TEAM KENTUCKY®

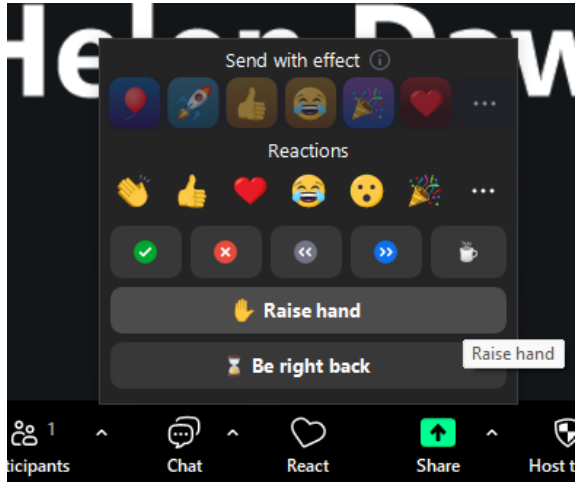
CABINET FOR HEALTH AND FAMILY SERVICES

Medicaid Advisory Committee

June 4, 2026

Housekeeping for Attendees

- For those in person:
  - Please keep side conversations to a minimum.
  - Please raise hand when you wish to speak.
  - Please speak loudly and clearly so that all may hear you.
- For those on the Zoom:
  - Please stay muted unless you wish to speak.
  - Please use the raise hand reaction when you wish to speak.
  - If possible, please have your camera turned on.
  - If you have any questions during the meeting, you can put your question in the chat.



TEAM KENTUCKY
CABINET FOR HEALTH AND FAMILY SERVICES

Agenda

Opening, Call to Order & Actions	Dr. Sheila Schuster, Chair; Iesha Elam, Secretary	10:00 – 10:15 AM *(15 Min)*
TAC Recommendations & Key Items	TAC Chairs	10:15 – 10:25 AM *(10 Min)*
Annual Report Review & Feedback	Dr. Sheila Schuster, Chair	10:25 – 10:40 AM (*15 Min)*
Public Comment	Dr. Sheila Schuster, Chair	10:40 – 10:55 AM (*15 Min)*
BAC Meeting Report	Emily Beauregard, BAC Chair	10:55 – 11:10 AM (*15 Min)*
DMS Commissioner Updates & Discussion	Commissioner Lisa Lee	11:10 – 11:35 AM (*25 Min)*
DMS Updates: Waivers	Deputy Commissioner Dr. Leslie Hoffmann; LTSS Division Director Carmen Hancock	11:35 – 11:50 AM (*15 Min)*
New Business: MOAB Subcommittees	Commissioner Lisa Lee	11:50 – 11:57 AM (*7 Min)*
Closing	Dr. Sheila Schuster, Chair	11:57 – 12:00 PM (*3 Min)*

MAC Member Roll Call

Iesha Elam, Secretary

Disclosure of Conflicts of Interest

- If you know that you have an existing Conflict of Interest, please feel free to raise your hand now.
- We will share the appropriate process for formal discloser and support you to excuse yourself from appropriate discussions.
- By staying present for all discussions, you are acknowledging that you do not have any known Conflicts of Interest.

Approval of Minutes

Dr. Sheila Schuster, Chair

Meeting Length Discussion & Vote

Vote to change meeting length to 2.5 hours, beginning with the next meeting.

TAC Recommendations and Key Items

TAC Chairs

Dr. Sheila Schuster, Chair

Annual Report Review & Feedback

Dr. Sheila Schuster, Chair and MAC Members

Public Comment

- Speakers will be called on in the order in which they signed up.
- Speakers will have **up to three minutes** to provide their public comment.
- The public comment period will last for **15 minutes**.

