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Steven Stack, MD
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DEPARTMENT FOR MEDICAID SERVICES


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Lisa D. Lee
COMMISSIONER

TO:

- | | | |
|--|---|---|
| Acquired Brain Injury | Licensed Clinical Social Workers | Optometrist |
| Adult Day Care | Licensed Marriage and Family Therapist | Physical Therapist |
| Ambulatory Surgical Center | Licensed Professional Art Therapist | Physicians |
| Audiologist | Licensed Psychological Practitioner | Physician Assistant |
| Behavioral Health Service Organization | Licensed Psychologist | Podiatry |
| Behavioral Health Multi-Specialty Group | Medical Equipment, Supplies, and Appliances | Private Duty Nursing |
| Chiropractor | Michelle P. Waiver | Psychiatric Distinct Part Unit |
| Dentist | Model II Waiver | Psychiatric Hospital |
| Home and Community Based Waiver | Money Follows the Person Post Transition Services | Psychiatric Residential Treatment Facility |
| Home Delivered Meals | Multi-Therapy Agency | Psychologist |
| Home Health | Nurse Anesthetist | Radiological Services and Other Lab and X-Ray |
| Hospital Providers | Nurse Midwife | Rehabilitation Distinct Part Unit |
| Independent Laboratory and Radiological Services | Nurse Practitioner | Renal Dialysis |
| Licensed Alcohol and Drug Counselor | Occupational Therapist | Speech-Language Pathologist |
| Licensed Behavior Analyst | Optician | Supports for Community Living |

FROM: Lisa D. Lee, Commissioner 

DATE: June 8, 2026

RE: Medicaid Budget Impact on Provider Reimbursement

Dear Provider Partner,

As you may be aware, House Bill 500, passed in the 2026 Kentucky General Assembly Session, did not provide sufficient funding for the Department to continue operating the Medicaid program at current service and reimbursement levels. The Governor and his administration repeatedly warned the General Assembly about the painful impacts that would be felt by the unnecessary and harmful budget cuts, yet no action was taken by the legislature. As a result, the Department for Medicaid Services (DMS) must take the necessary action to align Medicaid program expenditures with the funding appropriated by the Kentucky General Assembly.

Accordingly, we regretfully write to inform you that DMS will implement a 4% reduction in Medicaid provider reimbursement rates for the provider types identified in the

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attached document, effective August 1, 2026, or the earliest administratively feasible date thereafter.

This action is necessary to ensure the Department can continue providing medically necessary services to Kentucky Medicaid members, particularly the Commonwealth's most vulnerable populations, within available appropriations. DMS is committed to preserving access to medically necessary services for Kentucky Medicaid members while ensuring the long-term fiscal sustainability of the Medicaid program.

DMS recognizes the impact reimbursement reductions may have on providers and appreciates the important role you play in delivering care to Kentucky Medicaid members. The Department will continue to monitor program expenditures, utilization trends, and budget conditions and will communicate additional implementation and operational details as necessary.

We appreciate the difficulty this may present and regret the actions taken by the General Assembly, which make this a necessary step.

Thank you for your continued partnership and service to Kentucky Medicaid members. Please direct any questions regarding this letter to CHFS.listens@ky.gov.

Sincerely,

A handwritten signature in cursive script that reads "Lisa D. Lee". The signature is contained within a thin black rectangular border.

Lisa D. Lee, Commissioner

Medicaid Providers Impacted by 4% Rate Reduction
PT 01 – Hospital
PT 02 – Psychiatric Hospital
PT 03 – Behavioral Health Service Organization
PT 04 – Psychiatric Residential Treatment Facility
PT 05 – Psychiatric Residential Treatment Facility Level II
PT 17 – Acquired Brain Injury
PT 18 – Private Duty Nursing
PT 33 – Supports for Community Living and Michelle P. Waiver
PT 34 – Home Health
PT 36 – Ambulatory Surgical Center
PT 37 – Independent Lab
PT 39 – Renal Dialysis
PT 41 – Model II Waiver
PT 42 – Home and Community Based Waiver
PT 43 – Adult Day Health Care
PT 48 – Home Delivered Meals
PT 52 – Optician
PT 60 and PT 61 – Dentist
PT 62 – Licensed Professional Art Therapist
PT 63 – Licensed Behavior Analyst
PT 64 and 65 – Physician
PT 66 – Behavioral Health Multi-Specialty Group
PT 67 – Licensed Alcohol and Drug Counselor
PT 70 – Audiologist
PT 72 – Nurse Midwife
PT 74 – Nurse Anesthetist
PT 76 – Multi-Therapy Agency
PT 77 – Optometrist
PT 78 – Nurse Practitioner
PT 79 – Speech-Language Pathologist
PT 80 – Podiatry
PT 81 – Licensed Professional Clinical Counselor
PT 82 – Licensed Clinical Social Worker
PT 83 – Licensed Marriage and Family Therapist
PT 84 – Licensed Psychological Practitioner
PT 85 – Chiropractor
PT 86 – Radiology Services (Other Lab and X-Ray)
PT 87 – Physical Therapist
PT 88 – Occupational Therapist
PT 89 – Psychologist
PT 90 – Medical Equipment, Supplies, and Appliances
PT 92 – Psychiatric Distinct Part Unit
PT 93 – Rehabilitation Distinct Part Unit
PT 95 – Physician Assistant