

# 2025 ANNUAL REPORT

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(Extended Through Transition Year)



**Commonwealth Office  
of the Ombudsman**

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# LETTER FROM THE AUDITOR

I am proud of the work the Commonwealth Office of the Ombudsman has accomplished this year to protect vulnerable Kentuckians. The Ombudsman plays a critical role in promoting accountability within the Cabinet for Health and Family Services (CHFS) by providing citizens with an independent resource to raise concerns, seek answers, and ensure they are treated fairly.

This annual report highlights the importance of transparency in government and the value of strong, independent oversight for taxpayers across the Commonwealth. Through the investigation of complaints, identification of systemic issues, and recommendation of practical solutions, the Ombudsman helps strengthen public trust and ensures that government serves the people as intended.

I am proud of the Office of the Ombudsman for its dedication to Kentuckians who may otherwise feel unheard or overwhelmed when navigating the hundreds of programs administered by CHFS. The findings and recommendations contained in this report offer meaningful insight and serve as a roadmap for improving CHFS performance and services.

Thank you to the Ombudsman team for your continued commitment to transparency and accountability. I look forward to your continued work in service to Kentuckians across the Commonwealth.



Best Regards,  
*Allison Ball*  
Auditor of Public Accounts



# LETTER FROM THE OMBUDSMAN

It is my pleasure to present to the Commonwealth's citizens, by and through their elected representatives in the General Assembly, this first annual report on the operations and results of the Commonwealth Office of the Ombudsman (COO).

Auditor Ball's commission to the Ombudsman's Office is that we operate on the foundational principle that we serve the people of Kentucky and that all of our actions should be performed with a commitment to ensuring they receive the best possible assistance from their government.

As we worked to serve over this past year, we had many successes and we continue to forge ahead in diligent pursuit of work still in progress and yet to be done. As the Ombudsman, I want to point out, and cannot emphasize enough, that our office is strong because of the people in it. Our staff of professionals choose to do this work because of the good that is in their hearts and a strong desire to make Kentucky the best version of itself. I am indebted to them for their service.



Best Regards,  
*Jonathan R. Grate*  
Ombudsman





**ESTABLISHING THE  
COMMONWEALTH OFFICE  
OF THE OMBUDSMAN**

# SENATE BILL 48: TRANSITION TO THE AUDITOR OF PUBLIC ACCOUNTS

On July 1, 2024, our office transitioned from the Cabinet for Health and Family Services (CHFS) to the Auditor of Public Accounts (APA), as directed by Senate Bill 48 (2023). The General Assembly made this move to strengthen the Ombudsman’s independence and ensure that oversight of CHFS is truly impartial. For too long, the Ombudsman operated within the very agency it was responsible for reviewing, which created an inherent conflict of interest. By relocating our office, legislators gave us the freedom to provide unencumbered accountability and transparency on behalf of Kentuckians.

Auditor Ball welcomed us to the Auditor’s Office by affirming her commitment to “shining a light on how CHFS’s practices, policies, and services can be improved for the benefit of all Kentuckians.”<sup>1</sup> During this transition, the Governor’s administration attempted to prohibit us from accessing a critically important database of child and adult abuse and neglect cases in Kentucky. But we sued and got that access—access that was later reaffirmed by the General Assembly—so that we could have the best information possible when proposing solutions to problems with CHFS’s handling of those types of cases. That obstacle underscored a central truth: independence is not just a statutory requirement; it is the bedrock of our ability to serve the people of Kentucky. Maintaining independence allows our investigations, recommendations, and reports to remain free from external influence and firmly grounded in public interest.

Our transition also underscored why independence from CHFS was essential. When our office launched key investigations shortly after the transfer, we faced early resistance that highlighted the need for stronger safeguards for our tipsters. The Governor’s administration attempted to get the information of whistleblowers seeking help from this office, but we stopped them by obtaining a ruling from the Attorney General’s Office that

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<sup>1</sup>Auditor of Public Accounts. (2024, July 1). *Auditor Ball Welcomes Commonwealth Office of the Ombudsman to the Auditor’s Office to Provide Accountability of the Cabinet for Health and Family Services* [Press Release]. <https://tinyurl.com/mwx2um4r>



the Governor's administration could not do that. As before, the General Assembly then reaffirmed the confidentiality of whistleblowers by passing Senate Bill 25 (2025), which makes clear that these complainants can share their concerns freely without fear of CHFS unmasking them. Ultimately, we have always stood firm in protecting confidentiality and affirming that safeguarding those who report concerns is vital to preserving trust and accountability.

We have faced other challenges in our first year of operation all due to CHFS's refusal to follow the law and collaborate as we fulfill our duties under the law. At various points this last year, CHFS has refused to give us access to iTWIST, which is necessary for our job duties, to provide us with complete policy manuals, to update signage to inform constituents how to reach us, or to provide us access to all the complaints we are responsible for addressing. Senate Bill 48 (2023) made it clear that CHFS was responsible for completing these necessary transitory functions, and we have spent the last year fighting to ensure the law is implemented as intended by the General Assembly. We continue to press for full transparency and access so that we can fulfill our statutory responsibilities under KRS 43.035.



# SENATE BILL 25

When the General Assembly passed Senate Bill (SB) 25 in 2025, it provided us with the tools we needed to hold CHFS accountable and to serve Kentuckians more effectively.

SB 25 offered significant enhancements to our capacity to serve the public with integrity and accountability. Key benefits included:

1. **Affirmed Access to iTWIST Database:** In May of 2024, APA was first notified that iTWIST records would not be shared with our staff transitioning over in July despite state law clearly giving us access. We tried many times to reach a solution with CHFS outside of court, but it soon became clear that CHFS's obstruction would not subside absent us pursuing legal recourse. Judge Philip Shepherd of the Franklin Circuit Court emphasized the importance of government transparency and directed Governor Beshear and CHFS to join us in mediation to reach a solution. While our access to iTWIST information was already clear under the law, in 2025, the General Assembly added additional statutory language prohibiting CHFS from obstructing our access in the future.
2. **Direct Access for Complaints:** The bill directed CHFS to transfer the phone number that has long been associated with us back to us and to provide us with read-only access to all shared inboxes where complaints may be received. Without our retention of the phone number and the various complaint email inboxes for citizens to use, we had no way of accessing complaints made against CHFS through those channels. Additionally, the bill required that the 1-866-KYOMBUD telephone number be displayed on any public website that CHFS maintains. While the website banner and phone number transfer have been implemented, we are unfortunately still having to push CHFS to follow the law and provide us with access to all email inboxes.
3. **Ensure Confidentiality:** The bill reaffirmed confidentiality protection for those constituents seeking help or recourse from a service or benefit received or denied by CHFS. This protects whistleblowers from the threat of unmasking.

The importance of confidentiality was underscored in February 2025, when the Attorney General upheld our authority to protect whistleblowers from being unmasked after Governor Beshear's Finance and Administration Cabinet attempted to use the Open Records Act to obtain constituent complaints. Auditor Ball and Ombudsman Grate affirmed that protecting these records is essential to ensure Kentuckians can safely come forward with information about government wrongdoing.



# FOSTERING COLLABORATION WITH CHFS

Fostering open dialogue and collaboration between COO and CHFS leadership directly supports the Ombudsman’s statutory role under KRS 43.035(2)(d) by creating the foundation for shared research and best practices, accountability, quality service delivery, and continuous improvement. Strengthening relationships between CHFS and the Ombudsman’s Office sets the expectation that cooperation is the standard to best serve the interests of the Commonwealth.

In keeping with this commitment, Ombudsman Grate invited Secretary Friedlander to engage in regular meetings between the leadership staff of both organizations. The first of these meetings took place on February 12, 2025. While further attempts to schedule a follow-up meeting during his administration were not successful, our executive staff was able to meet with the new Secretary on August 6, 2025, to continue building this partnership. The Ombudsman’s Office is still working to meet with the Commissioners of the Department for Medicaid Services (DMS), the Department for Community Based Services (DCBS), and the Office of the Inspector General (OIG).

