

Health Law & Business News

Kentucky Medicaid Saves \$300 Million, With McConnell's Help

By Alex Ebert

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- Rural hospitals sued state, claiming underpayments
 - Senate leader pushed for CMS waiver
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Thanks to federal health officials and Senate Majority Leader Mitch McConnell, Kentucky has saved more than \$300 million it thought it would have to pay to rural hospitals.

A settlement agreement announced Wednesday will provide \$383 million in state and federal dollars for 54 rural acute-care hospitals that claim Kentucky underpaid the institutions on Medicaid inpatient rates between 2007 and 2015. With a federal waiver, and some urging from McConnell's office, the Centers for Medicare & Medicaid Services agreed to provide most of the cash.

Kentucky had budgeted \$425 million to settle the case, but in the end it only had to pay \$93.9 million. Gov. Andy Beshear (D) provided a rare public compliment to McConnell (R) during a Wednesday news conference in Frankfort. McConnell played an essential role in delivering federal support because he "helped convince CMS" to "chip in and do their part," Beshear said.

"Sen. McConnell was instrumental in working with Gov. Beshear and CMS to review the merits of the case and expedite its resolution at a time when Kentucky hospitals, especially rural hospitals, needed it the most," Carole Christian, attorney for many of the hospitals and partner at Wyatt Tarrant & Combs LLP, said in an email.

Before the deal Kentucky faced the prospect of having to cut big checks to hospitals over a three-year period, Beshear said. The hospitals had prevailed in the Kentucky circuit and appeals court, and the Kentucky Supreme Court hadn't decided whether it would take a last-chance appeal. Beshear's office urged the CMS to step in, and McConnell's office "contacted senior officials at CMS and at the U.S. Department of Health and Human Services reiterating the importance of a quick and positive decision," Beshear said in a statement.

"The COVID-19 situation has inflicted extreme financial hardship on hospitals because they suspended most other operations while preparing to accommodate a surge in COVID cases, so this settlement could not have come at a better time," Christian said.

The case is Kentucky v. Bourbon Community Hospital, LLC, Ky., No. 2019-SC-373, settlement announced 6/24/20.

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