

INTERIM JOINT COMMITTEE ON HEALTH SERVICES

Minutes of the 2nd Meeting of the 2024 Interim

July 30, 2024

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on Health Services was held on July 30, 2024, at 9:00 AM in Room 149 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith Co-Chair; Senators Cassie Chambers Armstrong, Karen Berg, Danny Carroll, Donald Douglas, Greg Elkins, Shelley Funke Frommeyer, Michael J. Nemes, Lindsey Tichenor, and Max Wise; Representatives Steve Bratcher, Josh Bray, Lindsey Burke, Emily Callaway, Adrielle Camuel, Ryan Dotson, Robert Duvall, Deanna Frazier Gordon, Amy Neighbors, Rebecca Raymer, Steve Riley, Rachel Roarx, Scott Sharp, Lisa Willner, and Susan Witten.

Guests: John Holder, Chair, Kentucky Board of Emergency Medical Services; Eddie Slone, Executive Director, Kentucky Board of Emergency Medical Services; Richard Bartlett, Kentucky State Trauma Program Director, Kentucky Hospital Association; Andrew Bernard, MD, FACS, Division Chief of Acute Care Surgery and Trauma, Trauma Medical Director, Chair of Trauma Surgery, University of Kentucky HealthCare; Dr. Jason Smith, Chief Medical Officer, University of Louisville Health; Dr. Richard Cales, Chair, Kentucky Trauma Advisory Committee; Nancy Galvagni, President, Kentucky Hospital Association; Jim Musser, Senior Vice President, Policy and Government Relations, Kentucky Hospital Association; Wes Butler, Attorney, Kentucky Hospital Association; Jeff Noel, Secretary, Cabinet for Economic Development; Katie Smith, Deputy Secretary, Cabinet for Economic Development; Matthew Wingate, General Counsel, Cabinet for Economic Development; Matt Brown, Chief Administration Officer, Addiction Recovery Care (ARC); Deron Bibb, Chief Financial Officer, Stepworks; Julia Costich, Professor, Health Services Research, University of Kentucky; W. Wagenseller, University of Kentucky; Kim Denzick, Director, Trauma Institute, University of Louisville; Mike Mixson, Manager, Trauma Director, Owensboro Health; Gilbert Mischel, Director, Government Affairs Owensboro Health; Adam Rucker, Director, Healthcare and Administration, ARC; Andrew C. Bernard, MD, FACS, Division Chief, Acute Care Surgery and Trauma, Trauma Medical Director, University of Kentucky HealthCare; Ben Hughes, University of Kentucky; and John Wilson, Market President, Addiction Treatment and Recovery Division, ARC.

LRC Staff: Chris Joffrion, Logan Bush, Becky Lancaster, and Victoria Alcorn.

Approval of Minutes

A motion to approve the minutes of the June 18, 2024, meeting was made by Senator Douglas, seconded by Representative Dotson, and approved by voice vote.

Paramedic and EMT Staffing Shortages

John Holder, Chair, Kentucky Board of Emergency Medical Services, discussed the decrease in the number of emergency providers, increase in requests for ambulance transports, emergency medical services (EMS) workforce challenges, limited reimbursement and funding barriers, lack of access to education classes in rural parts of the state, and goals for improvement in all areas.

In response to questions and comments from Senator Funke Frommeyer, Mr. Holder stated that providers are leaving the EMS workforce and that there are not enough providers to fill in the open positions.

In response to questions and comments from Representative Willner, Mr. Holder stated that EMS services need legislative support to increase reimbursement rates and new avenues to generate funds for treatment in the field.

In response to questions and comments from Representative Burke, Mr. Holder stated that providing worker's compensation for first responders who experience psychological injuries would enhance the ability to retain workers.

In response to questions and comments from Representative Callaway, Mr. Slone stated that increased financial support would allow EMS providers to at least financially break even so they are able to provide 911 services in rural areas.

In response to questions and comments from Senator Carroll, Mr. Slone stated that the private insurance reimbursement rate is better but needs improvement.

In response to questions and comments from Senator Meredith, Mr. Holder stated that \$6 million over a two-year period would help EMS providers train additional emergency medical technicians and paramedics but that providers need reimbursement rate increases to sustain the services.

Update on Kentucky's State-Wide Trauma Network

Richard Bartlett, Kentucky State Trauma Program Director, Kentucky Hospital Association, discussed how the state-wide trauma network has been funded by voluntary assistance, grants, and gifts to grow the program but that an investment appropriation from the state is needed for rural areas.

Andrew Bernard, MD, FACS, Division Chief of Acute Care Surgery and Trauma, Trauma Medical Director, Chair of Trauma Surgery University of Kentucky HealthCare, discussed the importance of an organized, funded trauma system to prevent deaths, the amount of funding needed to implement more hospital trauma teams, and the need for a trauma database for system improvements.

Dr. Jason Smith, Chief Medical Officer, University of Louisville Health, discussed the value in having trauma systems and the cost of not having trauma systems in some areas.