The following highlights from daily interactions between the Ombudsman and CHFS staff display efforts to enhance the quality of service and provide continuous improvement.

1. **SNAP Case Reviews:** CHFS faced repeated error citations in SNAP QC case reviews related to issuance procedures at the time of Self-Service Portal (SSP) applications. In response, the DCBS Nutrition Assistance Branch (NAB) collaborated with our office to identify the root cause and develop a corrective solution. Through joint analysis of SNAP QC findings, both teams determined that the error stemmed from language in M.S. 6400A, which did not reference the SSP-2 form. Our Office of Program Performance and NAB worked together to update policy M.S. 6400A to include the phrase “or SSP-2” in the description of when form WPM-041 (SNAP Incomplete Application Notice) must be generated. This swift clarification aligned state procedures with federal requirements and effectively eliminated the error from future case reviews.



2. **Form Updates:** While researching a complaint, staff flagged that an internal form and a related administrative regulation cited an outdated version of KRS 620.030. By bringing this to the attention of both legal and operational leadership, our office helped ensure CHFS's tools and regulations remain aligned with current law, reflecting a proactive approach to accuracy, accountability, and cooperative problem solving.
3. **Regional Leadership Recognition:** A recent commendation sent by the Ombudsman's Office for a CHFS employee emphasized improved responsiveness and collaboration within a regional office after new leadership was established. The CHFS Service Region Administrator requested to be included on all inquiries and corrective action plans, actively tracked both resolved and unresolved matters, and approached the work with professionalism and courtesy. These efforts strengthened communication and accountability and were recognized as a valued example of partnership.
4. **BI TWIST Reports:** We informed CHFS staff of concerns that the Caretaker Misconduct Registry, now referred to as the Vulnerable Adult Misconduct Registry, was not being managed appropriately per 922 KAR 5:120. When CHFS denied our office access to iTWIST and BI TWIST reports, it created a lapse in our ability to oversee this function. Following this, we met with CHFS to outline proper procedures and ensure that individuals found to have committed caretaker misconduct against vulnerable adults are accurately and appropriately placed on the Registry. CHFS assumed responsibility for monitoring the BI TWIST report and ensuring Final Orders were appropriately issued for perpetrators of caretaker misconduct.
5. **Little Creek Behavioral Health:** In December 2024, we became aware of the *Oversight and Compliance Failures at Little Creek Behavioral Health* report, issued by Disability Rights Arkansas.<sup>2</sup> Little Creek Behavioral Health (LCBH) is a 64-bed psychiatric residential treatment facility located in Conway, Arkansas, serving exclusively out-of-state children. The report detailed significant deficiencies, including concerns related to the use of restraint and seclusion, the development, implementation, and review of treatment plans, and the medical oversight of prescription medications.

In February 2025, Deputy Ombudsman Wagers provided the report to leadership within CHFS. In response, CHFS began identifying alternative placements for the one Kentucky child then housed at the facility. The assigned caseworker visited the child and reported being comfortable with the treatment the child was receiving.

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<sup>2</sup> Disability Rights Arkansas. (2024). *Oversight and Compliance Failures at Little Creek Behavioral Health*.



CHFS also noted that, at the time of placement, there were no viable in-state or out-of-state alternatives available.

By summer 2025, CHFS successfully relocated the child from LCBH, and no additional Kentucky children have since been placed at the facility. This situation underscores the positive outcomes that can be achieved through timely collaboration and open communication between agencies.



A diverse group of people of various ages and ethnicities are sitting on the grass, laughing joyfully. The group includes a young woman with curly hair, an elderly man, a young man with a beard, a woman with glasses, and a man in a beanie. The background is a soft-focus outdoor setting with trees.

# TAKING ACTION ON BEHALF OF KENTUCKIANS

# INVESTIGATIONS AND REVIEWS

## NON-TRADITIONAL PLACEMENTS

In 2023, Kentuckians learned, through media reports, that foster children were being housed overnight in state office buildings.<sup>3</sup> Despite assurances from CHFS that it would “pay what it takes” to end the practice,<sup>4</sup> our office has continued to receive complaints that children are still being placed in non-traditional settings, including state offices, hotels, and state parks. We have confirmed that this practice continues through the present day.

### PRELIMINARY REPORT:

**Children spent 198  
combined days in  
CHFS offices.**

In October 2024, we launched a preliminary investigation to document the scope of the problem. Auditor Ball stated, “The vulnerable children of Kentucky deserve to be placed in nurturing environments where they are provided with the resources, stability, and care they need.”<sup>5</sup> Our review of 49 cases over a four-month period revealed deeply concerning findings,<sup>6</sup> with data derived findings that differed significantly from the administration’s public portrayal of the problem being centered on older, troubled

youth in Louisville. In total, the children spent 198 combined days in CHFS offices, with an average stay of just over four days and one child remaining for 35 consecutive days. Six children stayed ten or more days, and the youngest in the sample was only one year old. The average age was 13, with six children under the age of ten. Three service regions accounted for 70% of these placements, showing the strain was not isolated but systemic.

Since then, additional complaints have confirmed that the practice extends beyond office buildings. Children have been housed in hotels, state parks, and even out-of-state facilities due to Kentucky’s shortage of available placements. As of September 7, 2025,

<sup>3</sup> Wolfson, A. (2023, July 7). *Unplaced Children Sleeping on Floor of Kentucky Cabinet’s Louisville Office*. Courier Journal. <https://tinyurl.com/anakbwhy>; McAlister, S. (2023, July 7). *Some Kentucky Foster Children are Sleeping in Louisville’s L&N Building, State Confirms*. WHAS11. <https://tinyurl.com/v9y5c2fs>; WDRB. (2023, July 26). *Kentucky Foster Children Sleeping on Cots in State Buildings is a ‘Tragedy’, Cabinet Secretary Tells Lawmakers*. <https://tinyurl.com/2hdyn7zk>

<sup>4</sup> Interim Joint Committee on Families and Children. (2023, October 25). <https://www.youtube.com/watch?v=rBnUJNOi6W0&t=5558s> at 1:32:20.

<sup>5</sup> Auditor of Public Accounts. (2024, October 29). *Ombudsman Office Investigates CHFS Housing Foster Children in Office Buildings*. <https://bit.ly/4hsV1nO>

<sup>6</sup> Morrow, B. (2025, January 28). [Preliminary Report on Unplaced Foster Children in CHFS DCS Office Building]. [bit.ly/4ocqey4](https://bit.ly/4ocqey4)



more than 8,600 children were in out-of-home care, underscoring the pressure on the system and the urgent need for solutions.<sup>7</sup>

We have expanded our investigation to examine all types of non-traditional placements, the conditions under which children are housed, and the barriers that prevent proper placement in foster or therapeutic homes. This work is ongoing, and our final report will provide comprehensive findings and recommendations. Our office remains committed to ensuring that no Kentucky child is left to spend nights in offices, hotels, or other inappropriate settings, and that every child has the chance to grow up in a safe, stable, and nurturing home.

\*Our office's final report on this issue was released after the time period this annual report covers.<sup>8</sup>

## **KINSHIP CAREGIVERS**

In 2024, the General Assembly unanimously passed Senate Bill (SB) 151 to strengthen kinship care for the more than 55,000 children in Kentucky being raised by relatives or close family friends. SB 151 amended KRS 620.142 to give kinship caregivers 120 days, rather than just ten working days, to decide whether to become kinship care foster parents and obtain greater financial benefits for the children under their care. This additional time was intended to provide caregivers with a meaningful opportunity to evaluate their options and ensure stability for the children in their care.

We exercised our statutory authority to investigate CHFS's refusal to implement SB 151. After CHFS refused to provide information and documents responsive to our requests, on May 15, 2025, Auditor Ball filed suit to compel CHFS to comply with the law and cooperate with our examination. One key aspect of this case is a true accounting of how much it will cost to implement SB 151. Legislators from across the state have raised this as a bipartisan issue, asking for clear numbers so they can properly fund this project.

