

1 AN ACT relating to boards of the Kentucky General Assembly and declaring an
2 emergency.

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO
5 READ AS FOLLOWS:

6 ***As used in Sections 1 to 8 of this Act:***

7 ***(1) "Board" means the Medicaid Oversight and Advisory Board;***

8 ***(2) "Cabinet" means the Cabinet for Health and Family Services;***

9 ***(3) "Commission" means the Legislative Research Commission;***

10 ***(4) "Department" means the Department for Medicaid Services; and***

11 ***(5) "Medicaid program" means the Kentucky Medical Assistance Program***
12 ***established in KRS 205.510 to 205.630 and the Kentucky Children's Health***
13 ***Insurance Program established in KRS 205.6483.***

14 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO
15 READ AS FOLLOWS:

16 ***The Medicaid Oversight and Advisory Board of the Kentucky General Assembly is***
17 ***hereby established. The purpose of the board is to optimize delivery of health services***
18 ***for continually improving health outcomes and doing so in a cost efficient and effective***
19 ***manner. The board shall review, analyze, study, evaluate, provide legislative oversight,***
20 ***and make recommendations to the General Assembly regarding any aspect of the***
21 ***Kentucky Medicaid program, including but not limited to benefits and coverage***
22 ***policies, access to services and network adequacy, health outcomes and equity,***
23 ***reimbursement rates, payment methodologies, delivery system models, financing and***
24 ***funding, and administrative regulations.***

25 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO
26 READ AS FOLLOWS:

27 ***(1) The board shall be composed of the following members:***

1 (a) Ten (10) legislative members, as follows:

2 1. Four (4) members of the House of Representatives appointed by the
3 Speaker of the House of Representatives, each of whom shall serve
4 while a member of the House for the term for which he or she has
5 been elected, one (1) of whom shall be the chair or vice chair of the
6 House Standing Committee on Health Services, and one (1) of whom
7 shall be the chair or vice chair of the House Standing Committee on
8 Families and Children;

9 2. One (1) member of the House of Representatives appointed by the
10 Minority Floor Leader of the House of Representatives, who shall
11 serve while a member of the House for the term for which he or she
12 has been elected;

13 3. Four (4) members of the Senate appointed by the President of the
14 Senate, each of whom shall serve while a member of the Senate for the
15 term for which he or she has been elected, one (1) of whom shall be
16 the chair or vice chair of the Senate Standing Committee on Health
17 Services, and one (1) of whom shall be the chair or vice chair of the
18 Senate Standing Committee on Families and Children; and

19 4. One (1) member of the Senate appointed by the Minority Floor Leader
20 of the Senate, who shall serve while a member of the Senate for the
21 term for which he or she has been elected;

22 (b) Eleven (11) nonlegislative, nonvoting members, as follows:

23 1. The commissioner of the department or his or her designee;

24 2. The chief medical officer of the Commonwealth or his or her
25 designee;

26 3. The chair of the Advisory Council for Medical Assistance established
27 in KRS 205.540 or his or her designee;

- 1 4. The state budget director or his or her designee;
- 2 5. The Auditor of Public Accounts or his or her designee;
- 3 6. The executive director of the Kentucky Association of Health Plans, or
- 4 its successor organization, or his or her designee;
- 5 7. The director of the Center of Excellence in Rural Health established
- 6 in KRS 164.937 or his or her designee;
- 7 8. Two (2) members appointed by the Speaker of the House of
- 8 Representatives, of which:
- 9 a. One (1) shall have significant Medicaid-specific experience in
- 10 healthcare administration, financing, policy, or research; and
- 11 b. One (1) shall be a licensed healthcare provider who is a
- 12 participating Medicaid provider and who serves on one (1) of the
- 13 technical advisory committees to the Advisory Council for
- 14 Medical Assistance established in KRS 205.590; and
- 15 9. Two (2) members appointed by the President of the Senate, of which:
- 16 a. One (1) shall have significant Medicaid-specific experience in
- 17 healthcare administration, financing, policy, or research; and
- 18 b. One (1) shall be a licensed healthcare provider who is a
- 19 participating Medicaid provider and who serves on one (1) of the
- 20 technical advisory committees to the Advisory Council for
- 21 Medical Assistance established in KRS 205.590; and
- 22 (c) Two (2) nonvoting ex officio members, as follows:
- 23 1. The chair of the House Standing Committee on Appropriations and
- 24 Revenue; and
- 25 2. The chair of the Senate Standing Committee on Appropriations and
- 26 Revenue.
- 27 (2) (a) Of the members appointed pursuant to subsection (1)(a)1. of this section,

1 the Speaker of the House of Representatives shall designate one (1) as co-
2 chair of the board.

