

1 AN ACT relating to legislative oversight of the Medicaid state plan and declaring
2 an emergency.

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO
5 READ AS FOLLOWS:

6 (1) As used in this section:

7 (a) "CMS" means the federal Centers for Medicare and Medicaid Services;

8 (b) "Department" means the Department for Medicaid Services;

9 (c) "KCHIP state plan" means the federally approved, legally binding contract
10 between the Commonwealth and CMS that outlines how the Commonwealth
11 administers the Kentucky Children's Health Insurance Program, commonly
12 known as KCHIP;

13 (d) "Medicaid state plan" means the federally approved, legally binding
14 contract between the Commonwealth and CMS that outlines how the
15 Commonwealth administers the state's medical assistance program,
16 commonly known as Medicaid; and

17 (e) "SPA" means a Medicaid state plan or KCHIP state plan amendment or a
18 request for a state plan amendment that has been submitted to CMS.

19 (2) (a) The Commonwealth's Medicaid state plan and KCHIP state plan shall be
20 subject to an annual legislative review in accordance with this section.

21 (b) The department shall, by July 1 of each year, submit to the Legislative
22 Research Commission, for referral to the Interim Joint Committee on
23 Health Services and the Medicaid Oversight and Advisory Board established
24 in KRS 7A.273:

25 1. A copy of the current Medicaid state plan;

26 2. A copy of the current KCHIP state plan; and

27 3. A copy and summary of each Medicaid and KCHIP SPA that has

1 been:

2 a. Approved by CMS;

3 b. Denied or rejected by CMS; and

4 c. Submitted to, but not yet approved or denied by, CMS;

5 since July 1 of the preceding calendar year.

6 (c) The Medicaid Oversight and Advisory Board shall, by August 31 of each
7 year, on a date determined by the co-chairs, review the Medicaid state plan,
8 KCHIP state plan, and all Medicaid and KCHIP SPAs submitted in
9 accordance with paragraph (b) of this subsection, at which time
10 representatives from the department shall appear before, provide testimony
11 to, and answer questions from the board concerning the Medicaid state
12 plan, the KCHIP state plan, and all Medicaid and KCHIP SPAs submitted
13 in accordance with paragraph (b) of this subsection.

14 (d) The Interim Joint Committee on Health Services shall, by October 31 of
15 each year, on a date determined by the co-chairs, review the Medicaid state
16 plan, KCHIP state plan, and all Medicaid and KCHIP SPAs submitted in
17 accordance with paragraph (b) of this subsection, at which time
18 representatives from the department shall appear before, provide testimony
19 to, and answer questions from the committee concerning the Medicaid state
20 plan, KCHIP state plan, all Medicaid and KCHIP SPAs submitted in
21 accordance with paragraph (b) of this subsection, and the department's
22 response to any recommendations made by the Medicaid Oversight and
23 Advisory Board in accordance with subsection (4) of this section.

24 (3) When submitting a copy and summary of a SPA to the Legislative Research
25 Commission in accordance with subsection (2)(b) of this section, the department
26 shall include:

27 (a) A copy of all materials submitted to CMS related to the SPA;

- 1 **(b) A summary of the change or changes sought by the SPA;**
- 2 **(c) A summary of how the SPA will improve the administration of the Medicaid**
- 3 **or KCHIP program, access to services, or the overall health of the Medicaid**
- 4 **or KCHIP population;**
- 5 **(d) An explanation of the necessity of the SPA;**
- 6 **(e) A determination of whether or not the SPA was subject to the authorization**
- 7 **requirements established in KRS 205.5372 and an explanation of that**
- 8 **determination; and**
- 9 **(f) An analysis of the anticipated fiscal and budgetary impacts of the SPA**
- 10 **which shall include an analysis of costs over a one (1), two (2), and five (5)**
- 11 **year timeframe.**
- 12 **(4) Following a review conducted pursuant to subsection (2)(c) of this section, the**
- 13 **Medicaid Oversight and Advisory Board may, by a vote of a majority of the voting**
- 14 **members appointed to the board under KRS 7A.276, make recommendations for**
- 15 **changes to a state plan or SPA. If the board elects to make recommendations for**
- 16 **changes to a state plan or SPA, the board shall submit those recommendations in**
- 17 **writing to the Governor, the secretary of the cabinet, and the commissioner of the**
- 18 **department within thirty (30) calendar days from the date on which the review**
- 19 **was conducted.**
- 20 **(5) (a) As part of a review conducted under subsection (2)(d) of this section of the**
- 21 **Medicaid state plan, KCHIP state plan, and all Medicaid and KCHIP SPAs**
- 22 **submitted in accordance with subsection (2)(b) of this section, the Interim**
- 23 **Joint Committee on Health Services may, by a vote of a majority of the**
- 24 **members appointed to the committee, find a state plan to be, in part or in**
- 25 **whole, deficient because it:**
- 26 **1. Appears to be in conflict with an existing state statute governing the**
- 27 **Medicaid or KCHIP program, including but not limited to the**

