



University Directed Payment Program

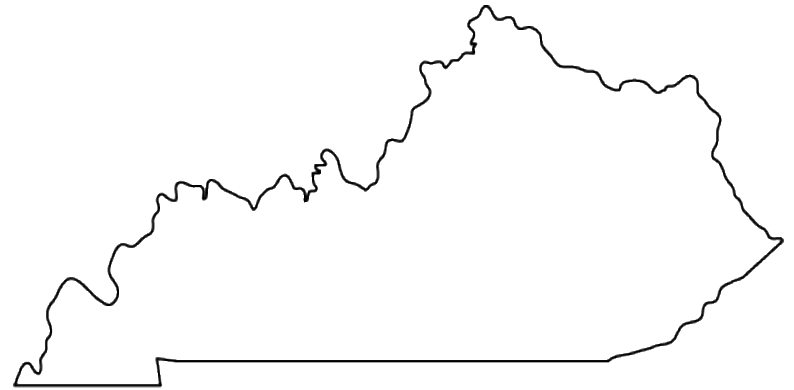
**Strengthening Care, Education,
and Value in Kentucky**

Medicaid Oversight and Advisory
Board

September 9, 2025

Serving All Citizens of the Commonwealth

- Patients served came from all 120 counties
- 14,000 employees across health system including over 1,200 providers
- Kentucky's only dedicated burn center
- One of only two Level One Trauma Centers serving Kentucky
- One of only two Organ Transplant Centers serving Kentucky
- Providing Care to more than 2 million patients every year



What is the University Directed Payment Program?

- Federal matching program (FMAP) provides enhanced Medicaid payments to UofL and UK
- Universities provide funds to draw down federal match.
- Benchmarked to Average Commercial Rate (ACR) rather than Medicaid base rates
- Ensures hospitals can continue caring for Medicaid patients while supporting education & research

Why it Matters

- **Access to Care** — resource used to, ensure services for low-income & underserved and provide vital specialty and subspecialty care for all of Kentucky
- **Medical Education & Workforce** — sustains physician and nurse training pipelines
- **Value-Based Design** — 20% of payments tied to measurable quality outcomes – a model for the nation.

Quality Measures & Results

- Measures include: readmissions, diabetes care, depression screening, BMI, cancer screening, tobacco cessation, hypertension, statin therapy
- UofL Health improvements = \$137M potential annual cost savings
 - Tobacco cessation ↑ 5% → \$10M savings
 - Diabetes control ↑ 7.2% → \$40M savings
 - Depression screening ↑ 20.4% → \$55.8M savings

Impact of OBBB Reduction Proposal

- Starting Jan 1, 2028: University Directed Payment Program reduced by 10% annually
- First year reduction estimated at \$75 million and cumulative negative impact of \$600 million over 10-year period
- Ongoing annual cuts would significantly strain:
 - Access to specialized care for Medicaid patients
 - Workforce training capacity
 - Financial sustainability of academic health centers

The Bottom Line

- University Directed Payments have improved health in Kentucky
- With the program, Kentucky gains:
 - Sustainable access to specialized care
 - Stronger workforce training
 - Lower long-term healthcare costs
- A national model for value-based care that benefits Kentucky patients