DMS / Kentucky Contact Information

Rural Health Transformation Program

ruralhealthplan@ky.gov

1915(c) Helpdesk

844-784-5614

1915cwaiverhelpdesk@ky.gov

Kynect

855-459-6328

Kynect.ky.gov

Department for Community Based Services

855-306-8959

Kentucky Ombudsman

866-596-6283

General Assistance

833-372-0004

CHFS.Listens@ky.gov

BAC Meeting Report

Emily Beauregard, BAC Chair

DMS Commissioner Updates

Commissioner Lee

Legislative Updates

- House Bill 500 – Impact on Medicaid
- H.R. 1 Implementation
- H.B. 2 Impact on Medicaid
- Legislation Impact – HB 470 & SB 345

House Bill 500 – Impact on Medicaid

What Did the State Budget* Fund for Medicaid Benefits?

- Additional waiver slots
  - Michelle P – 65 waiver slots in Fiscal Year(FY) 27 and 45 waiver slots in FY 28.
  - SCL – 90 waiver slots in FY 27 and 45 waiver slots in FY 28.
  - HCBS – 115 waiver slots in FY 27 and 45 slots in FY 28.
- Certified Community Behavioral Health Clinics (CCBHC) in FY 28.
- Increase in state directed payments, which are extra payments paid to certain providers.
- New Appalachian Regional Hospital KCARE Program to incentivize access to psychiatric services in Eastern Kentucky.
- Increase in funds for Cost Settlements and Disproportionate Share Hospital (DSH) Payments.
- Increase in payments for some dental services.
- Increase in payments for Hospital-Based Ventilator Dependent Facilities.
- Allows up to $290 Million in funding from the Budget Reserve Trust Fund in FY 27.

*House Bill 500 (2026 Regular Session)

What is the Medicaid Benefits Budget Funding Gap?

- Medicaid provided the legislature with the estimated cost to maintain current service levels, including adjustments for:
  - Inflation
  - Rising costs of goods and services
  - Payment rate changes
  - Changes in utilization and enrollment
- The final budget only funds current service levels and selected new items outlined on the previous slide. **It did not include the underlying cost adjustments**.
- As a result, the benefits budget has a funding gap in **state general funds** of approximately:
  - FY 2027 - $270 Million
  - FY 2028 - $425 Million
- The **total funding gap in state and federal funds** is approximately:
  - $2.8 Billion over the next two years.
- The Cabinet and Department are currently evaluating options to address the funding gap and will provide updates as decisions are made.

H.R. 1 Implementation

H.R. 1 Major Impacts to Medicaid Eligibility

- **Work or Community Engagement:** Some adults ages 19 to 64 who are enrolled in Medicaid based solely on income, *also known as the* ***Expansion Population***, must meet a new work or community engagement requirement to apply for or keep coverage.
  - New applicants: Starts January 1, 2027
  - Current members: Starts with February 2027 renewals

- **Eligibility Renewals:** Review adult Expansion Population eligibility every 6 months instead of annually.
  - New applicants: Starts January 1, 2027
  - Current members: Starts from their next renewal in 2027

- **Retroactive Coverage**: Limits how far back Medicaid coverage can be applied upon enrollment. Currently allowed up to 3 months.
  - Limited to 1 month for adult Expansion Population and 2 months for everyone else
  - Starts January 1, 2027

- **Non-Citizen Eligibility**: Fewer non-citizen groups will qualify for full Medicaid coverage.
  - Refugees, asylees, parolees, survivors of domestic violence or human trafficking with a pending status, Canadian American Indians, conditional entries, and Amerasians will no longer qualify for full Medicaid.
  - Emergency Medicaid remains available for qualifying life-threatening medical conditions.
  - Starts October 1, 2026

Medicaid Community Engagement (MACE)

What is Medicaid Community Engagement (MACE)?

