

CHAPTER 65**(HB 200)**

AN ACT relating to the healthcare workforce, making an appropriation therefor, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

For the purposes of Sections 1 to 7 of this Act:

- (1) *"Council" means the Council on Postsecondary Education;*
- (2) *"Dedicated funds" means a gift, grant, or donation to the fund that is subject to restrictions imposed by a private grantor under Sections 1 to 7 of this Act;*
- (3) *"Eligible healthcare credential" means:*
 - (a) *A licensed alcohol and drug counselor, licensed clinical alcohol and drug counselor, licensed clinical alcohol and drug counselor associate, professional art therapist, professional art therapist associate license, or community health worker certificate issued pursuant to KRS Chapter 309;*
 - (b) *Any emergency medical services license or certificate issued pursuant to KRS Chapter 311A;*
 - (c) *Any medical imaging, radiation, or other license issued pursuant to KRS Chapter 311B;*
 - (d) *A dental hygienist or dental assistant license issued pursuant to KRS Chapter 313;*
 - (e) *Any nursing license or certificate issued pursuant to KRS Chapter 314 or registration as a state-registered nursing aide with the Kentucky Board of Nursing;*
 - (f) *A respiratory care practitioner certificate issued pursuant to KRS Chapter 314A;*
 - (g) *Any psychology license or certificate issued pursuant to KRS Chapter 319;*
 - (h) *Any occupational therapy license issued pursuant to KRS Chapter 319A;*
 - (i) *Any behavior analyst license issued pursuant to KRS Chapter 319C;*
 - (j) *Any physical therapy certificate or license issued pursuant to KRS Chapter 327; and*
 - (k) *Any social worker, marriage and family therapist, or professional counselor certificate or license issued pursuant to KRS Chapter 335;*
- (4) *"Grantor" means an individual or an entity that gifts, grants, or donates moneys to the Kentucky healthcare workforce investment fund established in Section 2 of this Act;*
- (5) *"Healthcare partner" means a grantor to the Kentucky healthcare workforce investment fund that is:*
 - (a) *A healthcare provider as defined in KRS 367.4081;*
 - (b) *A healthcare facility licensed by and operating in Kentucky;*
 - (c) *A qualified mental health professional as defined in KRS 202A.011; or*
 - (d) *Any healthcare or healthcare-related association, individual, or corporation doing business in and incorporated under the laws of the Commonwealth;*
- (6) *"Healthcare program" means an education or training program that is a specific requirement to an eligible healthcare credential, including but not limited to a high school healthcare vocational program;*
- (7) *"Historically underserved county" means a county of the Commonwealth with enhanced workforce demands, as demonstrated by:*
 - (a) *Objective healthcare workforce data that demonstrates needs and demands upon its healthcare workforce that exceed the statewide average; and*

- (b) *Final unemployment figures calculated by the Department of Workforce Development demonstrating a countywide rate of unemployment that exceeds the statewide unemployment rate of the Commonwealth:*
 - 1. *In the most recent five (5) consecutive calendar years; or*
 - 2. *By two hundred percent (200%) in the most recent calendar year; and*

(8) *"Kentucky resident" is a Kentucky resident as defined by the council pursuant to KRS 164.020(8).*

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

- (1) *It is the intent of the General Assembly to address Kentucky's persistent shortage of a broad spectrum of certified and licensed healthcare professionals, including nurses, mental health professionals, and emergency medical services professionals, by incentivizing collaboration between healthcare programs, healthcare industry partners, and the Commonwealth to grow and strengthen the education and training pipeline of healthcare professionals within Kentucky to better serve patients across the Commonwealth by:*
 - (a) *Improving the ability of a broad variety of Kentucky's healthcare programs to meet the workforce demands and capacity of the Commonwealth, including the workforce demands of historically underserved counties;*
 - (b) *Raising awareness of and interest in a broad variety of healthcare occupations and reducing the barriers of access to the healthcare programs necessary to pursue these occupations, including financial barriers;*
 - (c) *Increasing knowledge and awareness of opportunities in high-need areas of healthcare, including but not limited to geriatrics and neurology;*
 - (d) *Improving pathways between high school career and technical programs and other healthcare programs; and*
 - (e) *Developing strategies for healthcare organizations to support career growth and development for their employees.*
- (2) *There is hereby created the Kentucky healthcare workforce investment fund to be administered by the council for the purpose of funding:*
 - (a) *Public and private partnerships to provide healthcare training scholarships in accordance with Section 3 of this Act to reduce the financial barriers of Kentucky residents seeking high-demand eligible healthcare credentials;*
 - (b) *Healthcare program incentives in accordance with Section 4 of this Act to reward performance and excellence among the Commonwealth's healthcare programs; and*
 - (c) *The council's administrative, research, consulting, fundraising, planning, and analysis costs of Sections 1 to 7 of this Act.*
- (3) (a) *It is the intent of the General Assembly to encourage private financial and philanthropic support of the Kentucky healthcare workforce investment fund, as the healthcare industry directly benefits from a well-trained workforce capable of meeting its employment needs and the needs of patients. To the extent allowed by applicable laws, the fund may directly accept gifts, grants, or donations subject to restrictions imposed by a grantor.*
 - (b) *Notwithstanding KRS 45.229, any moneys appropriated to the fund by the General Assembly remaining in the fund at the end of any fiscal year prior to the 2029-2030 fiscal year shall not lapse.*
 - (c) *Any moneys appropriated to the fund by the General Assembly remaining in the fund at the end of the 2029-2030 fiscal year shall be forfeited and shall lapse to the general fund.*
 - (d) *Any moneys contributed by grantors remaining in the fund at the end of the 2029-2030 fiscal year shall be returned to each grantor proportionally based on the amount donated by the grantor in relation to the total amount donated by all grantors.*
- (4) *Subject to available funds, the Kentucky healthcare workforce investment fund shall consist of any:*
 - (a) *Appropriations designated for the fund;*
 - (b) *Funds, grants, and receipts from the council's fundraising activities on behalf of the fund; and*