Despite clear statutory language, CHFS obstructed our inquiry and failed to execute the law. Following the court's opinion affirming our authority, Auditor Ball directed the issuance of subpoenas to obtain documents and testimony CHFS continued to withhold, ensuring the truth about cost and available resources comes to light.

At the same time, we reviewed complaints concerning Form DPP-178, the *Acknowledgement Statement: Options and Available Services for Relative and Fictive Kin Caregivers*. This form had not been updated since 2021 and did not reflect the new 120-day requirement. We sent letters to CHFS in January, May, and September 2025

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<sup>7</sup> CHFS. (2025, October 5). *Statewide Foster Care Facts*. <https://tinyurl.com/43tr4xvu>

<sup>8</sup> Auditor of Public Accounts. (2026, March 9). *Examination of Children Sleeping in CHFS Office Buildings and Nontraditional Placement Settings*. <https://www.auditor.ky.gov/Auditreports/Franklin/2025%20COO%20NTP%20Report.pdf>.



requesting revisions to bring the form into compliance and raised additional concerns about a referenced training video that did not exist. As of September 30, 2025, these issues remained unresolved.

Our work in this area reflects the importance of ensuring that laws designed to protect vulnerable children and support kinship caregivers are faithfully carried out. We will continue to press for compliance with SB 151, monitor CHFS practices, and require corrective action when policy violations are identified.

## **RECOMMENDATIONS:**

- 1.1. CHFS should update the DPP-178 form reflecting the new 120-day requirement established in Senate Bill 151 (2024 RS).
- 1.2. CHFS should create a training video educating eligible kinship and fictive caregivers on their rights and responsibilities under KRS 620.142.

## **CHILD ABUSE/NEGLECT (CA/N) REGISTRY**

In Kentucky, due process is a critical protection for individuals facing a substantiated finding of child abuse, neglect, or dependency. Due process means individuals must be given notice of the finding and an opportunity to appeal before they can be placed on the Child Abuse/Neglect (CA/N) Registry. Placement on this registry has serious consequences, including potential denial or termination of employment and disqualification from serving as a foster parent or fictive kin placement. Without proper notice, individuals may lose their right to challenge the decision through a Child Abuse Prevention and Treatment Act (CAPTA) appeal.

In KRS 620.051 and 922 KAR 1:470, individuals who are found, through investigation by CHFS, to have a substantiated finding of child abuse, neglect, or dependency are recorded on the CA/N Registry for a minimum of seven years.

We initiated a review of substantiated child abuse, neglect, and dependency findings in iTWIST to verify compliance with CHFS Standard Operating Procedure C2.18: *Making a Finding, Notifications, and Court Involvement*. This SOP requires the social service worker (SSW), upon approval of the assessment, to send written notification of the substantiated finding utilizing the *Substantiated Investigation Notification Letter* (DPP-152) and the *Request for Appeal of Child Abuse and Neglect Investigation Finding* form (DPP-155) to the alleged perpetrator via certified mail within ten working days.

Our review was prompted by trends identified by the Complaint Review Branch and Quality Advancement Branch, including complaints and CAPTA appeal requests from individuals who reported they were unaware of a substantiated finding or their placement



on the CA/N Registry. When proper notification is not provided, individuals may miss the opportunity to appeal.

The inability to produce evidence of compliance with SOP C2.18 can result in the finding being overturned, not because the underlying facts were disproven, but due to a lack of documentation showing that notification and appeal rights were properly provided.

Documentation was considered sufficient if it included a copy of the DPP-152 letter and the associated certified mail records (the tracking number and the green certified mail return receipt). The lack of consistent documentation raises serious concerns regarding due process and compliance with notification requirements.

**In a sample review of 548 substantiated findings in iTWIST, we found proof of notification was present in only 33% of cases.**

## **RECOMMENDATIONS:**

- 2.1** CHFS should amend SOP C2.18 to explicitly require the SSW to upload a scanned copy of the DPP-152, the certified mail receipt with the tracking number visible, and the front and back of the green card into iTWIST.
- 2.2** CHFS should ensure SOP C2.18 requires the SSW to document all efforts to contact the individual when a notification letter is returned and to upload scanned copies of the letter and envelope to iTWIST.



## **CREDIT CHECKS FOR CHILDREN IN FOSTER CARE**

In September 2024, the U.S. Department of Health and Human Services' Office of the Inspector General released a report titled *Most Children in Foster Care Did Not Receive Credit Checks and Assistance*,<sup>9</sup> highlighting the risk of identity theft for children in foster care. The report emphasized that, under the Preventing Sex Trafficking and Strengthening Families Act of 2014 (P.L. 113–183),<sup>10</sup> states must ensure that youth in foster care aged 14 and older receive annual credit checks and assistance with any issues identified.

In response to the findings of this report, we conducted a statewide review by randomly selecting eight individuals between the ages of 14 and 21 from each of the nine DCBS service regions. We reviewed each case, submitted inquiries to CHFS, and assigned Ombudsman staff to address discrepancies between federal requirements and existing state policy. As a result of this work, CHFS replaced policy C4.65 *Credit Reports for Youth in Foster Care* (2015) with C7.58 *Credit Reports for Youth in Foster Care*, effective May 22, 2025.

Our review led CHFS to make significant updates in the new policy, including the following:

1. While the responsibility for requesting credit reports for the 14 to 17-year-old population still falls on Central Office, results now go directly to the Service Region Administrator or a designated email box. The SSW is responsible for retrieving and uploading the credit reports to iTWIST and documenting all efforts to resolve inaccuracies in the youth's case file.
2. The responsibility for requesting credit reports for those 18 and older falls completely on the SSW. Communication with Central Office is no longer required unless the youth has an IQ below 70, at which time the SSW may request Central Office support with credit checks. The SSW is responsible for discussing the results with the youth, providing education, and aiding the youth in resolving inaccuracies.

**“Over half of the children in foster care who should have received credit checks did not receive any credit checks in FY 2021.”**

HHS Report

<sup>9</sup> HHS Office of Inspector General. (2024, September). *Most Children in Foster Care Did Not Receive Credit Checks and Assistance*. <https://bit.ly/3L98C7P>

<sup>10</sup> Preventing Sex Trafficking and Strengthening Families Act, Pub. L. No. 113–183, 128 Stat. 1919 (2014) <https://tinyurl.com/bdfdtevu>



3. Explicit recognition that youth 18 and older may refuse to request or share their credit report. The SSW must document the refusal in iTWIST and inform the youth that help is available upon request.
4. The responsibility falls on the SSW to ensure a paper request is submitted if the online access to request credit checks fails.
5. Explicitly require the independent living coordinators verify credit-check status during case and transition planning meetings and add tasks to the plan if not completed.
6. Broadening resources to include AnnualCreditReport.com and Credit Karma.
7. Identifying the mailing address that must be used when requesting credit reports.
8. The responsibility to upload credit reports obtained for youth 18 and older into iTWIST falls on the SSW.
9. The responsibility to advise a youth over the age of 18, who independently requests but declines to share their credit report, rests with the SSW, who must inform the youth that assistance is available and document the youth's decision in iTWIST.

## **RECOMMENDATIONS:**

- 3.1. CHFS should train existing Social Workers statewide on the C7.58 policy.
- 3.2. CHFS should include C7.58 policy in the Social Worker Academy for new Social Workers.
- 3.3. CHFS should require supervisors to regularly verify staff compliance with policy C7.58 through scheduled reviews and documentation audits.