- A federal law is changing Medicaid rules starting on January 1, 2027
- To apply for or keep Medicaid, some adults must do the following:
  - ✓ Complete at least 80 hours per month of:
    - Work; or
    - Job training or a work program; or
    - Volunteering or community service; or
    - Any combination of the activities above that adds up to 80 hours; OR
  - ✓ Go to school at least half-time including high school, college, or career and technical education; OR
  - ✓ Earn $580 a month, or if your work is seasonal, earn an average of $580 over the last 6 months.
- Current CMS Guidance: State Requirements to Establish Medicaid Community Engagement Requirements

MACE: Application & Renewal

Application

- If applying for Medicaid, they must show they met the community engagement requirement in the **one month before** application.
- *Example:*
  - You are applying for Medicaid in February 2027.
  - You must show that you met the community engagement requirement in January 2027 to qualify.

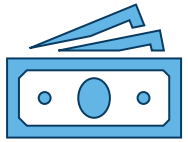
Renewal

- If already enrolled, they must show they met community engagement requirements for at least **three months** in the 6-month period before renewal.
- *Example:*
  - Your renewal is due in September 2027.
  - You must show that you met the requirements for at least three months between March and August 2027.

MACE: Who Needs to Meet the Requirement?

Individuals referred to as the expansion population need to meet the community engagement requirement if they are:

Age 19 to 64;



Enrolled in Medicaid based **only** on income and not for another reason such as disability, health status or family status; and

Not excused.

MACE: Who is Excused from the Requirement?

You do **not** have to meet the community engagement requirement if you are one of the following:

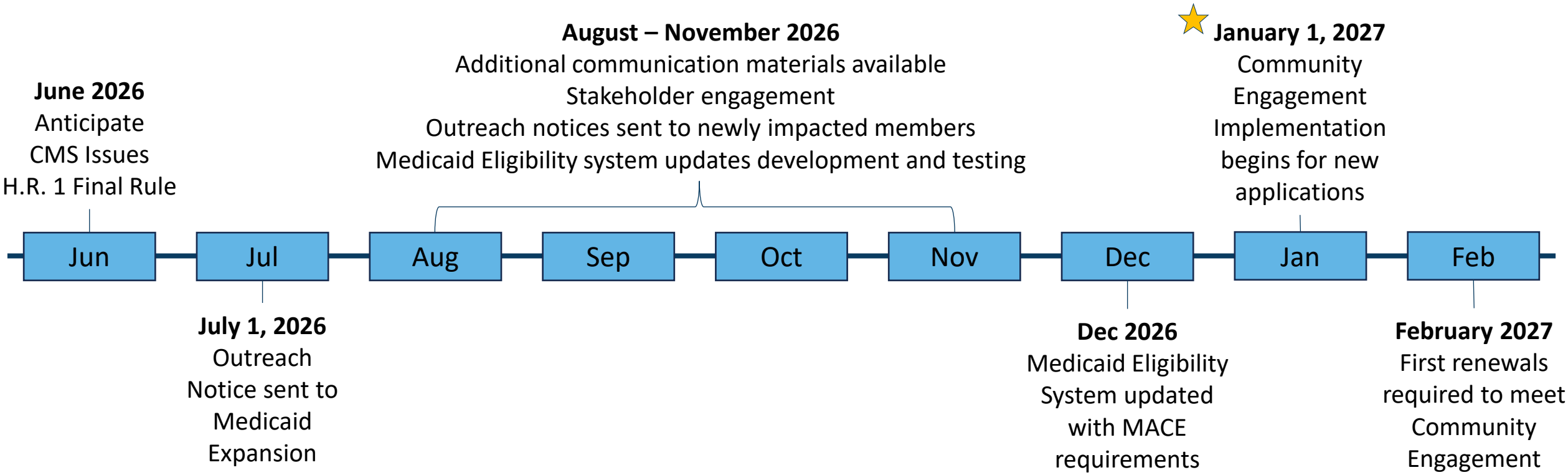
- Former foster care child under age 26
- Member of a federally recognized tribe (American Indian or Alaska Native)
- A parent, guardian or caregiver of a child age 13 or younger; or a disabled individual of any age
- Veteran with a total disability rating
- Receiving Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI), or Social Security Retirement (SSR) due to disability
- Entitled to or Enrolled in Medicare Part A or Part B
- Pregnant or in the 12-month postpartum period.
- Have a serious medical condition or medically frail
- An inmate of a public institution now or in the past 3 months
- In a drug/alcohol or mental health treatment program
- Meet Temporary Assistance for Needy Families (TANF) work requirements
- Meet and not excused from Supplemental Nutrition Assistance Program (SNAP) work requirements
- Enrolled in a 1915(c) Home and Community-Based Waiver or the Program for All-Inclusive Care for the Elderly (PACE)

