TEAM KENTUCKY®

CABINET FOR HEALTH AND FAMILY SERVICES

IJC Budget Review Subcommittee on Health & Family Services

Department for Medicaid Services

10/07/2026

SFY 21-25 Medicaid Costs

Q1: What were the costs to operate the Medicaid program for SFY 2021-2025.

CHFS Response: Expended Amounts (administrate cost to operate the Medicaid Program)

	SFY 2021 ACTUAL	SFY 2022 ACTUAL	SFY 2023 ACTUAL	SFY 2024 ACTUAL	SFY 2025 ACTUAL
General Funds	$59,304,800	$59,316,100	$69,695,000	$70,581,100	$67,055,700
Restricted Agency Funds	$10,643,700	$9,316,900	$18,576,900	$34,925,000	$24,374,900
Federal Funds	$152,392,800	$151,009,200	$154,400,900	$194,274,700	$178,270,400
TOTAL FUNDS	**$222,341,300**	**$219,642,200**	**$242,672,800**	**$299,770,800**	**$269,701,000**

SFY27-28 Projected Administrative Cost

Q2: What are the projected administrative costs for each year of the upcoming biennium?

CHFS Response: Enacted Budget Amounts

	SFY 2027 Budgeted	SFY 2028 Budgeted
General Funds	$82,619,300	$74,094,600
Restricted Agency Funds	$34,129,700	$32,706,900
Federal Funds	$241,290,600	$224,326,100
TOTAL FUNDS	**$358,039,600**	**$331,127,600**

DMS Reduction Initiatives

Q3: Has DMS taken any steps to reduce administrative cost or streamline processes?

CHFS Response: Yes, DMS has taken steps to strengthen administrative oversight and streamline department processes to reduce costs including the following:

- Restructured internal governance to reduce duplication
- Strengthened financial oversight before funds are committed
- Increased use of internal capacity rather than external vendors where work can be effectively performed in-house

While efforts have been made to reduce costs, changes in federal and state laws and regulations continue to increase administrative costs.

KI-HIPP and Potential Savings

Q4: What is the current participation level of the KI-HIPP (Kentucky Integrated Health Insurance Premium Payment) Program? Is there unrealized potential for state savings through this program?

CHFS Response: KI-HIPP enrollment is fluid and can change daily. As of 09/23/26, the program had 853 enrollees and an estimated positive fiscal impact of $1,497,912.

- Program Eligibility: Cost-effectiveness is determined based on factors including the individual and family deductibles, maximum out-of-pocket amounts, premium costs, and applicable MCO capitation. An actuarial tool is used to determine whether a plan meets the cost-effectiveness and coverage requirements.
- Potential for Additional Savings: Additional savings are difficult to quantify because cost-effectiveness varies by employer plan and household based on the above factors. Participation is voluntary, and requiring participation could negatively impact individuals who would lose MCO value-added benefits and services not available through their employer plan.

HB2 Section 15, Subsection 8 Updates

Q5: What steps have been taken to comply with HB 2 from the 26RS, Section 15, Subsection 8?

CHFS Response: DMS has taken the following steps:

- Convened stakeholder groups to develop waiver-specific emergency need allocation criteria and waitlist management policies for emergency placement for each 1915(c) waiver program.
- Emergency need allocation criteria to be developed by January 1, 2027.
- Waiver amendments, regulatory changes, and implementation of the related waitlist management policies will follow throughout calendar year 2027.
- For the Home and Community Based (HCB) waiver, CMS has confirmed that HCB does not include a skilled nursing service. Therefore, this is an impermissible selection criterion.

Questions?