## **HCB WAIVER**

The Home and Community Based (HCB) waiver, a part of Kentucky’s 1915(c) HCBS Medicaid waiver program, provides assistance for Medicaid participants who qualify for nursing facility level of care yet prefer to receive services in a community or home-based setting. Though regulatory eligibility standards (907 KAR 7:010) have not changed, a significant number of children with special needs were abruptly denied services during CHFS’s annual HCB waiver eligibility reviews. In a letter dated May 15, 2025, CHFS stated they had identified issues involving a subcontractor of the Department of Medicaid Services (DMS). According to a CHFS spokesperson cited by the *Kentucky Lantern*, the subcontractor had not been “correctly examining the Medicaid criteria used to determine if someone requires long-term care services.”<sup>11</sup>

***“We really appreciate you and the thought and care you have put into this investigation.”***

**- Constituent**

Our office formally requested clarifying information from CHFS in a June 24, 2025, letter to Secretary Friedlander. On September 9, 2025, CHFS’s General Counsel responded to our office, reiterating that the error stemmed from misalignment between the subcontractor and CHFS’s policies, procedures, and expectations. In response, the Cabinet Secretary, legal counsel, and leadership staff have met with the subcontractor multiple times and implemented a new safeguard requiring any proposed denials be reviewed by the DMS leadership before a final determination is made. CHFS’s General

Counsel also represented that the cases of all Kentuckians affected were reviewed, leading to either reinstatement of services for eligible Kentuckians or a notification of appeal rights if CHFS found an individual to be ineligible for services.

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<sup>11</sup> Ladd, S. (2026, June 26). *Error That Caused Medicaid Denials Has Been Corrected, Says Cabinet in Response to Auditor Letter.* <https://bit.ly/4qx95AU>



## **RECOMMENDATIONS:**

**4.1** CHFS should establish the capability and bandwidth within its own department rather than using a subcontractor to perform this role. By internally performing this task, CHFS eliminates the possibility of subcontractors failing to follow CHFS's policies, procedures, and expectations.

**4.1.1** In the alternative, CHFS should establish process controls to ensure regular communication and verification checkpoints between CHFS and any subcontractors, proactively identifying and correcting errors before they affect waiver participants. CHFS establish oversight and quality control of subcontractors by including clear contractual performance standards and consequences for noncompliance, including corrective action plans and potential contract termination.



## **CHILD WAIVER**

In 2024, the General Assembly passed HB 6, appropriating \$4.2 million in General Funds and \$10.5 million in Federal Funds to establish a new Home and Community-Based Services (HCBS) waiver for children ages 0–21 with severe emotional disabilities, autism spectrum disorder, or intellectual and developmental disabilities.

When CHFS released its proposed Community Health for Improved Lives and Development (CHILD) Waiver, we raised significant concerns during the public comment period. Ombudsman Grate noted that CHFS’s proposal narrowed eligibility criteria beyond what HB 6 mandated, adding four additional restrictions that could exclude many children, especially those who had recently lost Home and Community-Based (HCB) waiver services or who remain on long waitlists such as the Michelle P. Waiver. We emphasized that these restrictions risked leaving thousands of children without access to critical services, despite legislative intent. We also cautioned that expending public dollars for purposes not permitted by the enacted budget bill could raise constitutional concerns.

The Department for Medicaid Services within CHFS routinely provides the General Assembly with updates on the growing backlog of Kentuckians seeking Medicaid waiver services. This information is not publicly accessible, so these routine updates are critical touchpoints. On September 17, 2025, Dr. Leslie Hoffmann, Medicaid Deputy Commissioner, and Carmen Hancock, Medicaid Director of Long-Term Services and Supports, provided an update to the Budget Review Subcommittee on Health and Family Services.<sup>12</sup> The most significant waitlist is for the Michelle P. Waiver, where 9,686 individuals are waiting for a slot to become available. Other 1915(c) waivers also have substantial waitlists; the Home and Community Based Waiver had 5,360 Kentuckians waiting, and the Supports for Community Living Waiver had 3,742. CHFS representatives estimated that the waitlist for the Michelle P. and Supports for Community Living Waiver both exceeded five years.

Rather than using the new CHILD Waiver as an opportunity to meaningfully reduce these delays, CHFS chose to exclude participant-directed services from the CHILD framework. We questioned this decision, as participant-directed services allow families to select and compensate trusted caregivers. While there is a growing concern of abuse of the Medicaid program, eliminating participant-directed services altogether reduces the Administration’s workload without balancing the need for services for Kentucky’s participants. Coupled with the requirement that families choose between the CHILD Waiver and their existing Medicaid waiver, it is highly unlikely that those currently relying on participant-directed services would sacrifice their slot to enroll in the CHILD

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<sup>12</sup> Budget Review Subcommittee on Health and Family Service. (2025, September 17). [www.youtube.com/watch?v=EG3jHumQEoY](https://www.youtube.com/watch?v=EG3jHumQEoY)



Waiver. What could have been a lifeline for families struggling to access services instead represents a missed opportunity.

We also questioned the waiver’s limited capacity of 100 slots and its allocation of 68% of funds to supervised residential care. Additional concerns included the absence of a clear process for appeals and the waiver’s failure to prioritize early intervention for children under age five. CHFS’s waiver eligibility policies do not prioritize slot allocation based on level of need; instead, slots are assigned on a first-in-line basis. By failing to implement a clear prioritization framework, CHFS misses the mark on ensuring that scarce waiver slots are allocated fairly and effectively, providing timely access to those most at risk of institutionalization or serious service gaps.

***“This waiver has nothing to do with what was previously discussed or promoted to the families.”***

- Parent Advocate, Phillip Elliston

***“Kids like my son, the only way that they are eligible for this CHILD Waiver, is if my husband and I were to give him to the state for custody... That’s unacceptable.”***

- Parent Advocate & Deputy Ombudsman, Heather Wagers

During the July 30, 2025, meeting of the Interim Joint Committee on Families and Children,<sup>13</sup> Auditor Ball and members of our office provided testimony alongside parents and advocates to illustrate the human impact of the CHILD Waiver’s restricted eligibility.

Deputy Ombudsman Heather Wagers, who is also the parent of a child with profound autism, shared that her son, who is nonverbal and receives more than forty hours of therapy each week, would not qualify for the waiver as written. She told legislators, “Kids like my son, the only way that they are eligible for this CHILD Waiver is if my husband and I were to give him to the state for custody. I’m sorry, [but] that’s

unacceptable.” Parent advocate Phillip Elliston echoed her concerns, explaining that families were initially hopeful during CHFS-led meetings, but later discovered “this waiver has nothing to do with what was previously discussed or promoted to the families. This is a waiver seemingly designed to help children who are in the state’s custody, unhoused, or at risk of becoming unhoused.” Their testimonies reflect the frustration of families who continue to shoulder full-time care responsibilities without access to promised community-based supports and reinforce our office’s call for policy corrections that ensure equitable access to services envisioned under HB 6.

<sup>13</sup> Interim Joint Committee on Families and Children. (2025, July 30). <https://tinyurl.com/bd8kymw4>



## **RECOMMENDATIONS:**

- 5.1.** CHFS should implement the CHILD waiver in alignment with the General Assembly's mandate by addressing unmet community needs and ensuring access for children most at risk, with particular emphasis on early, preventative services that support families.
- 5.2.** CHFS should establish a centralized, real-time, public facing waitlist dashboard for all 1915(c) waivers. Those dashboards should include estimated wait times and prioritization criteria.
- 5.3.** CHFS should publish quarterly public reports to increase accountability and inform families, legislators, and providers beyond the traditional update it provides upon request to the General Assembly during legislative committee meetings. While the committee meetings are recorded, not every Kentuckian is well-versed in accessing this information. This process would be improved if a public facing dashboard of the information could be accessed through CHFS's website.
- 5.4.** CHFS should ensure that participant directed services have guardrails to prevent the possibility of fraud and misuse so that costs are aligned with their intended purposes.
- 5.5.** CHFS should prioritize access to preventive services for children under the age of five utilizing the CHILD waiver. Early childhood offers a critical window of opportunity for the trajectory of a child's development. As the waitlist for Michelle P. and SLC is anticipated to exceed five years, Kentucky is missing the mark on helping its youngest citizens and supporting their families desperate to help their children.