MACE: What are the Short-Term Hardship Reasons?

You may **not** have to meet the work or community engagement requirement if one of the following applies:

- Inpatient care – in a hospital or other medical facility at some time during the month
- Federal Emergency or Disaster – live in a county covered by a federally declared emergency or disaster during the month
- High Unemployment Rate – live in a county where the unemployment rate exceeds the federal threshold during the month
- Extended Travel for Specialized Medical Care – must travel more than 90 miles from their home for an extended time to receive specialized medical treatment for them or a dependent

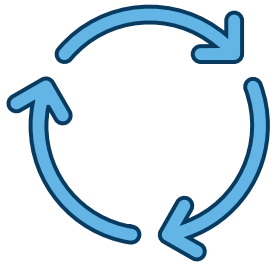
MACE: Implementation Timeline



Medicaid Eligibility Renewals & Retroactive Coverage

Medicaid Eligibility Renewals

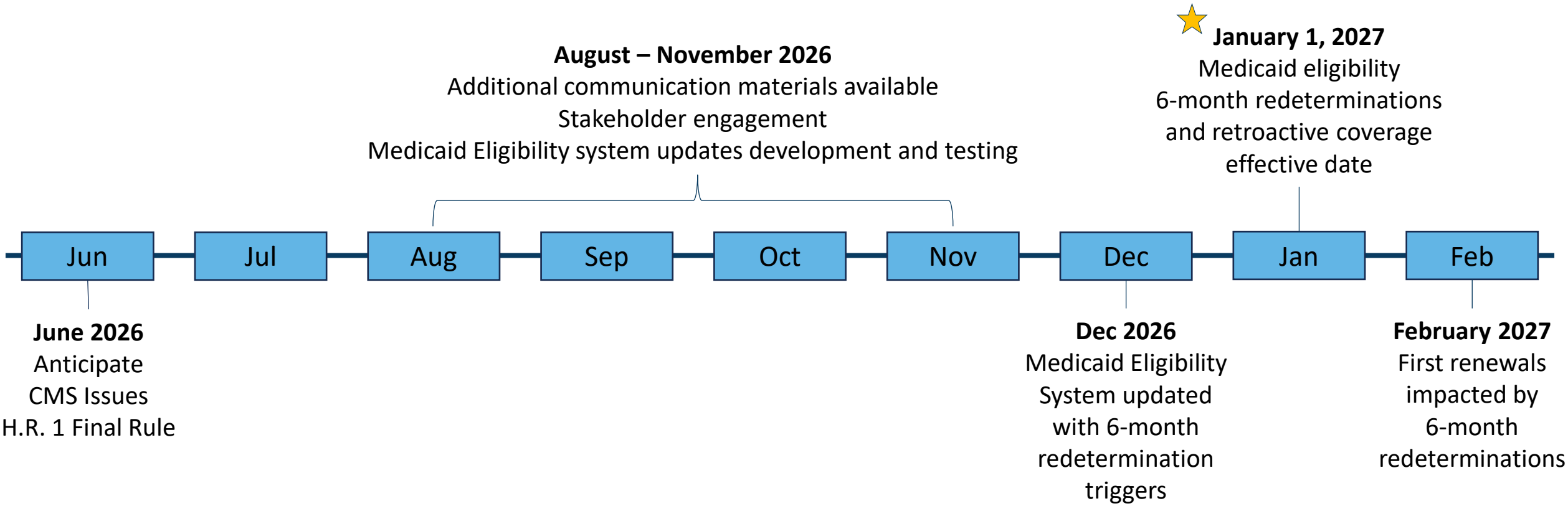
- H.R. 1 is changing how often Medicaid eligibility is reviewed, starting on January 1, 2027
- To apply for or keep Medicaid, some adults must do the following:
  - ✓ Complete an eligibility renewal every 6 months instead of once per year
  - ✓ Verify continued eligibility at each renewal, including income and earnings, household composition, residency and other eligibility factors
  - ✓ Respond to renewal notices and requests for information
  - ✓ Submit required documentation within required timeframes to maintain coverage
  - ✓ Meet renewal requirements alongside other program requirements, including community engagement, when applicable
- Timelines:
  - New applicants: 6-month renewal requirement begins January 1, 2027
  - Current members: Transition to 6-month renewals at their next scheduled renewal in 2027
- If renewal requirements are not completed:
  - Coverage may end
  - Members may need to reapply for Medicaid
- Current CMS Guidance: Section 71107: Implementation of "Eligibility Redeterminations"