- 1 requirements imposed under KRS 205.525;
- 2 2. Appears to be in conflict with federal law governing the Medicaid or
- 3 CHIP program;
- 4 3. Appears to exceed the cabinet's or department's statutory authority,
- 5 including but not limited to restrictions imposed under KRS 205.5372;
- 6 4. Appears to impose an unreasonable burden on state government,
- 7 Medicaid-participating providers, or Medicaid beneficiaries;
- 8 5. Was submitted for review in a manner that does not fully comply with
- 9 subsection (3) of this section;
- 10 6. Fails to fully incorporate recommendations made by the Medicaid
- 11 Oversight and Advisory Board under subsection (4) of this section; or
- 12 7. Appears to be deficient in any other manner, except that the committee
- 13 shall not find a state plan to be deficient on the basis of a SPA that
- 14 was:
- 15 a. Denied or rejected by CMS; or
- 16 b. Submitted to, but not yet approved or denied by, CMS.
- 17 (b) Notwithstanding paragraph (a)7. of this subsection, the Interim Joint
- 18 Committee on Health Services may make recommendations to the
- 19 Governor, secretary of the cabinet, commissioner of the department, or the
- 20 General Assembly related to a SPA that was denied or rejected by CMS or
- 21 that has been submitted to, but not yet approved by, CMS.
- 22 (c) If the Interim Joint Committee on Health Services finds the Medicaid state
- 23 plan to be, in part or in whole, deficient, the committee shall transmit to the
- 24 Governor, the secretary of the cabinet, and the commissioner of the
- 25 department:
- 26 1. A copy of the finding of deficiency and other relevant findings,
- 27 recommendations, or comments; and

- 1 2. A request that the Governor determine whether the Medicaid or
2 KCHIP state plan shall:
3 a. Be amended to resolve concerns identified by the committee that
4 lead to its finding of deficiency; or
5 b. Remain in effect notwithstanding the finding of deficiency.
- 6 (6) The Governor shall transmit his or her determination on any request made under
7 subsection (5)(c)2. of this section to the Legislative Research Commission for
8 referral to the Interim Joint Committee on Health Services and the Medicaid
9 Oversight and Advisory Board within thirty (30) calendar days of the date on
10 which the Interim Joint Committee on Health Services found the Medicaid or
11 KCHIP state plan, in part or in whole, to be deficient.
- 12 (7) The department shall, within thirty (30) days after the effective date of this Act,
13 publish to its website, in an easily accessible manner:
14 (a) A copy of the current, in effect Medicaid and KCHIP state plans, including
15 a clear notation of the date of the most recent approved SPA to each plan;
16 and
17 (b) A copy of each Medicaid and KCHIP SPA that has been submitted to CMS
18 and the Legislative Research Commission, as required under KRS 205.525,
19 including a copy of the summary and statement of benefits as required
20 under KRS 205.525.
- 21 (8) Notwithstanding provisions of this section to the contrary:
22 (a) When conducting the initial legislative review of the Medicaid and KCHIP
23 state plans in 2026, the Medicaid Oversight and Advisory Board and the
24 Interim Joint Committee on Health Services shall review the Medicaid state
25 plan and the KCHIP state plan in their entirety and may, by June 1, 2026,
26 request a summary, to be prepared in accordance with subsection (3) of this
27 section, for any part of the Medicaid state plan; and

1 **(b) The department shall, within five (5) calendar days after the effective date**
2 **of this Act, provide the Legislative Research Commission with a copy of the**
3 **current, in effect Medicaid and KCHIP state plans for referral to the**
4 **Interim Joint Committee on Health Services and the Medicaid Oversight**
5 **and Advisory Board.**

6 ➔Section 2. Whereas recently enacted federal changes to the Medicaid program
7 and significant increases in the Commonwealth's Medicaid budget over the last decade
8 create an urgent need to bolster legislative oversight of the Medicaid program, take
9 immediate steps to comply with new federal requirements, and ensure that Medicaid
10 expenditures support the healthcare needs of only those individuals the program is
11 intended to serve, an emergency is declared to exist, and this Act takes effect upon its
12 passage and approval by the Governor or upon its otherwise becoming a law.