# SPOTLIGHT: PROTECTING CONFIDENTIAL INFORMATION

Our office received a complaint from an adoptive mother who discovered that her children’s newly adopted names had been disclosed to their biological mother through a Medicaid benefits letter. We raised this issue with CHFS, and they confirmed it was a system-wide error that had exposed the identities of 2,465 individuals. CHFS reported the software glitch causing the disclosure had been corrected but also indicated they had no plans to notify the individuals affected. On August 29, 2025, media reports highlighted the risks this posed to families, including one mother who explained she could have taken protective measures if she had been informed earlier. In response, our office asked CHFS either to notify the 2,465 individuals or provide us with the list so that we could evaluate next steps. We requested this notification, or the list be provided by September 15, but as of the writing of this report, we have received no response.

\*CHFS sent a letter on 10/3/2025 stating “we recently identified a flaw in our public assistance eligibility system,” and they were aware of “only three examples.” We are unsure if all 2,465 individuals received this letter.



# ENHANCING OFFICE OPERATIONS

In accordance with KRS 43.035, we have made proactive investigations a priority. Beyond responding to complaints, we are initiating our own reviews to evaluate CHFS's performance and compliance with state and federal law. These efforts are important first steps, but they remain limited by our current resources and cannot yet provide the scale of oversight required across CHFS.

To date, we have assigned a small number of experienced investigators and subject matter experts to conduct targeted reviews. These early efforts demonstrate the value of structured, independent oversight while underscoring the pressing need for additional capacity to ensure consistent coverage and sustain this work beyond pilot projects.

Our initial focus has been on DCBS, with the intention of expanding into other areas of CHFS as resources allow. Findings from these investigations have already produced targeted recommendations to improve service delivery, strengthen compliance, and enhance accountability. The following sections highlight two examples of this work.



## **CHILD FATALITY CASE REVIEWS**

Utilizing the skills of experienced investigative personnel, the office reviewed six cases involving the death of a child with prior involvement with DCBS. The review examined the case file to document the history of the agency’s interaction with the family, as well as any available information from the related criminal proceedings, to develop recommendations to improve social services’ investigations and strengthen CHFS policy. The following key themes and findings were found during these investigations.

1. Numerous events in these cases were not documented in iTWIST until weeks or months after the event. In some cases, documentation was not entered until after the fatality occurred.
2. CHFS failed to investigate after receiving multiple complaints about the same victim. Each complaint was labeled “justification for non-acceptance.” One complainant was from a “professional reporting source”—an individual who is a social worker, therapist, medical professional, educator, judge, attorney, law enforcement officer, or any other individual holding a degree or position in the field related to the safety and care of children—yet no investigation was initiated.
3. The reviews identified a wide range of discretionary practices across the state in addressing DCBS matters, resulting in varying approaches and outcomes between regions.
4. Per SOP A1.4, the Confidential Suspected Abuse-Neglect, Dependency, or Exploitation Reporting Form (DPP-115) should be sent to various entities depending on the victim type. CHFS is not documenting verification of receipt of these notifications in iTWIST.



## **RECOMMENDATIONS:**

- 6.1.** CHFS should ensure all case documentation is entered into iTWIST within the timeframes outlined in policy (SOP G1.4).
- 6.2.** CHFS should revise SOP C2.3 so that if a professional reporting source makes a report of abuse, neglect, or dependency pursuant to KRS Chapter 620 an investigation or assessment shall be accepted. The practice of requiring multiple reports on the same victim when the source is a professional reporting source should be revised by CHFS to ensure credible reports receive full and timely investigation.
- 6.3.** CHFS should develop and enforce standardized procedures across all regions to reduce the current variability in practices and outcomes.
- 6.4.** CHFS should ensure compliance with SOP A1.4 by documenting the verification of receipt of all DPP-115s. Reliable tracking is essential in ensuring protective actions are taken.



## **AGREED UPON PROCEDURES**

In response to the General Assembly's House Joint Resolution 137 from the 2007 regular session, CHFS created a systematic process by which the Office of the Ombudsman assessed DCBS Protection and Permanency cases. This process, which was curiously later discontinued by CHFS, utilized department policy to determine case compliance and focused on four areas of case management. Re-establishing the program will ensure that all CHFS departments receive consistent oversight. Independent agreed-upon-procedure reviews help identify risks earlier, support corrective actions, and promote operational efficiency across CHFS. Previously, the four areas of review included:

1. Safety Service Area: Examining timely initiation of investigations and monthly face-to-face contacts.
2. Service Provision: Examining the relevance of protective services offered to the family, including case planning, sibling visits for children in foster care, and parent visitation.
3. Permanency Service Area: Examining DCBS's effectiveness in ensuring children in out-of-home care are assisted in achieving permanency, including areas of relative placement, placement with siblings, and length of time in out-of-home care.
4. Documentation: Examining the timely completion of critical documents, including assessments, case plans, and contacts with service providers.

Progress to date includes the following:

1. The *Procedural Manual for Reviewers* is under development. This manual outlines the specific elements to be examined, along with the corresponding policies and locations of information.
2. A public reporting document is under development, designed to inform Kentuckians of findings.



# POLICY ENGAGEMENT AND OVERSIGHT

## ACCOUNTABILITY AND ACCURACY ASSESSMENTS OF PUBLIC BENEFIT PROGRAMS: SNAP AND MEDICAID

Every day, the Ombudsman works to ensure that taxpayer funded public benefit programs operate with precision and accuracy, as directed by federal and state law, and identifies where CHFS fails to meet these requirements. Not only are we directly measuring CHFS application processing and payment accuracy, we are also advocating for modernized oversight, a return to local accountability, and adoption of smart verification strategies so that the Commonwealth can better safeguard taxpayer resources, reduce error rates, and ensure vulnerable residents receive benefits appropriately and efficiently.

The Office of Program Performance is the independent review arm within the Commonwealth Office of the Ombudsman that assesses Kentucky's largest public assistance programs. Think of Program Performance as the quality inspector for benefits that serve over one million Kentuckians. The Office of Program Performance reviews individual case files to determine whether eligible people received the right amount of benefits, on time, and in accordance with both federal and state rules.

In Federal Fiscal Year 2025, Program Performance completed 8,680 case reviews and identified 8,659 error elements across all programs. These reviews protect more than \$1.3 billion in annual federal SNAP funding alone.



## The Programs at a Glance

Each program serves a different population and has its own federal rules, but they share a common oversight process.

Program	Who It Serves	What It Provides
<b>SNAP</b>	Low-income households	Monthly food benefits (~\$1.3B/yr in KY)
<b>Medicaid (MAGI)</b>	Low-income individuals and families	Health coverage including children, pregnant women
<b>Medicaid LTC</b>	Elderly and disabled individuals	Nursing home and community-based care
<b>Medicare Savings (MSP)</b>	Low-income Medicare beneficiaries	Help paying Medicare premiums and costs
<b>KTAP / KWP</b>	Families with dependent children	Temporary cash assistance and job training
<b>Child Care (CCAP)</b>	Working or training parents	Subsidized childcare so parents can work

## Two Types of Reviews: ME/PAC vs. Quality Control

Throughout this report, different error rates for the same federal program are identified. This is because Program Performance conducts two distinct types of reviews that measure different things.