Medicaid Retroactive Coverage

- A federal law is changing how far back Medicaid coverage can be applied, starting on January 1, 2027
  - Retroactive coverage will be limited to a shorter time period
  - Coverage may be applied:
    - Up to 1 month prior to application for adults ages 19–64 enrolled based on income (Expansion Population)
    - Up to 2 months prior to application for all other eligible groups
- States must:
  - Review eligibility for the retroactive period using the same criteria as at application
  - Determine whether an individual qualified for Medicaid during the prior 1–2 months
  - Approve or deny coverage for past services based on verified eligibility
- What this means for members
  - Individuals may have fewer months of past medical bills covered after applying
  - Members may need to apply more quickly after receiving care to maximize coverage
  - Providers may see changes in reimbursement for services delivered prior to enrollment

Medicaid Eligibility Renewals & Retroactive Coverage: Implementation Timeline



Non-Citizen Medicaid Eligibility

Non-Citizen Medicaid Eligibility Changes

- A federal law is changing which non-citizens qualify for Medicaid coverage, starting on October 1, 2026.
- To apply for or keep Medicaid, individuals must meet updated eligibility categories, which:
  - Limit federally funded Medicaid coverage to a narrower group of non-citizens
  - Redefine which immigration statuses qualify for full Medicaid benefits
  - Require states to verify immigration status and reassess eligibility for current members
- Current CMS Guidance: Section 71109: Implementation of "Alien Medicaid Eligibility"

Non-Citizen Eligibility: What is Changing?

- Beginning October 1, 2026, federal Medicaid funding will generally be limited to:
  - U.S. citizens and nationals
  - Lawful Permanent Residents (LPRs / green card holders) Cuban or Haitian entrants
  - Compact of Free Association (COFA) migrants
- As a result, many groups that previously qualified will no longer be eligible for federally funded full Medicaid, including:
  - Refugees
  - Asylees
  - Individuals with humanitarian parole
  - Survivors of trafficking or domestic violence

