TEAM KENTUCKY®

CABINET FOR HEALTH AND FAMILY SERVICES

Department for Medicaid Services

Prepared for the Medicaid Oversight and Advisory Board (MOAB)

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Quarterly Budget Analysis Report

This report has been provided to the legislative review committee each quarter since July 2000. It is reconciled quarterly and has changed over the years to contain a lot of information such as:

- Actual expenditures by category of service and by population (Traditional, Expansion, and CHIP)
- Summary of actual expenditures and eligibles
- Average cost per eligible
- Comparison of actual expenditures to budget

The workbook of the report has eight individual worksheets:

1. **Budget Analysis Report** – Provides the expenditure detail by service for Traditional Medicaid and aggregates the total ACA Expansion and CHIP expenditures on individual aggregate lines. Also provides information on eligibility, average cost per month, and administrative expenses.
2. **Actual to Budget** – Provides a quick view analysis of the total expenditures compared to the total budgeted appropriations for both Medicaid Administrative and Medicaid Benefits. This is not at showing the amounts at each funding level (i.e. General Funds, Restricted Funds, and Federal Funds).
3. **Analysis** – Provides another view of the Medicaid Benefits budget versus actual and a monthly view of total expenditures and eligibles.
4. **Summary by COS** – Provides a detailed look at all benefits expenditures by category of service (COS) across all populations.
5. **MAP** - Provides expenditures by category of service (COS) just for the traditional population.
6. **ACA** - Provides expenditures by category of service (COS) just for the expansion population.
7. **MCHIP** - Provides expenditures by category of service (COS) just for the Medicaid Expanded CHIP population.
8. **SCHIP** - Provides expenditures by category of service (COS) just for the Separate CHIP population.

Quarterly Budget Analysis Report, Cont'd.

KEY OBSERVATIONS:

Through the first three quarters

	SFY 2025	SFY 2026	Difference	% difference
Supports for Community Living	$398,724,600	$434,431,200	$35,706,600	9.0%
Michelle P	$362,338,600	$403,285,600	$40,947,000	11.3%
Home & Community Based Services	$537,287,000	$646,649,800	$109,362,800	20.4%
Brain Injury	$27,067,900	$30,092,200	$3,024,300	11.2%
ABI LTC	$33,984,700	$36,369,500	$2,384,800	7.0%
Total Waivers	**$1,359,402,800**	**$1,550,828,300**	**$191,425,500**	**14.1%**

	SFY 2025	SFY 2026	Difference	% difference
Nursing Facility	$1,471,819,800	$1,595,118,600	$123,298,800	8.4%
Certified Community Behavioral Health Clinic (CCBHC)	$50,968,800	$59,831,700	$8,862,900	17.4%
Primary Care - Federally Qualified Health Centers (FQHC)	$129,030,700	$150,000,800	$20,970,100	16.3%
Rural Health Clinics (RHC)	$198,071,100	$211,915,900	$13,844,800	7.0%
Pharmacy	$121,837,600	$140,477,300	$18,639,700	15.3%
Program of All-Inclusive Care of Elderly (PACE)	$21,146,300	$49,037,100	$27,890,800	131.9%
Supplemental Medical Insurance (SMI) - Medicare Part B Premiums	$242,231,300	$266,188,400	$23,957,100	9.9%
Non-Emergency Transportation	$131,699,700	$143,367,700	$11,668,000	8.9%
	$2,366,805,300	**$2,615,937,500**	**$249,132,200**	**10.5%**

	SFY 2025	SFY 2026	Difference	% difference
Total of the above Fee-for-Service items	$3,726,208,100	$4,166,765,800	$440,557,700	11.8%
30% State Share	$1,117,862,400	$1,250,029,700	$132,167,300	11.8%
Medicare Part D Premiums (100% State Share $)	$98,779,300	$107,558,400	$8,779,100	8.9%
	$1,216,641,700	**$1,357,588,100**	**$140,946,400**	**11.6%**

MCO Quarterly Report

- As instructed in HB695, Section 7 (3)(b); each Managed Care Organization (MCO) provides expenditure information, and the Department for Medicaid Services compiles it in an aggregated report showing:
  1. Expenditures by category of service
  2. Monthly eligibles
  3. Average monthly cost per eligible
  4. Amount withheld to meet Department of Insurance reserve requirements
  5. Any distribution of moneys received or retained, in excess, of these reserve requirements.

- What the report shows us for the first three quarters of SFY2026:
  1. Pharmacy is the largest expenditure ($1.8B through QE March 2026) at 25.3% of the total expenditures.
  2. Inpatient Hospital is the second largest expenditure ($1.6B through QE March 2026) at 21.9% of the total expenditures.
  3. Outpatient Hospital is the third largest expenditure ($1.3B through QE March 2026) at 18.4% of the total expenditures.
  4. These three service lines makes up 65.6% of the total expenditures paid by the MCOs.

