

1 A CONCURRENT RESOLUTION directing the Legislative Research Commission
2 to procure a vendor to conduct a feasibility study for an Accountable Communities for
3 Health Medicaid delivery model pilot project.

4 WHEREAS, Kentucky persistently ranks among the worst states nationally for key
5 health indicators, including chronic disease prevalence, maternal health outcomes,
6 tobacco use, and preventable hospitalizations; and

7 WHEREAS, many Kentuckians are living with three or more chronic health
8 conditions, including asthma, kidney disease, heart disease, cancer, and diabetes; and

9 WHEREAS, Kentucky's health issues are deeply tied to the social and economic
10 conditions of rural communities, which remain inadequately and insufficiently addressed;
11 and

12 WHEREAS, Kentucky has operated its Medicaid program primarily under a
13 managed care delivery model since 2010; and

14 WHEREAS, the current Medicaid delivery model employed in the Commonwealth
15 has failed to produce valuable outcomes as Medicaid expenditures have continued to
16 increase while health outcomes have deteriorated and disparities have widened; and

17 WHEREAS, the transition from a fee-for-service Medicaid program to a managed
18 care model was chiefly motivated by a belief that contracting with Medicaid managed
19 care organizations to administer large portions of the Medicaid program would result in
20 budget stability and predictability; and

21 WHEREAS, despite the transition to managed care under former Governor Steve
22 Beshear, since 2010 the cost of the Kentucky Medicaid program has skyrocketed,
23 increasing from approximately \$5,900,000,000 a year in 2010 to a projected amount of
24 over \$20,600,000,000 a year in 2026; and

25 WHEREAS, since 2010, the number of Kentuckians enrolled in the Medicaid
26 program has risen from roughly 920,000 to approximately 1,400,000 in 2025, an increase
27 of roughly 50 percent resulting largely from former Governor Steve Beshear's decision to

1 expand Medicaid eligibility under the Affordable Care Act in 2014; and

2 WHEREAS, expanded Medicaid eligibility and the resulting 50 percent increase in
3 enrollment fails to explain the nearly 400 percent increase in the cost of the program over
4 the same period of time; and

5 WHEREAS, the historic trend of rapid cost increases in the Medicaid program has
6 not resulted in enhanced reimbursement rates for rural healthcare providers; and

7 WHEREAS, access to essential, comprehensive healthcare services in rural
8 communities continues to erode under the managed care delivery model, underscoring the
9 urgent need for targeted interventions to reverse this trend; and

10 WHEREAS, under federal law, Medicaid managed care organizations are required
11 to achieve a minimum medical loss ratio of at least 85 percent, which means that at least
12 85 cents of every dollar paid to a managed care organization by a state Medicaid program
13 must be spent on the delivery of healthcare services for Medicaid enrollees; and

14 WHEREAS, current contracts between the Department for Medicaid Services and
15 the Commonwealth's five contracted Medicaid managed care organizations require
16 managed care organizations to achieve at least a 90 percent medical loss ratio; and

17 WHEREAS, federal and state established medical loss ratios for Medicaid managed
18 care organizations have the effect of limiting a managed care organization's profit from a
19 Medicaid managed care contract to no more than 10 percent of the total contract value;
20 and

21 WHEREAS, the five managed care organizations currently under contract with the
22 Department for Medicaid Services to administer Medicaid benefits in Kentucky are all
23 either publicly traded, for-profit corporations or owned by a publicly traded, for-profit
24 corporations; and

25 WHEREAS, publicly traded, for-profit corporations have a legally binding
26 fiduciary duty to their shareholders to increase profits quarter over quarter and year over
27 year; and

1 WHEREAS, existing medical loss ratio requirements effectively mean that the only
2 way a contracted Medicaid managed care organization can fulfill its fiduciary duty to
3 shareholders to increase profits is to see an increase in the overall cost of the Medicaid
4 program, typically by increasing the per member per month capitation payments made by
5 the state to the managed care organizations; and

6 WHEREAS, Kentucky's current health data landscape is fragmented and lacks a
7 unified, inclusive dataset spanning the full continuum of care, limiting its effectiveness in
8 guiding informed health policy and appropriations; and

9 WHEREAS, Kentucky's healthcare system remains fragmented, with hospitals,
10 clinics, schools, social service organizations, and managed care organizations often
11 operating in silos, which has resulted in reactive care that seeks to treat symptoms rather
12 than coordinated strategies that tackle root causes of illness; and

13 WHEREAS, Kentucky must identify proven strategies to unite healthcare
14 providers, coordinate care, and connect communities while holding the entire system
15 accountable for both outcomes and costs; and

16 WHEREAS, the current cost of the Kentucky Medicaid program, paired with the
17 historical trend of rapid cost increases, is unsustainable and represents a catastrophic
18 threat to the stability and solvency of the Commonwealth's entire biennial budget; and

19 WHEREAS, given the current Medicaid landscape in Kentucky, as described
20 above, the Commonwealth must endeavor to identify a less costly and more sustainable
21 alternative to the current managed care delivery model; and

22 WHEREAS, transformative healthcare delivery models are reshaping access to care
23 and improving health outcomes across the United States; and

24 WHEREAS, an increasing number of states are seeing positive results, including
25 reduced costs and significant improvements in healthcare outcomes, by transitioning
26 away from managed care toward an accountable care delivery model; and