- (c) *Other moneys made available for the purposes of the fund.*
- (5) *Any interest earnings of the fund shall become a part of the fund and shall lapse only as provided in subsection (3) of this section, except that interest on moneys contributed by a grantor shall not lapse. Moneys in the fund are hereby appropriated for the purposes set forth in this section.*
- (6) *The portion of the fund expended towards the council's costs of administering Sections 1 to 7 of this Act shall not exceed four percent (4%) of all gross moneys in the fund or one million five hundred thousand dollars (\$1,500,000) annually, whichever is less.*
- (7) (a) *The council shall promulgate administrative regulations by July 1, 2023, in accordance with this subsection and KRS Chapter 13A to administer Sections 1 to 7 of this Act.*
- (b) *At least thirty (30) days before filing an administrative regulation with the regulations compiler, the council shall first submit the draft administrative regulation, a detailed implementation plan, and other documents required to be filed by KRS Chapter 13A to the members of the Interim Joint Committee on Education and the Interim Joint Committee on Health, Welfare, and Family Services for review and comment.*
- (c) *The council shall consider any comments and recommendations provided by the members of the Interim Joint Committee on Education and the Interim Joint Committee on Health, Welfare, and Family Services before filing the administrative regulation.*

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

- (1) *The council shall reserve at least sixty-five percent (65%) of all net moneys in the Kentucky healthcare workforce investment fund for partnership proposals between healthcare programs and healthcare partners to provide healthcare training scholarships to Kentucky residents enrolled in healthcare programs in Kentucky.*
- (2) *In accepting partnerships, the council shall evaluate each partnership proposal to determine if the proposal meets the requirements of this section and administrative regulations promulgated by the council. The administrative regulations shall create a process to prioritize accepting partnerships to proposals:*
 - (a) *Targeted to address the specific needs of a historically underserved county or to improve racial and ethnic diversity within a specific designated healthcare credential targeted by the partnership;*
 - (b) *Targeted to reduce the workforce demand of a specific eligible healthcare credential that is determined by the council, based on objective criteria, to be among the highest in demand in the Commonwealth; or*
 - (c) *From healthcare partners with fifty (50) or fewer employees.*
- (3) *A partnership shall require a written partnership contract between a healthcare program, healthcare partner, and the council. The partnership contract shall:*
 - (a) *Prohibit any disbursement of moneys from the Kentucky healthcare workforce investment fund until the moneys appropriated by the General Assembly to be distributed are matched, at least dollar for dollar, with moneys deposited to the fund by the healthcare partner;*
 - (b) *Require the healthcare program to use all moneys distributed to the healthcare program pursuant to the partnership contract to issue direct healthcare training scholarships to Kentucky students enrolled in the healthcare program;*
 - (c) *If applicable to a healthcare program, require that the healthcare training scholarship application process encourage applicants to complete the Free Application for Federal Student Aid; and*
 - (d) *Meet all other requirements set forth in this section and administrative regulation, including but not limited to any reporting requirements to the council.*
- (4) *Disbursements of moneys from the Kentucky healthcare workforce investment fund to support healthcare training scholarships shall be made directly to a healthcare program pursuant to the terms of the partnership contract.*
- (5) *A healthcare program that enters a partnership contract shall solicit, accept, and review healthcare training scholarship applications submitted by students enrolled in the healthcare program. A partnership contract may require that a healthcare program do so in collaboration with the healthcare partner. The healthcare*

program shall award healthcare training scholarships pursuant to any scholarship criteria set forth in the partnership contract, this section, and administrative regulations. The decisions of the healthcare program in the issuance of scholarships shall be final.