Healthcare Provider Tax and Assessment Report

	SFY 2026 Q1		SFY 2026 Q2		SFY 2026 Q3		SFY 2026 Total		
Collected by Department of Revenue	**State Revenue**	**Federal Match**	**State Revenue**	**Federal Match**	**State Revenue**	**Federal Match**	**State Revenue**	**Federal Match**	**Total Funds**
(a) KRS 142.303 Hospital Tax	$42,507,135	$169,922,326	$43,812,176	$175,139,228	$42,559,998	$170,133,645	$128,879,309	$515,195,199	$644,074,508
(b) KRS 142.307 Home Health Agencies	$2,331,685	$5,823,912	$2,220,134	$5,545,289	$2,085,497	$5,209,002	$6,637,317	$16,578,203	$23,215,520
(c) KRS 142.314 Regional Community Mental Health and IDD Services (ICF-IDD)	$1,918,597	$4,792,132	$2,624,077	$6,554,226	$2,003,175	$5,003,382	$6,545,849	$16,349,740	$22,895,589
(d) KRS 142.315 Psychiatric Residential Treatment Facilities (PRTF)	$0	$0	$0	$0	$0	$0	$0	$0	$0
(e) KRS 142.316 Medicaid Managed Care Organizations	$0	$0	$0	$0	$0	$0	$0	$0	$0
(f) KRS 142.318 Ambulance (APAP)	$2,970,547	$11,874,767	$2,866,447	$11,458,626	$2,889,297	$11,549,969	$8,726,292	$34,883,361	$43,609,653
(g) KRS 142.361 Nursing Facilities	$29,759,247	$74,330,459	$29,980,619	$74,883,385	$29,299,030	$73,180,963	$89,038,896	$222,394,807	$311,433,703
(h) KRS 142.363 Supports for Community Living (SCL) & Intermediate Care Facility-IDD Services (ICF-IDD)	$5,910,275	$14,762,251	$5,338,365	$13,333,775	$5,296,520	$13,229,258	$16,545,160	$41,325,284	$57,870,444
Total	**$85,397,487**	**$281,505,847**	**$86,841,818**	**$286,914,529**	**$84,133,517**	**$278,306,218**	**$256,372,822**	**$846,726,594**	**$1,103,099,416**

	SFY 2026 Q1		SFY 2026 Q2		SFY 2026 Q3		SFY 2026 Total		
Collected by DMS	**State Revenue**	**Federal Match**	**State Revenue**	**Federal Match**	**State Revenue**	**Federal Match**	**State Revenue**	**Federal Match**	**Total Funds**
(i) KRS 205.6403(3)(h) Hospital Rate Improvement Program (HRIP)-Inpatient	$52,127,484	$176,961,837	$73,215,658	$251,940,732	$49,959,465	$169,876,719	$175,302,607	$598,779,288	$774,081,894
(j) KRS 205.6403(3)(i) HRIP Outpatient	$78,359,406	$328,022,615	$108,645,200	$472,273,562	$76,022,710	$314,499,993	$263,027,316	$1,114,796,169	$1,377,823,485
(k) KRS 205.6412 Kentucky Trauma Hospital Rate Improvement (KTHRI) - IGT	$6,343,253	$19,825,072	$5,653,723	$18,045,735	$5,977,707	$18,761,705	$17,974,683	$56,632,512	$74,607,195
(l) Other University Hospital Directed Payment - IGT	$78,090,327	$305,926,590	$116,405,797	$442,759,316	$152,233,546	$705,969,525	$346,729,671	$1,454,655,431	$1,801,385,102
Ambulance Supplemental Payment Program (ASPP) - IGT	$0	$0	$0	$0	$0	$0	$0	$0	$0
Kentucky Access Assessment from HBE	$0	$0	$0	$0	$0	$0	$0	$0	$0
Managed Care 1% Assessment	$0	$0	$0	$0	$124,599,110	$311,214,497	$124,599,110	$311,214,497	$435,813,608
Total	**$214,920,470**	**$830,736,114**	**$303,920,377**	**$1,185,019,346**	**$408,792,539**	**$1,520,322,439**	**$927,633,386**	**$3,536,077,898**	**$4,463,711,284**

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HB695 Pharmaceutical Rebate Fund

	Federal (1200)	State (13VG)	Total
Total	$ 1,349,494,081.52	$ 339,575,713.47	$ 1,689,069,794.99

- The Kentucky Medicaid Pharmaceutical Rebate fund (Account 13VG) was established as a result of HB695, section 5.
- This has resulted the Medicaid budget to increase by over $300m in state appropriations as the rebate state funds are now treated as a revenue source versus the historical offset of expenditures.
- Receipts are deposited using the current Federal Medical Assistance Percentage (FMAP) at time of receipt.
- Journal Vouchers (JVs) are processed after each quarter to account for the federal share of the rebates related to expansion based on detailed reports received from the Pharmacy Benefit Manager (PBM).
- These rebate funds are utilized to support Medicaid's Agency Fund Appropriations in accordance with federal law.