<p><b>Management Evaluation / Program Access Compliance (ME/PAC)</b></p> <p><b>What it checks:</b> Did the worker follow every step correctly? Was the paperwork complete? Were verifications obtained?</p> <p><b>Scope:</b> Only cases in a single county during a review cycle</p> <p><b>Timeframe:</b> Near-real-time (previous 30–60 days)</p>	<p><b>Quality Control (QC)</b></p> <p><b>What it checks:</b> Was the right dollar amount paid? This is the federal Payment Error Rate (PER).</p> <p><b>Scope:</b> Random sample of cases from across all 120 counties</p> <p><b>Timeframe:</b> Up to 120-day lag from case action to review</p>
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### Why Both Reviews Matter

**ME/PAC catches process problems early**—before they become payment errors. QC measures the **financial impact** of errors that slipped through. An 89% ME error rate does not mean 89% of payments are wrong; it means 89% of cases had at least one procedural deficiency. However, uncorrected ME findings are a leading indicator of future QC payment errors—and federal financial penalties.



## Key Terms Explained

Term	What It Means in Plain Language
<b>Payment Error Rate (PER)</b>	The percentage of total benefit dollars paid incorrectly—either too much or too little. This is the number the federal government uses to decide whether Kentucky faces financial penalties.
<b>CAPER Rate</b>	Case and Procedural Error Rate—measures errors in cases that were denied or terminated. Kentucky’s current rate is 39.66%, meaning roughly 4 in 10 denial/termination cases had an error.
<b>Error Element</b>	A specific mistake within a case (e.g., income miscalculated, verification missing). One case can contain multiple error elements, which is why total error elements can exceed total cases reviewed.
<b>Corrective Action Plan (CAP)</b>	A required improvement plan issued to a county office when its error rate exceeds 5%. The county must fix the problems and demonstrate improvement within 120 days.
<b>ABAWD</b>	Able-Bodied Adults Without Dependents—adults ages 18–52 who must meet work requirements to continue receiving SNAP beyond 3 months in a 36-month period.
<b>OBBS</b>	The One Big Beautiful Bill (H.R. 1, 119th Congress)—new federal legislation that tightens oversight requirements and raises the financial stakes for states that exceed error thresholds.

### Key SNAP challenges include:

**1. Overlooked Findings:** When we conduct SNAP Management Evaluation (ME) and Program Access Compliance (PAC) reviews, we examine a sample of cases to determine whether the correct benefit amounts were issued, verify correct eligibility determinations were made, and determine correctness of the entire application processes according to state policy. Each time a household receives too much (creating a claim opportunity) or too little (requiring restoration), it is counted as an error. We track how many CHFS cases contain one or the other mistake and calculate an overall potential issuance error rate for the county. This is done by evaluating the number of potential claim and restoration cases identified compared to the total number of cases reviewed. All other aspects of the application process along with anything that could inhibit a person from making an application are also evaluated and error rates calculated. Anything that exceeds a 5% error rate is required to have a Corrective Action Plan (CAP) implemented by DCBS. The ME/PAC reviews are intended to evaluate how well a county is performing and following state policy.

SNAP Quality Control (QC) operates differently. Instead of reviewing all cases from a single county, we review a random sample of cases from across the Commonwealth each



month. Instead of determining the number of cases with a process error, QC calculates the total dollar amount of benefits issued in error, both in terms of overpayments and underpayments, and compares that amount to the total benefits issued for all of the cases reviewed. The two percentages are combined to determine the PER, which reflects how accurately the state administers SNAP benefits. The PER is a reflection of how much money the state is incorrectly paying.

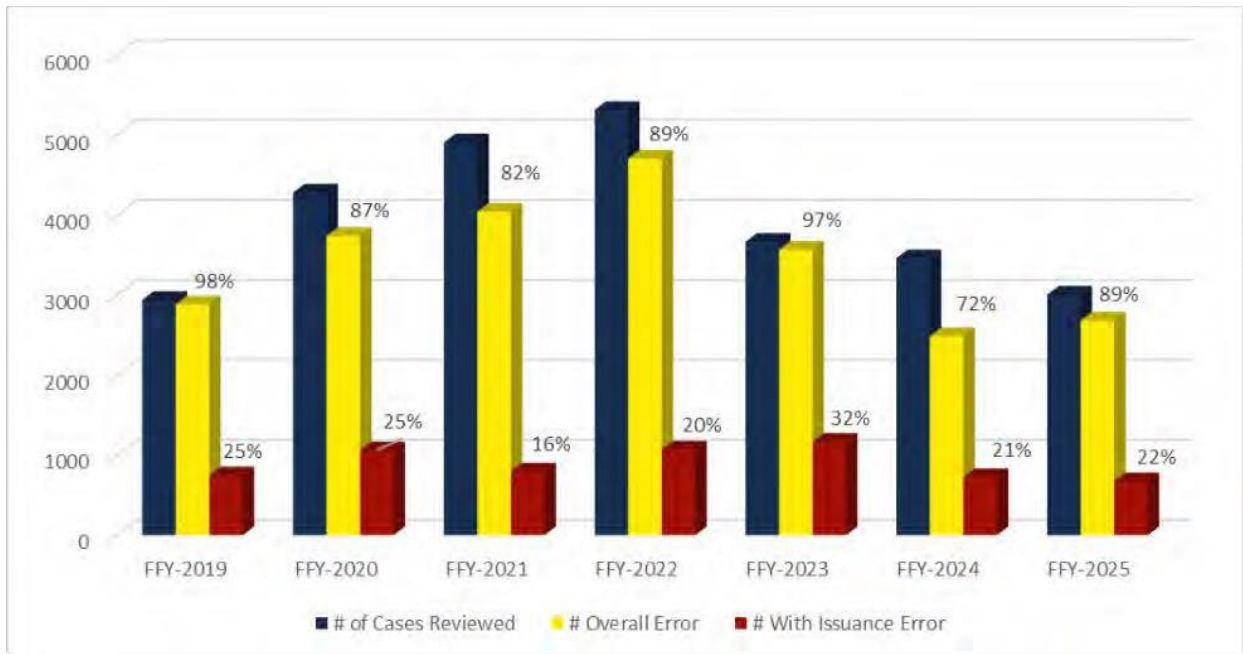
ME/PAC typically evaluates cases from the previous 30 to 60 days, providing a near-real-time view of current practices and emerging error trends. In contrast, SNAP QC may review the prior month's allotments but has up to 120 days to complete each review. This extended review window creates a two to three-month lag between when ME/PAC identifies an error trend and when that same issue might surface in QC PER results.

The ME/PAC reviews have revealed the CHFS issuance error rate averages around 23%, or 2,567 cases, for several fiscal years, meaning roughly one in five cases contained an incorrect benefit amount. This equates to \$456,580 in over issuance claims owed back to the state and \$128,827 in restoration obligations owed to households that were under issued benefits they were legally entitled to receive. This persistent level of inaccuracy signals systemic weaknesses in eligibility determinations, benefit calculations, and case maintenance practices. More concerning, the findings and recommendations that could correct these issues are routinely overlooked. Hundreds of CAPs sent by us to CHFS remain unresolved across counties despite repeated direction and documentation of errors.

**“CHFS issuance error rate averages around 23%, or 2,567 cases, meaning one in five cases contained an incorrect benefit**



## Management Evaluation SNAP Case Review Error Rates FFY 2019-2025



This ongoing failure to act reflects a breakdown in CHFS leadership accountability and a disregard for both fiscal responsibility and public trust. Each unresolved finding represents wasted taxpayer resources and, more importantly, real harm to Kentucky families who depend on these benefits to feed their children. When errors go uncorrected, households may be denied critical food assistance or face repayment demands for agency mistakes. The absence of sustained corrective action has allowed the same deficiencies to recur year after year, undermining the program’s integrity and jeopardizing the stability of the very families SNAP was created to protect.

As an example, a single review cycle in 2025, covering only six counties, illustrates the concentrated nature of these failures; of 420 cases reviewed, 373 contained errors, fewer than one in three new approvals was processed correctly, and the cycle generated both 67 claim findings and 35 restoration findings, confirming that unresolved deficiencies at the worker level produce immediate and measurable harm to Kentucky families in those communities.

