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**PROVIDER LETTER**

TO: Hospital Providers (PT 01 / PL #A272)  
FROM: Steve Bechtel, Chief Financial Officer   
DATE: May 12, 2026  
RE: Revised Processing for State-Directed Payments

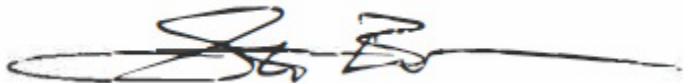
The Department for Medicaid Services (DMS) will be updating the State Directed Payment (SDP) process. Historically, hospitals have received a single SDP payment through the Kentucky Hospital Association. Beginning on July 1, 2026, providers will instead receive payments directly from each Managed Care Organization (MCO).

Providers will continue to receive statements from DMS identifying the SDP amounts to be issued by each MCO. Implementation details are still being finalized, and additional information will be shared as it becomes available. This notice is intended to allow providers time to prepare, if needed, to receive and process payments from all five MCOs.

DMS values its partnership with the Kentucky Hospital Association and hospital providers and looks forward to continued collaboration to improve the health outcomes of the individuals we serve.

Please direct any questions regarding this letter to [DMS.Issues@ky.gov](mailto:DMS.Issues@ky.gov)

Sincerely,



Steve Bechtel, Chief Financial Officer  
Department for Medicaid Services

cc: Aetna  
Humana  
United  
Molina  
Wellcare  
KHA