27 WHEREAS, accountable care organizations (ACO) prioritize whole-person care,

1 adopt value-based payment models over volume-driven approaches, and incorporate
2 mechanisms for shared savings and financial risk; and

3 WHEREAS, accountable communities for health (ACH) aim to improve population
4 health by fostering regional collaboration, investing in community-based supports, and
5 advancing policies that promote and sustain healthier communities; and

6 WHEREAS, ACO and ACH models represent more strategic, provider-endorsed,
7 community-led models that enhance health outcomes while driving cost efficiencies; and

8 WHEREAS, ACO and ACH models are proven Medicaid delivery models currently
9 producing positive outcomes for state Medicaid programs across the United States and
10 have demonstrated that smarter investments in prevention and access to care can reduce
11 the costs of a state's Medicaid program while improving healthcare outcomes; and

12 WHEREAS, by implementing a comprehensive community-driven alternative
13 healthcare delivery model that integrates physical, behavioral, and spiritual care while
14 addressing the social conditions in which people live, work, play, and learn, the
15 Commonwealth could realize a 20 percent improvement in both patient and provider
16 satisfaction and significant, measurable gains in overall population health by 2030; and

17 WHEREAS, Kentucky's area development districts have an established track record
18 for delivering community-based Medicaid services tailored to the needs of specific
19 geographic regions; and

20 WHEREAS, Kentucky's area development districts serve a large enough population
21 to effectively evaluate and benchmark the impact of an ACH delivery model on
22 improving outcomes and reducing costs;

23 NOW, THEREFORE,

24 ***Be it resolved by the Senate of the General Assembly of the Commonwealth of***
25 ***Kentucky, the House of Representatives concurring therein:***

26 ➔Section 1. The Legislative Research Commission is hereby directed to procure a
27 vendor to conduct a feasibility study for an Accountable Communities for Health

1 Medicaid delivery model pilot project. The feasibility study shall assess, consider, and
2 make recommendations concerning the following:

3 (1) Examples of state Medicaid programs that have implemented an accountable
4 care Medicaid delivery model, including but not limited to accountable care
5 organizations, accountable communities for health, and accountable health community
6 models, to identify best practices and potential governance structure suitable for
7 Kentucky;

8 (2) Opportunities, barriers, and organizational capacity for implementing an
9 Accountable Communities for Health Medicaid delivery model pilot project under the
10 Kentucky Medicaid program;

11 (3) Potential geographic regions and partners suitable for an Accountable
12 Communities for Health Medicaid delivery model pilot project, including specific
13 assessment of the Lincoln Trail Area Development District, Barren River Area
14 Development District, and Green River Area Development District as an appropriate
15 geographic region for the pilot project;

16 (4) Existing health information exchange, data-sharing capacity, and
17 interoperability of various data systems, including eligibility data, across Medicaid,
18 providers, and social service systems to identify any necessary infrastructure
19 developments for a successful Accountable Communities for Health Medicaid delivery
20 model pilot project;

21 (5) Options for financing an Accountable Communities for Health Medicaid
22 delivery model pilot project, including anticipated costs, potential cost savings,
23 sustainability, and funding sources with specific emphasis on identifying options for
24 diverting current per member, per month capitation payments made to managed care
25 organizations to the pilot project;

26 (6) Creation of a nonprofit mutual insurance company as an alternative to for-
27 profit insurance companies and Medicaid managed care organizations for administering

1 an Accountable Communities for Health Medicaid delivery model pilot project, including
2 claims processing and provider payments;

3 (7) Potential pilot models, policy changes, and implementation pathways,
4 including necessary next steps to design and implement an Accountable Communities for
5 Health Medicaid delivery model pilot project;

6 (8) Strategies and metrics for evaluating the success of a future Accountable
7 Communities for Health Medicaid delivery model pilot project, including key metrics and
8 outcomes to be reported, monitored, and evaluated; and

9 (9) Any other issues or aspects of a feasibility study or an Accountable
10 Communities for Health Medicaid delivery model pilot project determined to be
11 necessary or appropriate by the Legislative Research Commission.

12 ➔Section 2. The results of the feasibility study required under Section 1 of this
13 Resolution shall be submitted to the Legislative Research Commission by November 1,
14 2026, for referral to the Interim Joint Committee on Health Services, the Interim Joint
15 Committee on Appropriations and Revenue, and the Medicaid Oversight and Advisory
16 Board.

17 ➔Section 3. Whereas it is essential that the General Assembly obtain information
18 on the feasibility of an accountable care pilot project and the potential benefits of a
19 transition to accountable care prior to the 2027 Regular Session, the Legislative Research
20 Commission is strongly encouraged to begin the procurement process required under
21 Section 1 of this Resolution immediately upon the adoption of this Resolution by both
22 chambers of the General Assembly.

23 ➔Section 4. A pilot project resulting from the feasibility study required under
24 Section 1 of this Resolution shall be known as the 20 by 30 Accountable Care Pilot
25 Project.

26 ➔Section 5. Provisions of this Resolution to the contrary notwithstanding, the
27 Legislative Research Commission shall have the authority to alternatively assign the

1 issues identified herein to an interim joint committee or subcommittee thereof, and to
2 designate a study completion date.

3 ➔Section 6. Provisions of this Resolution to the contrary notwithstanding, the
4 Legislative Research Commission shall have the authority to define the scope of work for
5 any contract entered into by the Legislative Research Commission and a vendor under
6 Section 1 of this Resolution.