

Kentucky Medicaid Program Public Notice
PROPOSED CHANGES IN METHODS AND STANDARDS FOR ESTABLISHING
MEDICAID PAYMENT RATES FOR PROGRAM OF ALL-INCLUSIVE CARE FOR THE
ELDERLY (PACE)

February 25, 2026

The Kentucky Cabinet for Health and Family Services, Department for Medicaid Services (the Department) in accordance with 42 CFR 447.205, hereby provides public notice of proposed changes to the methods and standards by which the Department will reimburse PACE organizations. The proposed effective date of change is March 1, 2026.

The Department is amending its State Plan to ensure PACE rates are consistent with the PACE Medicaid rate requirements of 42 CFR 460.182.

Previously, PACE rates were determined using a standard discount from the amount that would otherwise have been paid (AWOP) for PACE-comparable members. Under the revised methodology, DMS will allow for variations in the discount based on region and cohort. These adjustments will be informed by cost and utilization analysis, as well as other financial information provided by PACE organizations.

The new methodology will set rates by age category and region as a percentage discount off the AWOP. Key factors influencing the determination of the percentage discount include the Commonwealth's goals for access to PACE services, cost savings achieved through PACE compared to fee-for-service (FFS) delivery, the financial sustainability of PACE organizations, and negotiations with these organizations. Rate computations will continue to comply with federal regulations under 42 CFR 460.182 and Centers for Medicare & Medicaid Services (CMS) guidelines. This change aims to ensure a fair and sustainable rate-setting process while maintaining access to high-quality care for PACE participants across Kentucky.

The Department for Medicaid Services estimates the total fiscal impact will be \$0.00. The proposed change is subject to approval by the federal Centers for Medicare & Medicaid Services and may be modified or revised during the approval process.

Public Comments:

Any interested party may submit questions or comments concerning these proposed changes in reimbursement methods and standards. A copy of this notice is available for public review at the Department for Medicaid Services at the address listed below. It is recommended to include the name of the public notice in the subject line. Comments or inquiries must be submitted in writing within thirty (30) days of the publication date of this notice to the Division of Healthcare Policy at DMSSPAS@KY.GOV.