

**142.316 Tax on gross revenues of Medicaid managed care organization services.**

- (1) A tax shall be imposed on Medicaid managed care organization services at a uniform rate of up to five and one-half percent (5.5%) on gross revenues received by each provider after July 1, 2005, for the provision of Medicaid managed care organization services.
- (2) The Department for Medicaid Services shall promulgate administrative regulations to ensure that a portion of the revenues generated from the assessment levied under this section and federal matching funds shall be used for rate increases for Medicaid managed-care-organization services to recognize cost increases, including current wage and benefit levels in the industry.
- (3) No Medicaid managed care organization shall be guaranteed a repayment of its assessment in respect to 42 CFR 433.68, provided, however, in each fiscal year in which an assessment is implemented, the Department for Medicaid Services shall use the assessment proceeds to maintain actuarially sound rates as defined in the contract for the Medicaid managed care organizations to the extent permissible under federal and state law or regulation and without creating a guarantee to hold harmless, as those terms are used in 42 CFR 433.68 related to permissible health care-related taxes after the transition period.
- (4) The remaining revenue generated from the assessment levied under this section and federal matching funds shall be used to supplement the medical assistance related general fund appropriations of the Department for Medicaid Services.
- (5) On or before July 1, 2005, the Cabinet for Health and Family Services, Department for Medicaid Services, shall submit an application to the Centers for Medicare and Medicaid Services to request any necessary waiver pursuant to 42 C.F.R. secs. 433.56 and 433.68.
- (6) If an application to the Centers for Medicare and Medicaid Services for a waiver is denied, the Department for Medicaid Services may resubmit the application with appropriate changes to receive an approved waiver.
- (7) The assessment imposed pursuant to this section shall begin on July 1, 2005, but is not due and payable until rates are increased pursuant to this provision.
- (8) The provisions of this section shall be null and void if the waiver or plan amendment to increase rates is not approved by the Centers for Medicare and Medicaid Services.
- (9) If the assessment provided for in this section is disallowed by the Centers for Medicare and Medicaid Services, all collections under this section shall cease.

**Effective:** June 20, 2005

**History:** Created 2005 Ky. Acts ch. 120, sec. 4, effective June 20, 2005.

**Legislative Research Commission Note (6/20/2005).** 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.