Non-Citizen Eligibility: Requirements & Implementation

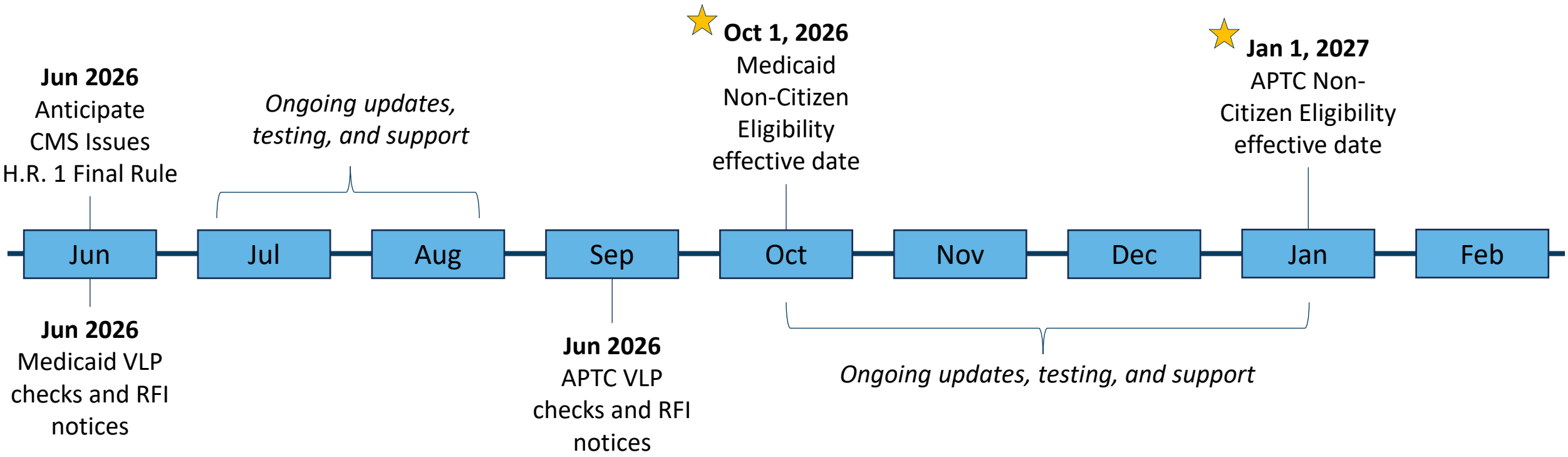
Requirements

- States are required to:
  - Reverify immigration status using federal data sources (e.g., verification systems)
  - Redetermine eligibility for affected individuals prior to October 1, 2026
  - Identify members who no longer qualify for federally funded coverage
  - Determine whether coverage will end or transition (e.g., emergency Medicaid or other coverage options)

Implementation

- Kentucky's Medicaid eligibility system (IEES) will be updated the Verify Lawful Presence (VLP) interface to receive new federal codes
- The system will run verification checks on current non-citizen members and identify individuals whose status does not meet new requirements
- If eligibility cannot be verified, members will receive a Request for Information (RFI) notice to submit documentation
- Kentucky anticipates sending VLP checks and RFI notices:
  - Medicaid: June 5–14, 2026
  - Advanced Premium Tax Credit (APTC): September 10-20, 2026

Non-Citizen Eligibility: Implementation Timeline



Questions?

Legislation Impact

House Bill 2 Impact on Medicaid, House Bill 470, Senate Bill 345

2026 Legislative Session Overview

- Session ended on April 15.
- Multiple bills were passed that impact Medicaid.
- Included the state budget that was passed, effective July 1, 2026.

Medicaid Related Bills Summary

HB = House Bill; SB = Senate Bill

Bill	Summary
HB 500	State budget for the 2026 – 2028 state fiscal years, including Medicaid funding and direction for Medicaid to take budget actions.
HB 2	Changes to Medicaid program aligned with H.R. 1; new administration rules, reporting rules, and data sharing rules.
HB 3	Pharmacists will be introduced as providers.
SB 173	New annual legislative review process for the Medicaid state plan and Kentucky Children's Health Insurance Program state plans.
HB 176	Report on prior authorization impacts within Medicaid due by September 30.
HB 470	Prohibits standalone psychoeducation billing as of July 15, 2026.
HB 689	New hospital rate improvement program for professional services; preprint requirement with potential retroactive payments pending preprint approval.
HB 169	Requires Medicaid to cover diagnosis and treatment for eating disorders.