3 (b) Of the members appointed pursuant to subsection(1)(a)3. of this section, the
4 President of the Senate shall designate one (1) as co-chair of the board.

5 (c) In order to be eligible for appointment under subsection (1)(b) 8. and 9. of
6 this section an individual shall not:

7 1. Be a member of the General Assembly;

8 2. Be employed by a state agency of the Commonwealth of Kentucky; or

9 3. Receive contractual compensation for services rendered to a state
10 agency of the Commonwealth of Kentucky that would conflict with his
11 or her service on the board.

12 (d) For the purpose of appointing members described in subsection (1)(b)8.a.
13 and 9.a. of this section, "significant Medicaid-specific experience in
14 healthcare administration, financing, policy, or research" means:

15 1. Experience in administering the Kentucky Medical Assistance
16 Program;

17 2. A hospital administrator with relevant experience in Medicaid billing
18 or regulatory compliance;

19 3. An attorney licensed to practice law in the Commonwealth of
20 Kentucky with relevant experience in healthcare law;

21 4. A consumer or patient advocate with relevant experience in the area of
22 Medicaid policy; or

23 5. A current or former university professor whose primary area of
24 emphasis is healthcare economics or financing, health equity,
25 healthcare disparities, or Medicaid policy.

26 (e) Individuals appointed to the board under subsection (1)(b)8. and 9. of this
27 section shall:

- 1 1. Serve for a term of two (2) years; and
2 2. Not serve more than one (1) consecutive term after which time he or
3 she may not be reappointed to the board for a period of at least two (2)
4 years.

5 (f) If an individual appointed to the board pursuant to subsection (1)(b)8.b. or
6 9.b. of this section ceases to participate in the Medicaid program or ceases
7 to serve on a technical advisory committee to the Advisory Council for
8 Medical Assistance established in KRS 205.590, he or she may continue to
9 serve on the board until his or her replacement has been appointed.

10 (3) (a) Any vacancy which may occur in the membership of the board shall be
11 filled in the same manner as the original appointment.

12 (b) A member of the board whose term has expired may continue to serve until
13 such time as his or her replacement has been appointed.

14 (4) Members of the board shall be entitled to reimbursement for expenses incurred in
15 the performance of their duties on the board.

16 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO
17 READ AS FOLLOWS:

18 (1) The board shall meet at least six (6) times during each calendar year.

19 (2) The co-chairs of the board shall have joint responsibilities for board meeting
20 agendas and presiding at board meetings.

21 (3) (a) On an alternating basis, each co-chair shall have the first option to set a
22 meeting date.

23 (b) A scheduled meeting may be canceled by agreement of both co-chairs.

24 (4) A majority of the entire voting membership of the board shall constitute a
25 quorum, and all actions of the board shall be by vote of a majority of its entire
26 voting membership.

27 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO

1 READ AS FOLLOWS:

2 The board, consistent with its purpose as established in Section 2 of this Act, shall have
3 the authority to:

4 (1) Require any of the following entities to provide any and all information necessary
5 to carry out the board's duties, including any contracts entered into by the
6 department, the cabinet, or any other state agency related to the administration of
7 any aspect of the Medicaid program or the delivery of Medicaid benefits or
8 services:

9 (a) The cabinet;

10 (b) The department;

11 (c) Any other state agency;

12 (d) Any Medicaid managed care organization with whom the department has
13 contracted for the delivery of Medicaid services;

14 (e) The state pharmacy benefit manager contracted by the department pursuant
15 to KRS 205.5512; and

16 (f) Any other entity contracted by a state agency to administer or assist in
17 administering any aspect of the Medicaid program or the delivery of
18 Medicaid benefits or services;

19 (2) Establish a uniform format for reports and data submitted to the board and the
20 frequency, which may be monthly, quarterly, semiannually, annually, or
21 biannually, and the due date for the reports and data;

22 (3) Conduct public hearings in furtherance of its general duties, at which it may
23 request the appearance of officials of any state agency and solicit the testimony of
24 interested groups and the general public;

25 (4) Establish any advisory committees or subcommittees of the board that the board
26 deems necessary to carry out its duties;

27 (5) Recommend that the Auditor of Public Accounts perform a financial or special

1 audit of the Medicaid program or any aspect thereof; and
2 (6) Subject to selection and approval by the Legislative Research Commission, utilize
3 the services of consultants, analysts, actuaries, legal counsel, and auditors to
4 render professional, managerial, and technical assistance, as needed.