**2. Lack of Staff Time for Quality Review:** Frontline workers in CHFS often report that their performance is evaluated based on the number of cases processed rather than the accuracy of their work. This production-driven approach limits the time available for detailed eligibility reviews, documentation checks, or case reconciliation. When quality takes a backseat to quantity, small mistakes become systemic, and this creates avoidable errors that inflate the state’s PER and increase corrective workload.



**3. Centralized Call-Center Structure:** Kentucky's centralized call-center approach to processing SNAP applications has weakened both accountability and case accuracy. Kentucky's centralized call-center model has weakened both accountability and case accuracy by fragmenting case ownership across multiple workers without clear responsibility for the outcome. The absence of local context, combined with performance metrics that prioritize volume over thoroughness, has allowed preventable errors including miscalculated income, missed verifications, and incorrect household composition to occur and persist. The structural and systemic dimensions of this problem are examined in detail in the Cross Program Error Observations section below.

**4. Technological Gaps:** Kentucky's heavy reliance on telephonic interviews and limited caller-origin verification introduces vulnerabilities that can lead to improper issuances. Without secure video or in-person verification options, staff cannot always confirm the identity or authenticity of applicants. Likewise, insufficient fraud safeguards can allow out-of-state or international actors to exploit system weaknesses. These gaps reduce confidence in eligibility accuracy and increase exposure to fraud.

Modern telecommunication tools could help mitigate these vulnerabilities. Automatic Number Identification (ANI) and Caller Name Delivery (CNAM) systems can verify that the incoming phone number matches the applicant's records, while geo-IP or carrier-based location verification can identify whether calls originate from within Kentucky, another state, or outside the United States. Voice-over-IP (VoIP) detection can also flag calls routed through internet-based or foreign numbers that may mask their true origin. Integrating these technologies into existing call-center platforms, paired with secure methods such as callback validation, multi-factor authentication, or video-based interviews, would enhance program integrity, protect against fraud, and increase confidence in the accuracy of eligibility determinations.

**5. ABAWD Tracking Error Rates:** Able-Bodied Adults Without Dependents (ABAWDs) are individuals aged 18-52 who are not disabled and do not have dependent children in their household. Under federal SNAP regulations, ABAWDs are subject to a time limit of three months of SNAP benefits within a 36-month period unless they meet work requirements of at least 80 hours per month or participate in qualifying work or training programs. States can request waivers of these time limits during periods of high unemployment or insufficient jobs.

For FFY 2025, DCBS received FNS approval to waive the ABAWD time limit in 117 of its 120 counties, effective December 1, 2024, through November 30, 2025. The request was supported by a combined-area aggregate unemployment rate of 4.4% over a 24-month period that met the threshold of 20% above the national average under 7 CFR 273.24(f). For FFY 2026, Kentucky's waiver coverage contracted to just five Kentucky counties effective December 1, 2025, through November 30, 2026, reflecting the tighter individual-



county level threshold of 10% unemployment required under the One Big Beautiful Bill Act. NFS approved each of the five approved counties with March 2025 unemployment rates ranging from 10.6% to 11.8% based on Bureau of Labor Statistics data. DCBS must now actively track each ABAWD recipient's countable months of benefits, work hours, and participation in qualifying activities in all but the five counties. Workers must document ABAWD status at application and recertification, monitor compliance with work requirements monthly, issue timely notices when clients approach their three-month limit, and terminate benefits when the time limit is exhausted unless the client qualifies for an exemption or meets work requirements. This tracking requires careful case noting, accurate coding in the eligibility system, and ongoing verification of employment or program participation.

Beginning November 1, 2025, ABAWD compliance errors will count toward Kentucky's SNAP Quality Control PER. FNS provided a temporary "hold harmless" period during implementation, but that protection ends on November 1, 2025. After that date, any case where benefits are incorrectly issued to an ABAWD recipient who has exceeded their three-month time limit without meeting work requirements will be counted as an overpayment error in federal QC reviews. This means ABAWD tracking failures will directly impact Kentucky's PER and could result in federal financial penalties.

A total of 188 ABAWD related errors were excluded from the FFY25 Performance Enhancement Branch summary statistical reporting (discussed later in the Office of Program Performance section) because 117 of Kentucky's 120 counties operated under a waiver that temporarily suspended ABAWD requirements. While counties continued to record ABAWD status during the waiver period, the rule had limited operational relevance. With the OBBB ending the waiver and federal QC accountability beginning November 1, 2025, these cases now signal emerging risk. Workers in 115 counties must again apply time-limit provisions that have been largely dormant for years at the same time the statewide SNAP Case and Procedural Error Rates (CAPER) rate stands at 39.66%.



## RECOMMENDATIONS:

- 7.1. Based on these trends, the General Assembly may wish to explore ways to strengthen ME/PAC review authority and address uncorrected CAPs.
- 7.2. CHFS should return local accountability to DCBS county offices and incorporate performance metrics tied to quality.
- 7.3. CHFS should explore caller-origin verification interview options to enhance identity verification and to flag out-of-state or foreign calls.
- 7.4. CHFS should implement enhanced tracking systems and targeted quality assurance protocols to prevent compliance errors from impacting Kentucky's Payment Error Rate, based on the reinstatement of ABAWD requirements under the OBBA and the November 1, 2025, federal QC accountability deadline.

## Employee Spotlight:



James Adkins representing the Commonwealth of Kentucky at the American Public Human Services Association Economic Mobility & Wellbeing Conference in August 2024, sharing best practices that have made Kentucky a national leader in timely case review closures.

## **MEDICAID PROGRAM IMPACTS AND CONSIDERATIONS**

The OBBB also calls for states to enhance Medicaid oversight through quarterly data matches, improved verification standards, and cross-state enrollment prevention measures. Our reviews have identified similar gaps, reinforcing the importance of improving verification standards and documentation practices statewide.

During the Public Health Emergency (PHE), the federal government temporarily permitted states to use eligibility and verification flexibilities to reduce administrative workload and prevent coverage loss. These flexibilities allowed states to accept client statements without verification in some situations, limit documentation requests by DCBS, and delay certain resource verifications. They were always intended as temporary measures to support program continuity during the pandemic.

Those federal flexibilities officially expired on June 30, 2025, but CHFS formally requested and received federal approval to continue several of them beyond the expiration date. Among those CHFS-requested extensions were policies allowing staff to skip resource verification when converting individuals from income-based (MAGI) programs to resource-tested programs, such as Long-Term Care or Medicare Savings Programs. These also permitted renewals to proceed without updated bank statements if “no change” was self-reported by the applicant and excluded certain financial assets, such as IRAs without required minimum distributions, from resource calculations. While these practices reduced administrative burden, they also weakened verification integrity and increased the likelihood of improper payments once the federal authority for such flexibilities ended.

The OBBB also extends its eligibility integrity framework to Medicaid, introducing recertification and work requirements tracking requirements that parallel those now in place for SNAP. The OBBB's twice-annual recertification requirements and the same ABAWD-style work requirement tracking now extend to Medicaid, applying the same intensive monitoring demands to a program already strained by verification gaps identified in this Office's reviews.. The OBBB requires automated eligibility redeterminations every six months for Medicaid expansion adults beginning January 1, 2027, mirroring the intensive monitoring approach used in SNAP. The ABAWD tracking system will require states to continuously verify and track compliance with 80-hour monthly work requirements. Issues observed in the ME/PAC reviews of DCBS SNAP cases will also be seen in the Medicaid workflow and eventually in their federal error reporting.

Additional concerns identified for Kentucky's Medicaid program include:

**1. Over-Reliance on Limited Verification Sources:** DCBS relies heavily on automated data sources such as the Eligibility Automation (EA) system and Enformion to verify client information. While these tools provide quick electronic checks, they are not all inclusive



and frequently fail to capture critical details, such as real property ownership, secondary income sources, or out-of-state financial assets. For example, when both EA and Enformion report “no property owned,” eligibility staff often accept those results without consulting county Property Valuation Administrator (PVA) records or requesting documentation from the client. In many cases, PVA systems show active property holdings that the automated checks missed entirely. This overreliance on limited databases without secondary verification creates a false sense of accuracy, leading to improper eligibility approvals and undermining program integrity.