House Bill 2 and H.R. 1

- DMS is implementing the federal H.R. 1 requirements at the same time that parts of HB 2 are effective.
- Some H.R. 1 requirements are identical to the statutory language that is now in HB 2 and KRS Chapter 205.
- During the next year, DMS will be implementing community engagement (CE) requirements to comply with H.R. 1:
  - A regulation will need to be filed soon to authorize a recipient notice requirement about the new CE requirements.
  - Similarly, DMS will implement changes for the every six (6) month redetermination requirement.

House Bill 2 Impact on Medicaid

- Establishes cost-sharing of $5 for services and $1 for prescription drugs (starting in 2028).
- Requires additional monitoring and review of financial and residency information for Medicaid enrollment purposes.
- Requires changes to the administration of Non-Emergency Medical Transportation (NEMT).
  - Brokers will be required to include hospitals and nursing homes as allowed drivers.
  - A Medical Loss Ratio (MLR) will be required of the transportation brokers.
- The 1915(c) Home and Community Based Services (HCBS) waivers will be required to begin implementing new requirements for waiting lists.
- Adds new reports from Medicaid to the legislature, including reporting about the 1915(c) waivers.
- Will eventually change delivery of dental services starting in 2029.
- Some provisions of HB 2 may be delayed as funding and legality are determined.
- Requires DMS to share additional databases and datasets with LRC.
  - DMS is continuing to evaluate the legality of this requirement.

House Bill 470

- Most sections effective immediately.
- Impact: Changes Medicaid billing for psychoeducation (H2027).
  - Psychoeducation will still be provided as a component of existing behavioral health and mental health services.
  - Providers cannot bill for psychoeducation as a standalone service.
- The bill will be implemented on July 15, 2026, and a provider letter has been sent.

Senate Bill 345

- SB 345 did not pass during the 2026 Regular Session, but a budget instruction was included in HB 500 to “facilitate access to intervener services for deaf-blind participants within the Michelle P. waiver program.”
- DMS is working to implement expanded access for “community interveners” – a special type of assistant for individuals who are both deaf and blind – especially within the Michelle P. Waiver program.

Other Legislation & Next Steps

- Other legislation with Medicaid impacts includes House Joint Resolution 24, Senate Bill 65, and Senate Concurrent Resolution 9.
- You can read the new laws on the Legislative Research Commission website.
- The DMS leadership team is reviewing all newly passed Medicaid-related legislation to determine how to best align the program with state statute and will share additional information with staff as needed.

DMS Updates: Waivers

Deputy Commissioner Dr. Leslie Hoffmann

Carmen Hancock, LTSS Division Director

Wait List Numbers as of June 2, 2026

Waiver	Funded Slots***	Filled Slots	Allocated Slot	Available	Total on WL
ABL Acute	383	278	19	86	**0**
ABI LTC*	488	463	18	7	**0**
CHILD	100	14	5	81	**0**
HCB*	17,800	16,677	1,071	52	**7,960**
Model II	100	14	20	66	**0**
MP	11,350	10,271	809	270	**9,776**
SCL	5,416	5,156	53	207	**3,883**
Total	***35,637***	***32,873***	***1,995***	***769***	***21,619***
				Unduplicated total:	**18,286**

**Filled and Available Slots may also include MFP transitions allocations*

Wait List Updates

- **17.5%** of people on the waiting lists are on **more than one** waiting list.
- **30%** of people on the waiting lists have allocation in another waiver.
- **78%** of people on the waiting list have an active **Medicaid Benefit** that would allow them to access services.

Questions?

New Business

Commissioner Lee

Medicaid Oversight and Advisory Board (MOAB) Subcommittees

Closing & Feedback Request

- Next MAC Meeting:
  - Thursday August 6 @ 10:00AM to 12:00PM
  - **Officer Elections**

- To ensure meetings continue to meet MAC member needs, **please complete the feedback survey** linked to this slide.
  - It will also be sent in an email following the meeting to all MAC members.

Kentucky MAC Meeting Feedback Survey QR Code

Thank you!