

COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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GOVERNOR

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VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 2 OF THE 2026 REGULAR SESSION

Unfunded Mandate

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 69, lines 13 through 27, in their entirety.
Page 70, lines 1 through 26, in their entirety.

I am vetoing this part because it requires the Cabinet for Health and Family Services to distribute \$5,000,000 in each fiscal year to a nonprofit entity for a pilot program. No funding was appropriated for this pilot program and the 2026-2028 biennial budget creates a \$2.8 billion shortfall in the Medicaid program.

Time Period for Community Engagement

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 1, line 21, after “engagement”, delete “for three (3) months”.

I am vetoing this part because it imposes a more strict requirement than currently in place, requiring administrative and system complexity which will be difficult to implement. It also will likely result in the loss of Medicaid eligibility because the more strict requirement will create unnecessary barriers for individuals. The more strict requirement does not recognize that individuals experience fluctuations in employment, health, caregiving responsibilities, or access to opportunities, and would penalize them for temporary gaps. The more strict requirement will create confusion and lead to otherwise eligible members losing coverage.

Co-Pays

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 7, line 14, after “requirement”, delete “equal to five”.

Page 7, line 15, in its entirety.

I am vetoing this part because the imposition of the copayment will deprive the Commonwealth of a significant amount of federal funds available to Kentucky's health care providers, since copayments are not an eligible state share to draw down matching federal dollars. Additionally, the \$5 copayment amount is overly prescriptive and limits the flexibility off the Department for Medicaid Services to design cost-sharing approaches that best meet program goals, federal requirements, and the needs of members and providers.

Disenrollment

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 13, lines 18 through 27, in their entirety.

Page 14, lines 1 through 8, in their entirety.

I am vetoing this part because it is contrary to federal law under 42 CFR Part 435.

Non-Emergency Transportation Eligibility

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 16, lines 22 through 27, in their entirety.

I am vetoing this part because all Medicaid members are eligible for non-emergency transportation services. Medical necessity is determined at the time of accessing the service. The information required in this provision is not relevant and would be a duplicative and superfluous administrative expense.

Notifying Social Security Administration

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 28, lines 13 through 16, in their entirety.

I am vetoing this part because the Social Security Administration cannot accept a death report from a managed care organization. There is a specific process for a death to be reported to the Social Security Administration; therefore, this provision is non-operative.

Barrier to Maintaining Eligibility

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 30, lines 12 through 18, in their entirety.

I am vetoing this part because it is not permitted under federal law under 42 CFR Part 435.

Ensuring Cost Controls

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 35, lines 20 through 27, in their entirety.

Page 36, lines 1 through 5, in their entirety.

I am vetoing this part because it imposes new requirements on managed care organizations, which will result in additional costs as non-benefit and administrative costs in the Medicaid program are also subject to being reimbursed on an actuarially sound basis. The Medicaid budget for the 2026-2028 biennium is already \$2.8 billion underfunded in the biennial budget. Costs will have to be reduced and this provision is contrary to that legislative intent.

Unsustainable Economic Model

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 40, lines 17 through 22, in their entirety.

Page 41, lines 7 through 27, in their entirety.

Page 42, lines 1 through 27, in their entirety.

Page 43, lines 1 through 11, in their entirety.

I am vetoing this part because it will result in an unsustainable economic model for the vendors providing nonemergency medical transportation services for the Medicaid program. It imposes a standard that no nonemergency transportation broker in the country is required to meet. The likely result is a substantial increase in costs for these services as capitation payment models rely upon a mixture of differing costs per service and these provisions disrupt that risk model. These provisions may also result in a gap in transportation services, especially in rural areas, for Medicaid members requiring this service to ensure access to necessary health care.

Waiver Programs

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 44, line 27, in its entirety.

Page 45, lines 1 through 24, in their entirety.

Page 46, lines 10 through 27, in their entirety.

I am vetoing this part because it is counter to federal law and the current waiver documents with the federal government.

Access to Medical Records

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 49, line 27, in its entirety.

Page 50, lines 1 through 27, in their entirety.

Page 51, lines 1 through 27, in their entirety.

Page 52, lines 1 through 27, in their entirety.

I am vetoing this part because these provisions grant unfettered access to the full medical records of 1.4 million Kentuckians who participate in the Medicaid program. It grants authority to an official with the legislative branch to determine which records are applicable to HIPPA. This official and the legislative branch are not parties to HIPPA. As a result, these provisions cannot be complied with. The Cabinet for Health and Family Services already provides a substantial amount of reports on the Medicaid program quarterly to the legislative branch containing a significant amount of useful information.

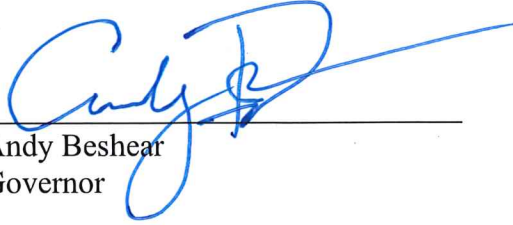
Benefit Prohibition

I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:

Page 59, lines 3 through 5, in their entirety.

I am vetoing this part because it prohibits the provision of any Medicaid benefit not expressly authorized by the General Assembly or required under federal law. There are many benefits provided in the current Medicaid program which are not in state statute or required by federal law. This provision would result in the exclusion of many medical services.

This, the 13th day of April, 2026.



Andy Beshear
Governor