

INTERIM JOINT COMMITTEE ON HEALTH SERVICES

Minutes of the 5th Meeting of the 2025 Interim

October 22, 2025

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Health Services was held on October 22, 2025, at 9:00 AM in Room 149 of the Capitol Annex. Representative Kimberly Poore Moser, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Kimberly Poore Moser, Co-Chair; Senators Julie Rague Adams, Karen Berg, Danny Carroll, Donald Douglas, Keturah J. Herron, Robby Mills, Michael J. Nemes, Steve Rawlings, Craig Richardson, and Lindsey Tichenor; and Representatives Steve Bratcher, Josh Bray, Lindsey Burke, Emily Callaway, Adrielle Camuel, Ryan Dotson, Robert Duvall, Ken Fleming, Deanna Gordon, Kim Holloway, Mary Lou Marzian, Amy Neighbors, Marianne Proctor, Rebecca Raymer, and Scott Sharp.

Guests: Allison Ball, Auditor of Public Accounts; Alex Magera, General Counsel, Office of the Auditor of Public Accounts; Michelle Sanborn, President, Kentucky Children's Alliance; Michael Brooks, Chief Operations Officer, Cordata Healthcare Innovations; Dr. Kelly Firesheets, Vice President of Strategy and Partnerships, Cordata Healthcare Innovations; Dan Meloy, Executive Director of Community Engagement, Cordata Healthcare Innovations; Cannon Armstrong, Executive Director, Office of Medical Cannabis, Cabinet for Health and Family Services (CHFS); Scotty McFarlan, Deputy Executive Director, Office of Medical Cannabis, CHFS; Shelby Lewis, Executive Policy Advisor, Office of Medical Cannabis, CHFS; and Dr. Steven Stack, Secretary, CHFS.

LRC Staff: DeeAnn Wenk, Chris Joffrion, Cameron Franey, and DJ Burns.

Approval of Minutes

A motion to approve the minutes from the September 16, 2025, meeting was made by Senator Douglas, seconded by Representative Callaway, and approved after a voice vote.

Discussion on September 2025 Report "How Kentucky Failed to Prevent Over \$800 Million of Medicaid Waste"

Allison Ball, Auditor of Public Accounts, presented an overview of the September 2025 report on Medicaid waste, detailing \$800 million of concurrent Medicaid capitation payments to managed care organizations (MCO) by two or more states for a single Medicaid recipient.

In response to Chair Moser, Auditor Ball stated when looking through the MCO contracts, her office did not find a clause for recouping capitation payments. Alex Magera, General Counsel, Office of the Auditor of Public Accounts, suggested negotiating an equitable theory like unjust enrichment to recoup capitation payments made to MCOs.

In response to Representative Fleming, Auditor Ball stated her office conducts an annual Statewide Single Audit of the Commonwealth of Kentucky (SSWAK) that touches on Medicaid. Issues from the fiscal year 2024 SSWAK included social security numbers used for more than one Medicaid recipient and internal security measures for citizenship verification. Auditor Ball agreed that MCO contracts need to be audited and amended by the Department for Medicaid Services.

In response to Senator Carroll, Auditor Ball stated of the \$800 million in double capitation payments to MCOs, the exact amount Kentucky paid incorrectly is unknown because the Commonwealth did not pursue which state the Medicaid recipients resided in.

In response to Representative Camuel, Auditor Ball stated most states have had the same issue with double capitation payments and agrees federal databases should be updated to reflect Medicaid recipients for each state along with state cooperation to ensure these payments stop.

In response to Co-Chair Meredith, Auditor Ball stated other Medicaid delivery models have been used in other states like fee-for-service with success.

In response to Senator Nemes, Auditor Ball stated MCOs could verify residency contractually and it is her understanding CHFS is not attempting to recoup payments from MCOs.

In response to Senator Berg, Auditor Ball stated she would leave policy decisions up to the Legislature, the Auditor's job is to lay out the information.

In response to Representative Marzian, Auditor Ball stated she is aware of Medicaid provider fraud and agrees it needs to be investigated with the right tools, as it would be a massive undertaking.

Discussion on 2025 RS HB 787 and Proposed Changes

Michelle Sanborn, President, Kentucky Children's Alliance, presented on 2025 RS HB 787 relating to MCO audits and appeals. She discussed proposed changes for MCO provider audits and appeals, including requiring MCOs to give providers 30 days to produce records for audits and completing audits and findings within 180 days.

In response to Chair Moser, Ms. Sanborn stated providers bill for services rendered and after payment is received, an MCO can initiate an audit and stop future payments while investigating or recoup payments that are found to have been made incorrectly.