Kentucky Behavioral Health Service Provider Performance Scorecard

In accordance with Kentucky House Bill 695 § 22 (2025), the Cabinet for Health and Family Services (CHFS) presents a publicly available scorecard evaluating mental health and addiction service quality outcome measures for use by all managed care organizations contracted by the Department of Medicaid Services.

Kentucky Behavioral Health Service Provider Performance Scorecard

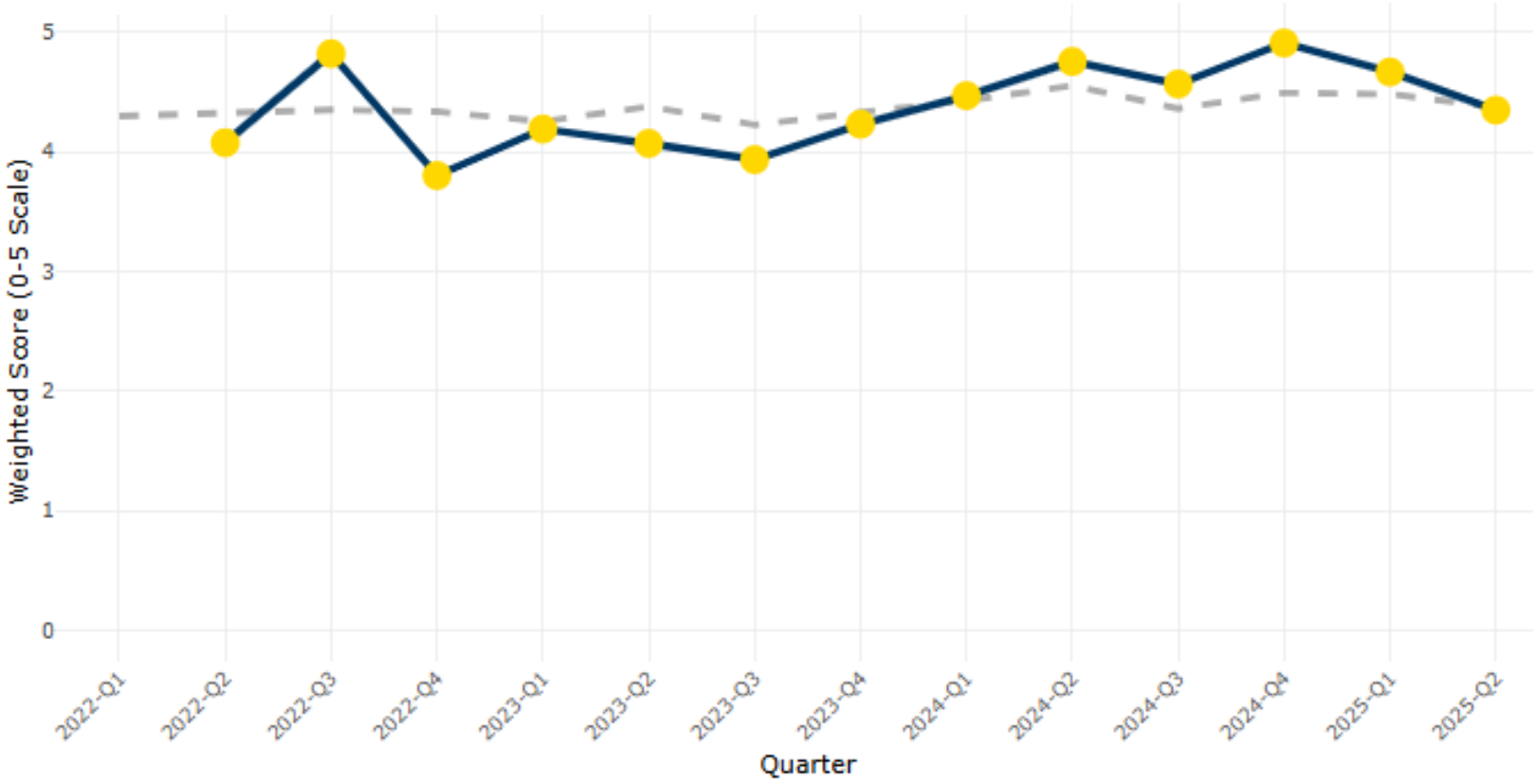
Provider Scores, Ranked

The scorecard ranks providers outcome score from highest to lowest, as compared to the average of all providers of the same type.

	PROVIDER	YR_QTR	Weighted Score
16		2025-Q2	4.89
17		2025-Q2	4.88
18		2025-Q2	4.88
19		2025-Q2	4.87
20		2025-Q2	4.87
21		2025-Q2	4.87
22		2025-Q2	4.86

Provider Performance over Time

The scorecard displays how the selected provider's score changes over time, as compared to the average of all providers of the same type.



Metric-Level Agency Comparison

The scorecard compares individual metrics for the selected provider, as compared to the average of all providers of the same type.

Questions?