

1 AN ACT relating to Medicaid reimbursement rates.

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

3 ➔Section 1. The Cabinet for Health and Family Services is hereby directed to
4 implement an increase in Medicaid reimbursement rates as follows:

- 5 (1) (a) Effective July 1, 2022, the cabinet shall institute a one-time increase in the
6 Medicaid reimbursement rates for all services provided by a Medicaid-
7 participating provider to a Medicaid beneficiary; and
- 8 (b) The reimbursement rate increase required by this subsection shall be in an
9 amount equal to the reimbursement rate in effect on January 1, 2020,
10 multiplied by 10%;
- 11 (2) An authorized Medicaid-participating provider who receives the increased
12 reimbursement rate described in subsection (1) of this section:
- 13 (a) Shall use at least 75% of the amount by which the reimbursement rate was
14 increased to increase wages paid to non-executive, hourly wage staff who are
15 employed or contracted by the authorized Medicaid-participating provider to
16 provide services in Kentucky;
- 17 (b) Shall document use of the reimbursement rate increase to increase wages paid
18 to non-executive, hourly wage staff using a software program or tool
19 developed by the Department for Medicaid Services. The Department for
20 Medicaid Services is strongly encouraged to consider tools previously
21 developed by other states when developing this reporting tool; and
- 22 (c) May use the remaining 25% of the amount by which the reimbursement rate
23 was increased for other employer-related costs, including but not limited to:
- 24 1. Administrative expenses;
- 25 2. Payroll taxes;
- 26 3. Employee benefits; and
- 27 4. Paid time off for hourly wage staff;

- 1 (3) If a Medicaid-participating provider who receives the increased reimbursement rate
2 described in subsection (1) of this section does not use the increase as permitted by
3 subsection (2) of this section, the Department for Medicaid Services shall recoup
4 funds from the provider as follows:
- 5 (a) If the provider used no portion of the increase to increase non-executive,
6 hourly staff wages, the Department for Medicaid Services shall recoup an
7 amount equal to 100% of the reimbursement rate increase;
- 8 (b) If the provider used some portion of the increase but less than 75% of the
9 increase to increase non-executive, hourly staff wages, the Department for
10 Medicaid Services shall recoup an amount equal to 75% of the reimbursement
11 rate increase minus the amount that was used to increase direct support
12 professional or direct care staff wages;
- 13 (4) By October 1, 2024, the Cabinet for Health and Family Services shall provide the
14 Legislative Research Commission with an analysis of the effect of the
15 reimbursement rate increase on the wages non-executive, hourly wage staff;
- 16 (5) The Cabinet for Health and Family Services may promulgate administrative
17 regulations necessary to carry out this section; and
- 18 (6) The provisions of this section shall not be construed as creating an employment
19 agreement of any kind.~~[-and]~~
- 20 ➔Section 2. The provisions of Section 1 of this Act shall expire on December 31,
21 2024.
- 22 ➔Section 3. If the Cabinet for Health and Family Services or the Department for
23 Medicaid Services determines that a waiver or any other authorization from a federal
24 agency is necessary prior to the implementation of any provision of Section 1 of this Act,
25 the cabinet or department shall, within 90 days after the effective date of this Act, request
26 the waiver or authorization and shall only delay full implementation of those provisions
27 for which a waiver or authorization was deemed necessary until the waiver or

1 authorization is granted.