In response to Representative Sharp, Ms. Sanborn stated providers have stopped seeing Medicaid patients or settling with MCO audits due to the financial burden of attorney fees and employee salaries to fight the audits.

Discussion on Healthcare Innovation Systems and Quick Response Teams

Dan Meloy, Executive Director of Community Engagement, Cordata Healthcare Innovations, presented on Cordata's community navigation platform that empowers deflection and diversion programs by connecting quick response teams (QRTs).

In response to Chair Moser, Michael Brooks, Chief Operations Officer, Cordata Healthcare Innovations, stated in 2024 Cordata received a \$750,000 grant from the Opioid Abatement Fund and asked for the same amount in 2025, but was asked to reduce it by 65 percent. Dr. Kelly Firesheets, Vice President of Strategy and Partnerships, Cordata Healthcare Innovations, stated Cordata is asking for a budget allocation of \$2.8 million to expand data collection across the Commonwealth.

In response to Senator Carroll, Mr. Brooks stated Cordata provides solutions to communities by having a team member in the community to support the development and ongoing operations. Mr. Meloy stated the Four Rivers Health District is funded through the Kentucky Overdose Response Effort (KORE). Dr. Firesheets stated many of the programs within the Commonwealth are funded by abatement funds or state and federal grants which are meant to start not sustain them. The budget request is to expand the database across the state.

In response to Senator Herron, Dr. Firesheets stated in the Commonwealth, Cordata works with communities to start QRTs and grant funding if needed. She stated Cordata has not drafted any policy recommendations to support QRTs.

In response to Co-Chair Meredith, Mr. Brooks stated Cordata is a for profit corporation. Dr. Firesheets stated the budget request is for a pilot program and if successful, Cordata would ask for an ongoing appropriation.

In response to Senator Carroll, Mr. Meloy stated police department involvement after an initial intake depends on the size and availability of the police department. Mr. Brooks stated QRTs build relationships with community partners.

In response to Chair Moser, Dr. Firesheets stated recommendations from the Legislature and other state agencies would be taken for monitoring and evaluating the program's success.

In response to Senator Berg, Dr. Firesheets stated Cordata has not been hired to collect QRT data for the Commonwealth.

In response to Senator Nemes, Mr. Brooks stated Cordata helps setup QRTs in each community and provides ongoing assistance and guidance for each QRT.

In response to Representative Dotson, Dr. Firesheets stated Cordata have detailed reports from greater Cincinnati healthcare.

Update on Medical Cannabis Dispensaries

Cannon Armstrong, Executive Director, Office of Medical Cannabis, CHFS, presented updates within the Office of Medical Cannabis including patient approved applications, licensed dispensaries, and safety protocols for products.

In response to Chair Moser, Mr. Armstrong stated waiving the patient cardholder fee for renewals for 2026 was due to organizations reaching out asking if anything could be done.

In response to Representative Duvall, Scotty McFarlan, Deputy Executive Director, Office of Medical Cannabis, CHFS, stated application requirements are outlined in 915 KAR 001:010, if an application was chosen to receive a license all requirements must be met before becoming operational.

In response to Representative Sharp, Mr. Armstrong stated at this time the Office of Medical Cannabis is not cross-checking ownership for dispensaries.

In response to Senator Carroll, Mr. Armstrong stated color of the edible is not restricted, however, the packaging is required to be child resistant, have a tamper evidence seal, and be resealable.

Update on Administrative Regulations Related to Kratom

Dr. Steven Stack, Secretary, CHFS, gave an update on kratom related administrative regulations including product and retail regulations, inspections, and enforcement actions.

In response to Senator Mills, Secretary Stack stated the regulations are designed to make kratom regulation uniform and fair for retailers.

Consideration of Referred Administrative Regulations

The following referred administrative regulations were placed on the agenda for consideration:

201 KAR 002:045 Proposed
201 KAR 002:165 Proposed
201 KAR 002:480 Proposed
201 KAR 028:240 Proposed
201 KAR 028:240 Emergency
201 KAR 046:010 Emergency
201 KAR 046:081 Emergency
202 KAR 007:501 Proposed
202 KAR 007:545 Proposed
202 KAR 007:565 Proposed
900 KAR 005:020 Emergency
900 KAR 006:075 Emergency

All of the above listed administrative regulations were reviewed.

The following referred administrative regulation with amendments was placed on the agenda for consideration: **900 KAR 006:075 Emergency**. A motion to accept the referred administrative regulation as amended was made by Representative Gordon, seconded by Representative Dotson, and approved by voice vote.

Adjournment

There being no further business, the meeting was adjourned at 11:20 AM.