

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2023 REGULAR SESSION**

MEASURE

2023 BR NUMBER 385

SENATE BILL NUMBER 29/GA

TITLE AN ACT relating to the Medicaid program.

SPONSOR Senator Stephen Meredith

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Department for Medicaid Services

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES		\$1,400,000 GF \$1,400,000 FF	Indeterminable
NET EFFECT		(\$1,400,000) GF (\$1,400,000) FF	(Indeterminable)

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of the measure is to limit the number of Medicaid managed care (MCO) contracts to no more than three.

FISCAL EXPLANATION: The Cabinet for Health and Family Services (CHFS) notes that implementation of the provisions of the legislation limiting the number of MCO contracts to no more than three would likely require initiation of a new procurement cycle. CHFS also anticipates that the new procurement could result in legal action by any MCOs that may be removed from the Medicaid program attendant to the limitation in the total number of MCOs permitted to participate in the state’s Medicaid program. The Department for Medicaid Services estimates increased costs of \$2.8 million total, with \$1.4 million coming from General Fund and \$1.4 million coming from Federal Funds, associated with staffing and consultant time required to design, implement, and bid a new round of MCO contracts and responding to possible lawsuits.

DATA SOURCE(S): Cabinet for Health and Family Services

PREPARER: Miriam Fordham **NOTE NUMBER:** 115 **REVIEW:** JAB **DATE:** 3/10/2023

