

**205.637 Enhanced Medicaid payments to county-owned or operated hospitals --  
Payments to other hospitals.**

- (1) (a) A county-owned or operated hospital shall receive an enhanced Medicaid payment in an amount, calculated from the most recent cost report filed by that hospital with the department as of June 30 of each year, equal to the difference between the amount of total payments made to the hospital by the department or a managed care entity for covered services provided to Medicaid beneficiaries, including services attributable to recipients in Medicaid managed care programs, during the state fiscal year and the hospital's cost for the services determined by the department under Medicare payment principles. Reimbursement under this section shall be made in a single payment. From July 1 through August 1 of each year, the Department for Medicaid Services shall calculate the payment due to be made to each county-owned or operated hospital and shall make the payment to each hospital no later than August 15 of each state fiscal year. The department shall make an enhanced payment to each county-owned or operated hospital in state fiscal year 1998 using cost reports filed with the department on or before June 30, 1998, for the hospitals' latest fiscal year.
- (b) A payment described in this section is not due to a county-owned or operated hospital unless an intergovernmental transfer is made. A county-owned or operated hospital may make an intergovernmental transfer, or an intergovernmental transfer may be made on behalf of the hospital by a county, budget unit of a county governmental agency, or lending institution if it is not prohibited by state or federal law.
- (c) An intergovernmental transfer shall be made to the enhanced Medicaid payment fund by August 2 of each state fiscal year in an amount equal to eighty percent (80%) of the amount determined under paragraph (a) of this subsection and shall be matched with federal funds.
- (d) An enhanced Medicaid payment shall be made to each county-owned or operated hospital participating in the intergovernmental transfer program in an amount equal to one hundred percent (100%) of the hospital's Medicaid shortfall as determined under paragraph (a) of this subsection.
- (e) The department shall determine the Medicaid shortfall for all other hospitals that are not county-owned or operated or are not state-university-owned or operated hospitals, which shall be equal to the difference between total payments made by the department or a managed care entity for covered services provided to Medicaid beneficiaries, including those enrolled in managed care, during the state fiscal year and the hospital's costs for the services as determined by the department under Medicare payment principles. Funds remaining from the enhanced Medicaid program shall be distributed to each hospital which is not county-owned or operated or is not state-university-owned or operated on a pro rata basis. If funds remain in the enhanced Medicaid payment fund after making enhanced Medicaid payments required

by this subsection, the remaining funds shall be available for use by the department for funding the regular Medicaid program.

- (2) The enhanced Medicaid payment authorized under subsection (1) of this section shall not be implemented as part of the disproportionate share hospital program or if federal financial participation is not available.
- (3) The Cabinet for Health and Family Services shall promulgate administrative regulations to implement the provisions of this section.

**Effective:** June 20, 2005

**History:** Amended 2005 Ky. Acts ch. 99, sec. 257, effective June 20, 2005. -- Created 1998 Ky. Acts ch. 545, sec. 2, effective July 15, 1998.