Autistic disorder	7,155	86,776	\$20,854,600.84
I10	Essential (primary) hypertension	9,405	42,707	\$16,905,688.93
J449	Chronic obstructive pulmonary disease, unspecified	5,178	19,016	\$15,652,145.70
F72	Severe intellectual disabilities	980	8,217	\$7,333,808.87
G809	Cerebral palsy, unspecified	1,843	16,847	\$7,331,848.01
F119	Conduct disorder, childhood-onset type	3,722	4,128	\$7,059,853.22
F0390	Unsp dementia, unsp severity, without beh/psych/mood/anx	1,118	4,296	\$5,922,140.82
E119	Type 2 diabetes mellitus without complications	3,614	12,076	\$5,754,055.08

Monthly Managed Care Usage

Note: Data taken from encounters received from the Managed Care Organizations

Top Ten Procedure Codes -12/1/25 to 12/31/25

Procedure	Description	Member Count	Claim Count	Amount Paid
99284	Emergency department visit with moderate level of medical decision making	52,389	69,187	\$14,504,628.83
99285	Emergency department visit with high level of medical decision making	32,630	43,620	\$13,445,127.89
99213	Established patient office or other outpatient visit with low level of decision making, if using time, 20 minutes or more	215,692	292,911	\$10,383,166.51
H0011	Alcohol and/or drug services; acute detoxification (residential addiction program inpatient)	2,960	21,083	\$9,779,851.84
99214	Established patient office or other outpatient visit with moderate level of decision making, if using time, 30 minutes or more	142,196	179,634	\$9,651,629.93
90837	Psychotherapy, 1 hour	48,227	93,251	\$8,328,307.98
T2023	Targeted case management; per month	19,479	22,041	\$7,857,309.02
99283	Emergency department visit with low level of medical decision making	31,639	39,612	\$7,476,394.14
74177	CT scan of abdomen and pelvis with contrast	10,844	14,676	\$6,462,726.41
H2020	Therapeutic behavioral services, per diem	3,267	24,778	\$6,412,024.12

Top Ten Diagnosis Codes – 12/1/25 to 12/31/25

Diagnosis	Description	Member Count	Claim Count	Amount Paid
F1120	Opioid dependence, uncomplicated	37,179	186,288	\$20,817,843.44
Z5111	Encounter for antineoplastic chemotherapy	1,102	2,048	\$10,644,860.88
Z3800	Single liveborn infant, delivered vaginally	2,139	3,545	\$9,196,191.74
A419	Sepsis, unspecified organism	1,823	3,555	\$8,962,886.24
F1520	Other stimulant dependence, uncomplicated	6,721	51,779	\$8,862,352.27
F840	Autistic disorder	6,950	30,995	\$8,745,372.33
Z3801	Single liveborn infant, delivered by cesarean	1,129	2,052	\$8,451,823.14
F3481	Disruptive mood dysregulation disorder	2,649	7,828	\$7,126,126.28
F1020	Alcohol dependence, uncomplicated	4,976	38,843	\$7,086,644.87
F332	Major depressive disorder, recurrent severe w/o psych features	4,837	15,054	\$6,130,504.19

What makes up the budget for the Department for Medicaid Services (DMS)?

The overall budget is made up of two separate budgets:

- **Benefits Budget (Department 748):**
 - FFS Mandatory Services
 - FFS Optional Services
 - Managed Care Capitation Payments (MCO and NEMT)
 - “Below the Line” items (i.e. Medicare Part A, B, and D)
 - Potential funding for Additional Budget Requests (ABRs)

- **Administration Budget (Department 746):**
 - Contracts
 - State Share Transfers
 - Advance Planning Documents (APDs)
 - Personnel, Travel, and Operating Costs
 - Potential funding for Additional Budget Requests (ABRs)

Medicaid Administrative Budget

Medicaid Administrative	SFY 2027 Governor's Recommended	SFY 2028 Governor's Recommended
General Fund	\$82,956,700	\$76,443,600
Restricted Agency Funds	\$35,516,200	\$35,133,700
Federal Funds	\$241,290,600	\$224,326,100
TOTAL	<u>\$359,763,500</u>	<u>\$335,903,400</u>

What is included in the Governor's Recommended budget:

- 2% Cost of Living Increase for staff in SFY 2027 and SFY 2028
- House Resolution 1 (H.R. 1) Immediate needs
 - Integrated Eligibility and Enrollment System (IEES) system changes
 - Medicaid Management Information System (MMIS) system changes
 - Community Engagement

Medicaid Benefits Budget

➤ The projected benefit expenditures are developed via a consensus forecasting group:

Department budget staff (DMS CFO and Fiscal Management Staff)

Cabinet Budget Staff (CHFS Budget Director and Office of Finance and Budget)

Economists from the Governor's Office of Policy Management (GOPM Staff)

State Budget Director's staff (Deputy State Budget Director and Budget Officers)

➤ By using historical data and various forecasting models, this group collectively projects and estimates Medicaid MCO enrollment (by MCO rate cell) and FFS expenditures (by category of service).

- During this process, the enrollment estimates were adjusted based on projected impacts of House Resolution 1 (H.R.1) related to community engagement and 6-month redeterminations. These two items resulted in a projected decrease in enrollment by approximately 28,500 Kentuckians.
- The 10% phase down of the State Directed Payments and any required reductions of provider taxes was also accounted for in the SFY 2028 projected expenditures.

Medicaid Benefits Budget

DMS receives various levels of federal funding for benefits based on the Federal Medical Assistance Percentages (aka FMAP or FFP). The following are the blended rates assumed in our budget projection:

	Blended Federal Match			Blended State Match		
	SFY 2026	SFY 2027	SFY 2028	SFY 2026	SFY 2027	SFY 2028
Traditional Medicaid	71.43%	71.55%	71.60%	28.57%	28.45%	28.40%
CHIP	80.00%	80.09%	80.12%	20.00%	19.91%	19.88%
Expansion	90.00%	90.00%	90.00%	10.00%	10.00%	10.00%

Medicaid Benefits Budget

Medicaid Benefits	SFY 2027 Governor's Recommended	SFY 2028 Governor's Recommended
General Fund	\$2,707,534,600	\$3,430,313,300
Restricted Agency Funds	\$2,502,012,600	\$2,088,385,200
Federal Funds	\$16,980,087,400	\$18,073,444,600
TOTAL	<u>\$22,189,634,600</u>	<u>\$23,592,143,100</u>

What is included in the Governor's Recommended budget:

- 500 new waiver slots for Michelle P beginning in SFY 2027.
- 250 new waiver slots for Supports for Community Living (SCL) beginning in SFY 2027.
- 500 new waiver slots for Home and Community Based Services (HCBS) beginning in SFY 2027.

**QUESTIONS
and/or
Comments?**