- (6) *A healthcare training scholarship issued by a healthcare program pursuant to a partnership contract shall be made directly to a recipient pursuant to a written scholarship contract between the recipient and the healthcare program. The scholarship contract shall not restrict the recipient's ability to utilize the scholarship for the total cost of attendance. Each recipient of a scholarship shall:*
- (a) *Agree in the written contract to practice as a licensed or certified medical professional in the Commonwealth for a contract period of one (1) year for each academic year funded by the scholarship up to a maximum of two (2) total years; and*
 - (b) *Sign a promissory note as evidence of the scholarship and the obligation to repay the scholarship amount upon failure to complete terms of the contract.*
- (7) *A grantor may place restrictions upon a contribution to the Kentucky healthcare workforce investment fund requiring specific criteria for a healthcare training scholarship or scholarships funded by the grantor's dedicated funds to students who agree in the scholarship contract required by subsection (6)(a) of this section to practice as a certified or licensed healthcare professional, including but not limited to criteria restricting:*
- (a) *Except as provided in subsection (9) of this section, employment by the healthcare partner for the contract period; or*
 - (b) *Employment at a location within a designated geographic area of the Commonwealth for the contract period.*
- (8) *The healthcare training scholarship contract shall grant the healthcare program, the Commonwealth, or the healthcare partner the authority to initiate recoupment proceedings for the recovery of the total amount of all healthcare training scholarships awarded to an individual that fails to complete the terms of a contract entered into in accordance with subsection (6) of this section, together with reasonable attorney fees and interest at a compound rate not to exceed eight percent (8%) per annum from the date of disbursement from the fund.*
- (9) *A healthcare training scholarship shall not:*
- (a) *Be awarded to an applicant enrolled in a state registered nursing aide training and competency evaluation program who is:*
 - 1. *Not charged for any portion of the program pursuant to 42 C.F.R. sec. 483.152(c)(1); or*
 - 2. *Eligible for reimbursement for the costs of the program pursuant to 42 C.F.R. sec. 483.152(c)(2) prior to entering the scholarship contract; or*
 - (b) *Include an employment restriction that would restrict the recipient to be employed by a specific healthcare partner for the contract period required by subsection (6) of this section or that would otherwise constitute an offer of employment in accordance with 42 C.F.R. sec. 483.152(c)(1).*
- (10) *An applicant who has been listed on the nurse aide abuse registry with a substantiated finding of abuse, neglect, or misappropriation of property shall not be eligible for a healthcare training scholarship.*

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

- (1) *The council shall reserve up to thirty-five percent (35%) of all net moneys in the Kentucky healthcare workforce investment fund for healthcare program incentives to reward performance and excellence among eligible healthcare programs. Any appropriation applied towards the amount of a healthcare program incentive award shall be matched, at least dollar for dollar, with moneys deposited to the fund by the healthcare partner.*
- (2) *The council shall promulgate administrative regulations to establish criteria for issuing healthcare program incentives. The criteria shall consider the following factors:*
- (a) *The workforce demands and capacity for a specific eligible healthcare credential;*
 - (b) *The workforce demands and capacity for a specific eligible healthcare credential within historically underserved counties;*

- (c) *The percentage of increase over a baseline standard in the number of students completing the healthcare program;*
 - (d) *The passage rate and first-time passage rate of graduates of the healthcare program on the healthcare credential examination; and*
 - (e) *Any other objective factors determined by the council to be relevant to the evaluation of the performance and excellence of the healthcare programs and the ability of the healthcare programs to meet the workforce needs of the communities they serve.*
- (3) (a) *The council, or its designee, shall solicit, accept, and review applications for healthcare program incentives by healthcare programs located in Kentucky. The council, or its designee, shall select the healthcare programs to receive healthcare program incentives and the amount thereof based on the criteria established by this section, administrative regulations, and a grantor of dedicated funds, if applicable.*
- (b) *A healthcare partner that is the grantor of dedicated funds may reserve the right to require the council, or its designee, to collaborate with the healthcare partner in fulfilling the duties assigned under paragraph (a) of this subsection for any healthcare program incentive funded by the grantor's dedicated funds, except an incentive shall not be:*
- 1. *Awarded to a healthcare program that has gifted, granted, or donated any moneys to the fund that are dedicated funds reserved for the purpose of issuing incentives under this section; or*
 - 2. *Restricted to a specific healthcare program or pursuant to criteria which would have the impact of effectively excluding all but a single healthcare program from qualification.*
- (c) *Decisions of the council, or its designee, in these matters shall be final.*
- (4) *The council shall require the healthcare program to submit proof that the entire amount of the incentive is invested in the continued excellence of the program awarded by funding the:*
- (a) *Education, recruitment, and training of the healthcare program's faculty and staff; or*
 - (b) *Maintenance and acquisition of medical equipment utilized by the healthcare program.*