5 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO
6 READ AS FOLLOWS:

7 (1) The board, consistent with its purpose as established in Section 2 of this Act,
8 shall:

9 (a) On an ongoing basis, conduct an impartial review of all state laws and
10 regulations governing the Medicaid program and recommend to the
11 General Assembly any changes it finds desirable with respect to program
12 administration including delivery system models, program financing,
13 benefits and coverage policies, reimbursement rates, payment
14 methodologies, provider participation, or any other aspect of the program;

15 (b) On an ongoing basis, review any change or proposed change in federal laws
16 and regulations governing the Medicaid program and report to the
17 Legislative Research Commission on the probable costs, possible budgetary
18 implications, potential effect on healthcare outcomes, and the overall
19 desirability of any change or proposed change in federal laws or regulations
20 governing the Medicaid program;

21 (c) At the request of the Speaker of the House of Representatives or the
22 President of the Senate, evaluate proposed changes to state laws affecting
23 the Medicaid program and report to the Speaker or the President on the
24 probable costs, possible budgetary implications, potential effect on
25 healthcare outcomes, and overall desirability as a matter of public policy;

26 (d) At the request of the Legislative Research Commission, research issues
27 related to the Medicaid program;

1 (e) Beginning in 2026 and at least once every five (5) years thereafter, cause a
2 review to be made of the administrative expenses and operational cost of the
3 Medicaid program. The review shall include but not be limited to evaluating
4 the level and growth of administrative costs, the potential for legislative
5 changes to reduce administrative costs, and administrative changes the
6 department may make to reduce administrative costs or staffing needs. At
7 the discretion of the Legislative Research Commission, the review may be
8 conducted by a consultant retained by the board;

9 (f) Beginning in 2027 and at least once every five (5) years thereafter, cause a
10 program evaluation to be conducted of the Medicaid program. In any
11 instance in which a program evaluation indicates inadequate operating or
12 administrative system controls or procedures, inaccuracies, inefficiencies,
13 waste, extravagance, unauthorized or unintended activities, or other
14 deficiencies, the board shall report its findings to the Legislative Research
15 Commission. The program evaluation shall be performed by a consultant
16 retained by the board;

17 (g) Beginning in 2028 and at least once every five (5) years thereafter, cause an
18 actuarial analysis to be performed of the Medicaid program, to evaluate the
19 sufficiency and appropriateness of Medicaid reimbursement rates
20 established by the department and those paid by any managed care
21 organization contracted by the department for the delivery of Medicaid
22 services. The actuarial analysis shall be performed by an actuary retained
23 by the board;

24 (h) Beginning in 2029 and at least once every five (5) years thereafter, cause
25 the overall health of the Medicaid population to be assessed. The
26 assessment shall include but not be limited to a review of health outcomes,
27 healthcare disparities among program beneficiaries and as compared to the

1 general population, and the effect of the overall health of the Medicaid
2 population on program expenses. The assessment shall be performed by a
3 consultant retained by the board; and

4 (i) Beginning in 2026 and annually thereafter, publish a report covering the
5 board's evaluations and recommendations with respect to the Medicaid
6 program. The report shall be submitted to the Legislative Research
7 Commission no later than December 1 of each year, and shall include at a
8 minimum a summary of the board's current evaluation of the program and
9 any legislative recommendations made by the board.

10 (2) The board, consistent with its purpose as established in Section 2 of this Act,
11 may:

12 (a) Review all new or amended administrative regulations related to the
13 Medicaid program and provide comments to the Administrative Regulation
14 Review Subcommittee established in KRS 13A.020;

15 (b) Make recommendations to the General Assembly, the Governor, the
16 secretary of the cabinet, and the commissioner of the department regarding
17 program administration including benefits and coverage policies, access to
18 services and provider network adequacy, healthcare outcomes and
19 disparities, reimbursement rates, payment methodologies, delivery system
20 models, funding, and administrative regulations. Recommendations made
21 pursuant to this section shall be nonbinding and shall not have the force of
22 law; and

23 (c) On or before December 1 of each calendar year, adopt an annual research
24 agenda. The annual research agenda may include studies, research, and
25 investigations considered by the board to be significant. Board staff shall
26 prepare a list of study and research topics related to the Medicaid program
27 for consideration by the board in the adoption of the annual research

1 agenda. An annual research agenda adopted by the board may be amended
2 by the Legislative Research Commission to include any studies or reports
3 mandated by the General Assembly during the next succeeding regular
4 session.

5 (3) At the discretion of the Legislative Research Commission, studies and research
6 projects included in an annual research agenda adopted by the board pursuant to
7 subsection (2)(c) of this section may be conducted by outside consultants,
8 analysts, or researchers to ensure the timely completion of the research agenda.

9 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO
10 READ AS FOLLOWS:

11 The Legislative Research Commission shall have exclusive jurisdiction over the
12 employment of personnel necessary to carry out the provisions of Sections 1 to 8 of this
13 Act. Staff and operating costs of the board shall be provided from the budget of the
14 Legislative Research Commission.

