

Section-by-Section Summary of HB695/VO

Sections 1 to 3 - Limitations on the Cabinet for Health and Family Service's (CHFS) authority to make changes to the Medicaid program

Section 1: Amends KRS 205.5372 to prohibit CHFS from making any change to eligibility, coverage, or benefits including by pursuing a waiver from the federal Centers for Medicare and Medicaid Services (CMS) under Title 42 of the United States Code, seeking to amend to renew a waiver granted under by CMS under Title 42 of the United States Code, or pursuing a state plan amendment without first obtaining specific authorization from the General Assembly to do so; establish requirements for seeking authorization from the General Assembly to make changes to the Medicaid program; establish that any act of the General Assembly directing CHFS to make a change to the Medicaid program constitutes authorization as required by this section; excludes changes made to the Medicaid program that CHFS determines are necessary to comply with federal law, that are in response to a national emergency declaration or federal disaster declaration issued by the President of the United States, or a that are in response to a state of emergency declared by the Governor; establish that any change made to the Medicaid program in response to a national emergency, federal disaster declaration, or state of emergency shall only be effective for the duration of the declaration

Sections 2 & 3: Amend KRS 205.460 and 205.520 to comply with the limitations imposed under Section 1 of this Act

Sections 4 - Authorization to request an 1115 community engagement waiver

Section 4 Amends KRS 205.5371 to require CHFS to submit a waiver application to establish a mandatory community engagement program for able-bodied adults without dependents who have been enrolled in the Medicaid program for more than 12 months

Sections 5 - Sequestration of Medicaid Rebates

Section 5: Creates a new section of KRS Chapter 205 to establish the Kentucky Medicaid rebate sequestration fund in the Finance and Administration Cabinet; requires all compensation and rebates, including supplemental rebates, received by CHFS from any pharmaceutical drug manufacturer or the state pharmacy benefit manager to be deposited into the KY Medicaid rebate sequestration fund

Section 6 - Submission of waiver and state plan amendment application to the Legislative Research Commission

Section 7: Amends KRS 205.525 to require CHFS to provide a copy of any waiver application, waiver amendment, waiver renewal, or state plan amendment application to the Legislative Research Commission concurrent with filing such applications with a federal agency

Section 7 - Quarterly reporting requirements

Section 7: Repeals, reenacts, and amends KRS 205.6328 to establish various quarterly reporting requirements for the Medicaid program; subsections 1 to 3 of this section codify existing

reporting requirements historically included in the executive branch biennium budget; subsection 4 creates a new quarterly demographic reporting requirement; subsection 5 creates a new quarterly healthcare provider tax reporting requirement; delete outdated implementation reporting requirements that expired in 1997

Section 8 - Record retention

Section 9: Creates a new section of KRS Chapter 205 to require CHFS to retain for at least 7 years all Medicaid records required to be retained by 42 C.F.R. sec. 431.17

Section 9 - Behavioral health service utilization monitoring

Section 9: Creates a new section of KRS Chapter 205 to require DMS to monitor utilization rates and expenditures for Medicaid-covered behavioral health services and substance use disorder services and to notify LRC any time utilization or expenditures increase by more than 10% over 12 calendar months

Section 10 - Administration of the Medicaid program

Section 10: Creates a new section of KRS Chapter 205 to authorize DMS to administer the Medicaid program under a fee-for-service, managed care, or other delivery system model permitted under federal law

Section 11 - Requirement to report barriers to implementation

Section 11: Creates a new section of KRS Chapter 205 to require CHFS to notify the Legislative Research Commission of any anticipated barriers to implementation for Medicaid-related bills under consideration by the General Assembly within 7 calendar days following a standing committees report that a bill should pass

Sections 12 to 19 - Medicaid Oversight and Advisory Board

Section 12: Creates a new section of KRS Chapter 7A to define relevant terms

Section 13: Creates a new section of KRS Chapter 7A to establish the Medicaid Oversight and Advisory Board, its purpose, and duties

Section 14: Creates a new section of KRS Chapter 7A to establish the board's membership

Section 15: Creates a new section of KRS Chapter 7A to establish basic meeting procedures for the board

Section 16: Creates a new section of KRS Chapter 7A to establish the authority of the board necessary to fulfil its duties

Section 17: Creates a new section of KRS Chapter 7A to establish the research and review duties of the board

Sections 18 & 19: Creates new sections of KRS Chapter 7A to address standard employment, personnel, and membership issues

Section 20 – Prior Authorizations for Behavioral Health Services

Section 20: Directs the CHFS and DMS to reinstate all prior authorization requires for behavioral health services as they existed on January 1, 2020 within 90 days after the effective date of the act

Section 21 - Procurement of MCO contracts

Section 21: Direct CHFS and DMS to procure new Medicaid managed care organization contracts with an effective date of no later than January 1, 2027

*** Section 21 was repealed by Section 8 of HB622, CHFS and DMS will not be required to procure new contracts at this time*

Section 22 - Behavioral Health Scorecard for MCOs

Section 22: Direct CHFS to develop a scorecard for behavioral health services and substance use disorder treatment services and providers to be used by all contracted MCOs

Section 23 - Authorization to expend appropriated funds

Section 23: Establishes that 2024 Ky. Acts ch. 173, sec. 1(186) and 2024 Ky Acts ch. 175, Part I, G., 3., b. shall serve as authorization, as required under Section 1 of this Act, for any change to eligibility, coverage, or benefits in the Medicaid program provided for in 2024 Ky. Acts ch. 173, sec. 1(186) and 2024 Ky Acts ch. 175, Part I, G., 3., b

Section 24 - Declaration of emergency, this Act takes effect upon becoming a law