A healthcare program that fails to submit the proof required by the council shall return the entire amount of the incentive to the Kentucky healthcare workforce investment fund.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

- (1) *The council shall submit a written report to the Interim Joint Committee on Education, the Interim Joint Committee on Health, Welfare, and Family Services, and the Interim Joint Committee on Appropriations and Revenue Budget Review Subcommittee on Education no later than December 1 of each year. The report shall include:*
- (a) *A detailed summary of the council's costs throughout the year;*
 - (b) *Legislative recommendations to help grow and strengthen the education and training pipeline of healthcare professions within Kentucky;*
 - (c) *A detailed overview of the Kentucky healthcare workforce investment fund, including an accounting of all moneys raised and expended;*
 - (d) *A detailed analysis of healthcare training scholarships awarded pursuant to Section 3 of this Act, including but not limited to:*
 - 1. *The criteria used to award the scholarships;*
 - 2. *The number of scholarships awarded and the amount of each scholarship;*
 - 3. *An overview of the demographic information of scholarship recipients, including the county of residence;*
 - 4. *The names of the healthcare programs with scholarship recipients and the type of eligible healthcare credential corresponding to each program; and*
 - 5. *To extent available, student and program outcomes, including but not limited to:*

- a. *Graduation rates of the healthcare program overall and of scholarship recipients as compared to an established baseline within any such program;*
 - b. *Employment and employment retention rates of the healthcare program overall and scholarship recipients; and*
 - c. *The workforce participation of program graduates practicing in Kentucky under an eligible healthcare credential in relation to the workforce demand and capacity for that specific eligible healthcare credential; and*
- (e) *A detailed analysis of the number of the healthcare program incentives awarded pursuant to Section 4 of this Act, including but not limited to:*
1. *The criteria used by the council to award the incentives;*
 2. *The number of incentives awarded;*
 3. *The name of each healthcare program that received an incentive, the corresponding eligible healthcare credential, and the amount of the incentive; and*
 4. *The qualifications of each healthcare program that received an incentive in relation to the criteria identified by the council for awarding the incentives.*
- (2) *If the report required by subsection (1) of this section is not filed by December 14 of each year, or a later date approved by the Interim Joint Committee on Education and the Interim Joint Committee on Health, Welfare, and Family Services, any appropriations to the fund shall be forfeited and any remaining moneys in the fund appropriated by the General Assembly shall lapse to the general fund. The council shall return any remaining private moneys to its grantor, prorated as necessary.*

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

Each public postsecondary education institution shall review the cost of its healthcare programs, as defined in Section 1 of this Act, in relation to the realistic earning potential and employability of the institution's graduates and submit a written report to the Interim Joint Committees on Health, Welfare, and Family Services and Education no later than September 1 of each year. The report shall include:

- (1) *The current tuition of each healthcare program at the institution for in-state and out-of-state students;*
- (2) *The student capacity of each healthcare program;*
- (3) *The number of total applications for enrollment, in-state applications for enrollment, and out-of-state applications for enrollment for each healthcare program;*
- (4) *The total number of students, in-state students, and out-of-state students admitted to each healthcare program;*
- (5) *The minimum number of years required to complete the healthcare program and the average number of years graduates of each healthcare program were enrolled;*
- (6) *The average amount of student loans of the graduates of each healthcare program;*
- (7) *The graduation rate of each healthcare program and the graduation rate of in-state and out-of-state students;*
- (8) *The passage rate and first-time passage rate of graduates of each healthcare program on the healthcare credential examination;*
- (9) *The employment rate of graduates of each healthcare program within twelve (12) months after graduation; and*
- (10) *A summary of all new actions taken by the institution during the reporting year to reduce the financial barriers to healthcare professions.*

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

Sections 1 to 7 of this Act shall expire on and have no force or effect after June 30, 2030, unless extended by an act of the General Assembly.

➔Section 8. The General Assembly hereby encourages public postsecondary education institutions to prioritize students enrolled in the institution's healthcare programs when awarding institutional scholarships.

→Section 9. In the event the Legislative Research Commission dissolves the Interim Joint Committee on Health, Welfare, and Family Services and establishes another interim joint committee with jurisdiction over health services, the reviser of statutes shall change the name of the Interim Joint Committee on Health, Welfare, and Family Services in Sections 2, 5, and 6 of this Act to that interim joint committee.

→Section 10. Whereas the General Assembly recognizes the urgent need to address the ability of the Kentucky healthcare workforce to meet the needs of patients across the Commonwealth, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor March 22, 2023.