INTERIM JOINT COMMITTEE ON HEALTH SERVICES

Minutes of the 6th Meeting of the 2026 Interim

November 17, 2026

Call to Order and Roll Call

The sixth meeting of the Interim Joint Committee on Health Services was held on November 17, 2026, at 1:00 PM ET/12:00 PM CT 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: Representative Kimberly Poore Moser, Co-Chair; Senator Stephen Meredith, Co-Chair; Senators Karen Berg, Danny Carroll, Donald Douglas, Keturah J. Herron, Steve Rawlings, and Lindsey Tichenor; and Representatives Steve Bratcher, Josh Bray, Emily Callaway, Adrielle Camuel, Robert Duvall, Ken Fleming, Deanna Gordon, Mary Lou Marzian, Amy Neighbors, Marianne Proctor, Felicia Rabourn, Steve Riley, Scott Sharp, and Lisa Willner.

Guests: Sarah Jaromin, Policy Specialist, National Conference of State Legislatures (NCSL); Jim Musser, Senior Vice President, Policy and Government Relations, Kentucky Hospital Association (KHA); Bryon Ellis, Vice President, Policy and Government Relations, KHA; Andrew McNeil, President, Senior Fellow, Kentucky Forum for Rights, Economics, and Education (KY FREE); Lisa Lee, Commissioner, Department for Medicaid Services (DMS), Cabinet for Health and Family Services (CHFS); and Veronica Judy-Cecil, Senior Deputy Commissioner, DMS, CHFS.

LRC Staff: Chris Joffrion, Cameron Franey, and Becky Lancaster.

Approval of Minutes

A motion was made by Senator Douglas and seconded by Representative Duvall to approve the minutes of the October 20, 2026, meeting. Minutes were approved by voice vote without objection.

The Impact of Private Equity on the Healthcare Industry

Sarah Jaromin, Policy Specialist, NCSL, discussed the basic principles of a private equity (PE) investment; PE investments found among various healthcare entities; research on effects of PE investments in the healthcare sector; federal and state level market

oversight mechanisms; and legislative examples from other states of the 4 categories of policy levers in healthcare PE.

In response to Chair Moser, Ms. Jaromin discussed Massachusetts' review of legislation relating to the closure of Steward Hospital and research across rural healthcare that show facilities are able to remain viable.

In response to Representative Willner, Ms. Jaromin stated there is more research on broad consolidation and acquisitions in the healthcare space than PE investments but it is an emerging area of research.

In response to Senator Berg, Ms. Jaromin stated she is not aware of any research that has reviewed certificate of need (CON) in relation to PE investments.

In response to Representative Marzian, Mr. Jaromin stated there is research available regarding the effects of PE investments on the quality and workforce in long-term care.

Certificate of Need (CON)

Jim Musser, Senior Vice President, Policy and Government Relations, KHA, stated KHA recognizes there are opportunities to update and make changes to the CON requirements to provide access to care for patients while working alongside KY FREE.

Bryon Ellis, Vice President, Policy and Government Relations, KHA, discussed the federal changes to the in-patient and out-patient payment directed payment programs; the consistency in the quality of care provided by the CON program; support for formal CON review of ambulatory surgery centers, and expensive technology; and shared principles for CON modernization.

Andrew McNeil, President, Senior Fellow, KY FREE, discussed policies that create fewer barriers to investment to allow more access to quality healthcare; and the review of CON processes to produce faster, more predictable decisions for formal and non-substantive reviews.

In response to Co-Chair Meredith, Mr. Ellis stated the KHA board found that maintaining protections of imaging equipment is important to the CON program. Mr. Musser discussed concerns that smaller, rural facilities needed more protection for such equipment. Mr. McNeil suggested that a proposal to turn acute care hospital beds into acute care psychiatric beds be a non-substantive review and acknowledged the issue of property rights related to CON requirements.

In response to Chair Moser, Mr. McNeil stated that psychiatric beds are an example of a statutorily defined service that could be subject to a non-substantive review. Mr. Musser stated KHA has not had sufficient time to consider the best way in creating protections in the CON regarding PE investments.

In response to Representative Proctor, Mr. Musser stated hospitals in Kentucky have not been beneficiaries of the federal Rural Health Transformation Program fund and incentives are being created at the federal level. Mr. Ellis stated the scoring did give preference to states without a CON program but has not impacted the amount awarded to states.

In response to Senator Rawlings, Mr. Musser stated the government has defined the northern Kentucky healthcare market place, adding there are 14 other hospitals available in Cincinnati, Ohio to seek treatment, and St. Elizabeth Hospital is consistently rated as one of the best hospitals in the state.

In response to Senator Berg, Mr. McNeil stated when replacing licensed health facility beds it is referencing relocating the same bed-type service within the same county; and CHFS decides if a facility will require a formal review or a nonsubstantive review, with some facilities requiring a formal review by regulation.

Annual Medicaid State Plan Review

Lisa Lee, Commissioner, DMS, CHFS, presented a broad overview of Medicaid enrollment and total expenditures in state fiscal year (SFY) 2026; the difference between a Medicaid State Plan and a State Plan Amendment (SPA); common changes that would require a SPA; federal Medicaid requirements and Kentucky's optional benefit choices; service limitations outlined in regulations; and services added, removed, or expanded since 2021 when a SPA was not required;

Veronica Judy-Cecil, Senior Deputy Commissioner, DMS, CHFS, discussed the Centers for Medicare and Medicaid Services (CMS) approved SPAs implemented in Kentucky after January 2021.

In response to Chair Moser, Commissioner Lee discussed different examples of SPAs that do not require legislative approval and approval requirements for executive orders.

In response to Representative Willner, Commissioner Lee stated tracking health outcomes or associated costs depends on how many initiatives or changes are being made at one time and while House Bill 2 requires the implementation of work

requirements, states will have 6 months available to allow members to begin the work requirements.

In response to Senator Berg, Commissioner Lee stated that if there are changes related to benefits, eligibility, and coverage benefits a SPA must be authorized by the General Assembly, but changes related to reimbursements do not require General Assembly approval. Ms. Judy-Cecil stated the requirement for legislative approval comes from 2025 RS HB 695 and does not allow DMS to receive that approval outside of a legislative session.

In response to Senator Douglas, Ms. Judy-Cecil stated in 2021 there were several SPAs related to the COVID-19 public health emergency that were time-limited.

In response to Co-Chair Meredith, Commissioner Lee stated SPAs are needed for a change in payment methodology; and that SPA 26-0005 was submitted due to budgetary issues but was later withdrawn. Ms. Judy-Cecil stated DMS issued a report describing the potential methodology based on social deprivation index but no further legislation was enacted to require the use of the methodology.

Adjournment

With no further business to come before the committee, the meeting adjourned.