Dr. Richard Cales, Chair, Kentucky Trauma Advisory Committee, discussed rural trauma system funding, recruitment of additional rural Level III/IV trauma facilities, and the return on investment in rural areas.

In response to questions comments from Senator Funke Frommeyer, Dr. Smith stated that Kentucky Hospital Association has collaborated in creating the existing unfunded, volunteer trauma system and that additional steps need to be taken by the state to fund and expand the trauma system into new rural areas. Dr. Bernard stated that the money going into the hospital systems for Medicaid patients are to cover hospital costs and the volume of patients in an urban area helps to fund the trauma system. Dr. Cales stated that funding is needed for the oversight for the state trauma system with the expansion to rural areas as the focus.

In response to questions and comments from Senator Camuel, Dr. Smith stated that they are trying to figure a system for perpetuity funding to develop the trauma centers to continue to develop the hospital systems.

The 340B Drug Pricing Program

Nancy Galvagni, President, Kentucky Hospital Association, discussed the 340B Drug Program facts and benefits, allocation of saved funds from the program, growth in spending in the program, increasing profits made by drug companies, and legislation to require delivery of prescription medicines to covered entities.

Wes Butler, Attorney, Kentucky Hospital Association, discussed the 340B program's beginning, purpose, benefits, and adverse effects if the program is not protected by new legislation.

In response to questions and comments from Senator Meredith, Ms. Galvagni stated that \$122 million is the losses from the drug manufacturers refusal to ship 340B drugs to hospitals. Sixty-eight million dollars of that total were from rural hospitals.

In response to questions and comments from Representative Witten, Mr. Butler stated that from his experience very little federal legislation comes to fruition for the 340B Drug Program and that if all states aren't paying the same price for drugs that the cost will be shifted to the states that are not protected.

In response to questions and comments from Representative Frazier Gordon, Mr. Butler stated that contract pharmacies are not always located in-state, some drugs are only available through particular providers that may be out-of-state, and the original intent of the program was to stretch scarce resources within the hospitals.

In response to questions and comments from Senator Wise, Mr. Butler stated that information on contract pharmacies and other information regarding the 340B Drug Program is available on the Health Resources and Services Administration (HRSA) website. Ms. Galvagni stated that the purpose of the 340B program savings is to help the hospitals stay open.

In response to questions and comments from Representative Raymer, Mr. Butler stated the prices of the drugs are determined by the drug manufacturer, that revenue is not generated from the 340B Drug Program but rather a cost reduction or discount on the medication. Ms. Galvagni stated that every hospital can tell the amount of the savings, how it is being used, and every hospital is audited to confirm the savings is correct. Mr. Butler stated that HRSA completes audits each year to verify the hospital's compliance to the program.

In response to questions and comments from Senator Tichenor, Ms. Galvagni stated that in 2010 the 340B Drug Program was expanded to include different types hospitals, therefore more hospitals were eligible for the program, that along with more out-patient surgeries, the growth of specialty drugs, and the evolution of medical advancements have all contributed to the growth in spending.

The Kentucky Rural Hospital Revolving Loan Program

Jeff Noel, Secretary, Cabinet for Economic Development, discussed the Kentucky Rural Hospital Loan Program (KRHLP) eligibility, terms, requirements, approved projects, and available funds.

In response to questions and comments from Senator Meredith, Secretary Noel stated that healthcare is a major driver for economic development in rural areas.

Consideration of Referred Administrative Regulations

The following referred administrative regulations were placed on the agenda for consideration:

201 KAR 020:360 Proposed - Continuing approval and periodic evaluation of precicensure registered nursing and licensed practical nursing programs.

902 KAR 020:036 Proposed - Operation and services; personal care homes.

All of the above listed administrative regulations were reviewed.

Medicaid Reimbursement Rates for Addiction Recovery Services

John Wilson, Market President, Addiction Treatment & Recovery Division, Addiction Recovery Care (ARC), discussed the Kentucky Association of Independent Recovery Organizations (KAIROS) focus and status in the state.

Matt Brown, Chief Administration Officer, Addiction Recovery Care, discussed the expansion of addiction treatment, reduction of overdose deaths, potential rate cuts for treatment care from 3 of the 6 managed care organizations (MCOs), and the return on investment for long-term substance use disorder treatment.

Deron Bibb, Chief Financial Officer, Stepworks, discussed the impacts if the MCOs cut rates and the elements to a collaborative approach to treatment and recovery.

Mr. Brown discussed the significant physical and chemical changes in the brain and body caused by addiction, the necessity of long-term SUD treatment, the reduction of arrests and emergency room visits by long-term SUD treatment clients.

In response to questions and comments from Senator Chambers Armstrong, Mr. Brown stated that KAIROS tracks the average length of stay in treatment, he recommended finding a way to share data to better study the long-term return on investments of treatment.

In response to questions and comments from Representative Roarx, Mr. Brown stated that several providers have received unilateral proposed contract amendments regarding the cost of care.

Adjournment

There being no further business, the meeting was adjourned at 10:55 AM.