15 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 7A IS CREATED TO
16 READ AS FOLLOWS:

17 The officers and personnel of any state agency and any other person may serve at the
18 request of the board upon any advisory committees that the board may create. State
19 officers and personnel may serve upon these advisory committees without forfeiture of
20 office or employment and with no loss or diminution in the compensation statute,
21 rights, and privileges which they otherwise enjoy.

22 ➔Section 9. KRS 7A.010 is amended to read as follows:

23 As used in KRS 7A.010 to 7A.170~~[this chapter, unless the context otherwise requires]:~~

24 (1) "Capital project" means:

- 25 (a) Any undertaking which is to be financed or funded through an appropriation
26 by the General Assembly of general fund, road fund, bond fund, trust and
27 agency fund, or federal fund moneys, where the expenditure is a capital

- 1 expenditure pursuant to statute or under standards prescribed by the
2 Legislative Research Commission under the authority of KRS Chapter 48;
- 3 (b) Any undertaking which is to be financed by a capital expenditure for use by
4 the state government or one of its departments or agencies, as defined in KRS
5 12.010 or enumerated in KRS 12.020, including projects related to the
6 construction or maintenance of roads, and including projects of institutions of
7 higher education as defined in KRS 164A.550(2);
- 8 (c) Any capital construction item, or any combination of capital construction
9 items necessary to make a building or utility installation complete, estimated
10 to cost:
- 11 1. Except for items of movable equipment, one million dollars
12 (\$1,000,000) or more, regardless of the source of funds; or
- 13 2. Any item of movable equipment, estimated to cost two hundred
14 thousand dollars (\$200,000) or more, regardless of the source of funds;
- 15 (d) Any lease of real property whose value is two hundred thousand dollars
16 (\$200,000) or more;
- 17 (e) Any lease of an item of movable equipment if the total cost of the lease, lease-
18 purchase, or lease with an option to purchase is two hundred thousand dollars
19 (\$200,000) or more; or
- 20 (f) Any new acquisition, upgrade, or replacement of an information technology
21 system estimated to cost one million dollars (\$1,000,000) or more;
- 22 (2) "Board" means the Capital Planning Advisory Board of the Kentucky General
23 Assembly created by KRS 7A.110;
- 24 (3) "Plan" means the state capital improvement plan provided for by KRS 7A.120;
- 25 (4) "State agency" means any department, commission, council, board, bureau,
26 committee, institution, legislative body, agency, government corporation, or other
27 entity of the executive, judicial, or legislative branch of the state government; and

(5) "Information technology system" means any related computer or telecommunications components that provide a functional system for a specific business purpose and contain one (1) or more of the following:

- (a) Hardware;
- (b) Software, including application software, systems management software, utility software, or communications software;
- (c) Professional services for requirements analysis, system integration, installation, implementation, or data conversion services; or
- (d) Digital data products, including acquisition and quality control.

➔Section 10. KRS 7A.140 is amended to read as follows:

The board may adopt any administrative regulations *in accordance with KRS Chapter 13A* necessary to carry out its planning and advisory functions as provided by *KRS 7A.010 to 7A.170*~~[this chapter]~~.

➔Section 11. KRS 7A.150 is amended to read as follows:

The Legislative Research Commission shall have exclusive jurisdiction over the employment of personnel necessary to carry out the provisions of KRS *7A.010 to 7A.170*~~[Chapter 7A]~~. Staff and operating costs of the Capital Planning Advisory Board shall be provided from the budget of the Legislative Research Commission.

➔Section 12. KRS 7A.180 is amended to read as follows:

As used in *KRS 7A.180 to 7A.190*~~[this section]~~:

- (1) "Board" means the Investments in Information Technology Improvement and Modernization Projects Oversight Board;
- (2) "Information technology system" means any related computer or telecommunication components that provide a functional system for a specific business purpose and contain one (1) or more of the following:
 - 1. Hardware;
 - 2. Software, including application software, systems management software,

1 utility software, or communications software;

2 3. Professional services for requirements analysis, system integration,
3 installation, implementation, or data conversion services; or

4 4. Digital data products, including acquisition and quality control; and

5 (3) "State agency" means any department, commission, council, board, bureau,
6 committee, institution, legislative body, agency, government corporation, or other
7 entity of the executive, judicial, or legislative branch of state government.

8 ➔Section 13. Whereas there is urgent need to establish legislative oversight of the
9 Kentucky Medical Assistance Program in order to ensure efficient program
10 administration and timely access to benefits and to provide members of the General
11 Assembly with the information and data necessary to make informed decisions about the
12 Kentucky Medical Assistance program, an emergency is declared to exist, and this Act
13 takes effect upon its passage and approval by the Governor or upon its otherwise
14 becoming a law.