

INTERIM JOINT COMMITTEE ON APPROPRIATIONS & REVENUE

Budget Review Subcommittee on Human Resources

Minutes of the 2nd Meeting of the 2022 Interim

August 17, 2022

Call to Order and Roll Call

The 2nd meeting of the Budget Review Subcommittee on Human Resources of the Interim Joint Committee on Appropriations & Revenue was held on Wednesday, August 17, 2022, at 10:30 AM, in Room 129 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Danny Bentley, Co-Chair; Senators Ralph Alvarado and Danny Carroll; Representatives Deanna Frazier Gordon, Melinda Gibbons Prunty, Russell Webber, and Lisa Willner.

Guests: Nancy Galvagni, President, Chief Executive Officer, Kentucky Hospital Association (KHA); Jim Musser, Senior Vice President, Policy and Government Relations, KHA; Steve Bechtel, Chief Financial Officer, Department for Medicaid Services, Cabinet for Health and Family Services (CHFS); Eric Friedlander, Secretary, CHFS; Dr. Steven Stack, Commissioner, Department for Public Health, CHFS; and Eric Lowery, Executive Director, Office of Finance and Budget, CHFS.

LRC Staff: Miriam Fordham, Kevin Newton, and Benjamin Thompson.

Approval of Minutes

Co-Chair Bentley made the motion to approve the minutes of the July 6, 2022 meeting of the subcommittee. Senator Alvarado seconded the motion, and the minutes were approved without objection.

Hospital Rate Improvement Program for Outpatient Services

Ms. Galvagni and Mr. Musser provided an update on the Hospital Rate Improvement Program (HRIP).

In response to questions from Chair Meredith, Ms. Galvagni stated that inflation numbers for prescription drugs were over forty percent. Ms. Galvagni said that Kentucky hospitals lost 2.6 billion dollars in revenue in 2020, roughly one billion of which wasn't covered by federal funds. Ms. Galvagni stated that the Kentucky Hospital Association

expects to see hospitals close with a continued loss of revenue. Ms. Galvagni noted that ninety percent of Medicaid patients are managed care patients, and hospitals negotiate directly with managed care organizations rather than the Cabinet for Health and Family Services for reimbursement for the care of those patients.

In response to a question from Senator Alvarado, Ms. Galvagni said that HRIP applies to Medicaid patients. Ms. Galvagni stated that Medicare pays at below cost. Ms. Galvagni noted that HRIP money is tied to the care that is being delivered by the hospital. Ms. Galvagni stated that there is no hard cap on HRIP funds, rather the funding is based on utilization.

In response to a question from Representative Bentley, Ms. Galvagni said that she hadn't heard of an increase in malpractice lawsuits because of the nursing shortage.

Overview and Update on COVID-19 Funding

Secretary Friedlander and Dr. Stack provided an update on COVID-19 expenditures and remaining federal funds.

In response to a question from Senator Carroll, Secretary Friedlander noted that the Cabinet was a couple of months out from having a model for the funding of childcare services.

In response to a question from Representative Willner, Secretary Friedlander stated that school mental health services should be a collaboration between the Cabinet for Health and Family Services and the Kentucky Department of Education.

In response to questions from Senator Alvarado, Dr. Stack stated that American Rescue Plan Act funding could be used for a state laboratory.

There being no further business before the subcommittee, the meeting was adjourned at 12:06 PM.