**2. Type of Assistance (TOA) Transition Loopholes:** When clients move from non–resource-tested programs such as the Modified Adjusted Gross Income Medicaid Program (MAGI) or the Adult Medicaid Expansion Group to resource-tested programs such as the Medicare Savings Program and Long-Term Care Medicaid, full asset verification is often skipped, creating a risk of improper payments.

**3. Preference for Online and Mail-In Processes Over In-Person Interviews:** DCBS has increasingly prioritized online and mail-in applications over in-person interviews conducted at local offices. While these remote options offer convenience and help manage high workloads, they have also weakened the quality and depth of case evaluations. While federal regulations prohibit states from requiring interviews for MAGI-based Medicaid groups, interviews remain an allowable and valuable tool for non-MAGI categories such as the Aged, Blind, and Disabled (ABD), Long-Term Care, and Medicare Savings Programs. These groups involve complex eligibility factors, including resource verification, income from multiple sources, and property ownership. In these cases, interviews, whether in person or by telephone, can help clarify information, prevent documentation errors, and ensure compliance with federal verification requirements. Selective use of interviews, supported by clear documentation and policy guidance, strengthens program integrity without creating barriers to access. Eligibility staff often have limited interaction with clients, reducing their ability to identify discrepancies, verify documentation in real time, or detect red flags that would be more apparent in face-to-face settings. The shift away from in-person engagement, driven by efficiency goals rather than policy necessity, has reduced the state’s capacity to ensure accuracy in eligibility determinations.



## **RECOMMENDATIONS:**

- 8.1.** CHFS should retire CHFS-requested verification flexibilities and reinstate full resource verification for all Type of Assistance transitions and renewals where electronic data are insufficient.
- 8.2.** CHFS should reinstate interviews for complex non-MAGI Medicaid cases where resource verification, income clarification, or asset transfer reviews are necessary.
- 8.3.** CHFS should coordinate findings from the Office of Program Performance reviews into CHFS Medical Support and Benefits Branch corrective actions with assigned accountability.



## **COMMON ERRORS ACROSS ALL QUALITY ASSURANCE PROGRAMS**

Analysis of FFY 2025 reviews across all public assistance program areas reveals patterns that are not isolated to any single program or review methodology. The findings point to systemic gaps in how cases are processed statewide, with four error categories alone accounting for more than three quarters of all 8,659 findings.

As noted above, eligibility determination has the highest error in SNAP ME reviews and is also seen in several of the other programs. Eligibility makes up 22% (1,938 of 8,659) of the errors. Income verification and calculation errors represent the second largest problem area with 1,835 total errors across all programs, accounting for 21% of all findings. Other (non-income) documentation and verification deficiencies follow closely with 1,533 errors (18%), while benefit calculation and deduction errors total 1,275 errors (15%). These four categories alone represent over three quarters of all errors identified.

The consistency of these error types across SNAP ME reviews (7,187 total errors), SNAP QC reviews (466 errors), Medicaid programs (786 combined errors), KTAP/KWP (173 errors), and Child Care (47 errors) indicates fundamental gaps in:

1. worker training,
2. inadequate verification procedures, and
3. insufficient quality control at the point of case processing.

These upstream processing failures cascade into downstream payment accuracy issues, as evidenced by ME catching substantially more income errors (1465) and deduction errors (1,006) than QC identifies in payment reviews (58 and 24 respectively). The implications are significant: workers are making eligibility and calculation errors that ME identifies during case processing reviews, yet many of these errors persist through to benefit issuance where QC detects them as payment inaccuracies. Under the OBBB provisions, particularly the reinstated ABAWD requirements with federal QC accountability beginning November 1, 2025, and potential state payment error penalties for rates exceeding 6%, Kentucky's current error patterns place the Commonwealth at substantial risk for federal financial sanctions.

**“Kentucky's current error patterns place the Commonwealth at substantial risk for federal financial sanctions.”**



Error Category	ME/PAC (Out of 3665 Reviews)	SNAP Positive (Out of 1114 Reviews)	SNAP CAPER (Out of 685 Reviews)	Medicaid LTC (Out of 900 Reviews)	Medicaid MSP (Out of 900 Reviews)	KTAP and KWP (Out of 450 Combined Reviews)		Child Care (Out of 276 Reviews)	Total
Eligibility Determination	1828		16	3		63		28	1938
Income Verification/Calculation	1465	58	6	212	84	5		5	1835
Verification/Documentation	1387	4	140			2			1533
Benefit Calculation/Deductions	1006	24		102	130		8	5	1275
Resources/Assets	582			113	85	6			786
Procedural/System	331		102	13	44		3	3	496
Other	297	11							308
Work Requirements/Compliance	188					46	11		245
Household Composition	103	4	8			29		6	150
Timeliness		41	52						93
<b>TOTAL</b>	<b>7187</b>	<b>142</b>	<b>324</b>	<b>443</b>	<b>343</b>	<b>151</b>	<b>22</b>	<b>47</b>	<b>8659</b>

## CROSS PROGRAM ERROR OBSERVATIONS: TWO INTERCONNECTED ROOT CAUSES

### The Centralized Call-Center Model: Structural Impediment to Accuracy

Kentucky’s 2013 transition from county-based SNAP processing to a centralized call-center model, in which applications are routed to the next available worker statewide, introduced enduring structural barriers to accuracy across all public assistance programs. The primary cause is fragmented case ownership: multiple workers handle discrete portions of a case including intake, documentation, follow-up, and final determination without full accountability for the outcome. This diffusion of responsibility has resulted in recurring verification failures, such as those documented in the SNAP CAPER report, which found that 50% of improper denials occurred despite verification materials already existing in the case file.

The centralized model also eliminated the local insight that once served as a natural quality control. County-based staff were familiar with local employers and could confirm information through community knowledge, while call center workers, often reviewing cases from unfamiliar areas, must rely solely on electronic databases. When systems such as EA or Enformion return “no match,” staff frequently deny cases without pursuing alternative verification methods. Performance metrics that prioritize volume over thoroughness further incentivize speed at the expense of accuracy.

### Database Over-Reliance: Technology Replacing Professional Judgment

The increasing reliance on electronic verification tools, particularly Eligibility Advisor (EA) and Enformion, has fundamentally altered eligibility determination, replacing professional judgment with automated data checks. Intended as supplementary fraud-detection



resources, these databases have instead become primary verification sources. Workers now frequently interpret a “no match” as confirmation that income does not exist, leading to improper denials, even when pay stubs or employer letters are present. These systems have known limitations: EA captures only 50% to 60% of employers and excludes small businesses, agricultural labor, and self-employment, while Enformion data can lag by up to 90 days. The SNAP CAPER report found nearly half of improper denials occurred when paper verification was already available, underscoring the extent of procedural inversion.

This over-reliance is reinforced by the call-center model, which isolates workers from local context and emphasizes efficiency metrics over accuracy. Federal policy clearly defines verification hierarchy: primary documents, collateral contacts, client attestation, and finally, database confirmation. Kentucky’s operational practice reverses that order. SNAP ME identified income-related errors in 48.75% of county reviews (1,465 out of 3,005 cases). For the YTD data for FFY 2025, which includes 10 months of data, LTC and MSP error rates were 47% (318 or 675 cases) and 28% (190 out of 675 cases) respectively. The DCBS workers for the two programs utilize the databases for income and resource verifications, again demonstrating inadequacies. These findings demonstrate that CHFS’s systemic dependence on known incomplete or lagged data, rather than worker competence, is the principal driver of Kentucky’s persistent eligibility determination errors.

The data shows both the problem and the solution. CHFS workers have the ability to succeed. They need better systems, training, and support to achieve consistent quality across all programs they manage. The investment in quality improvement will pay dividends in federal compliance, client service, and staff satisfaction.

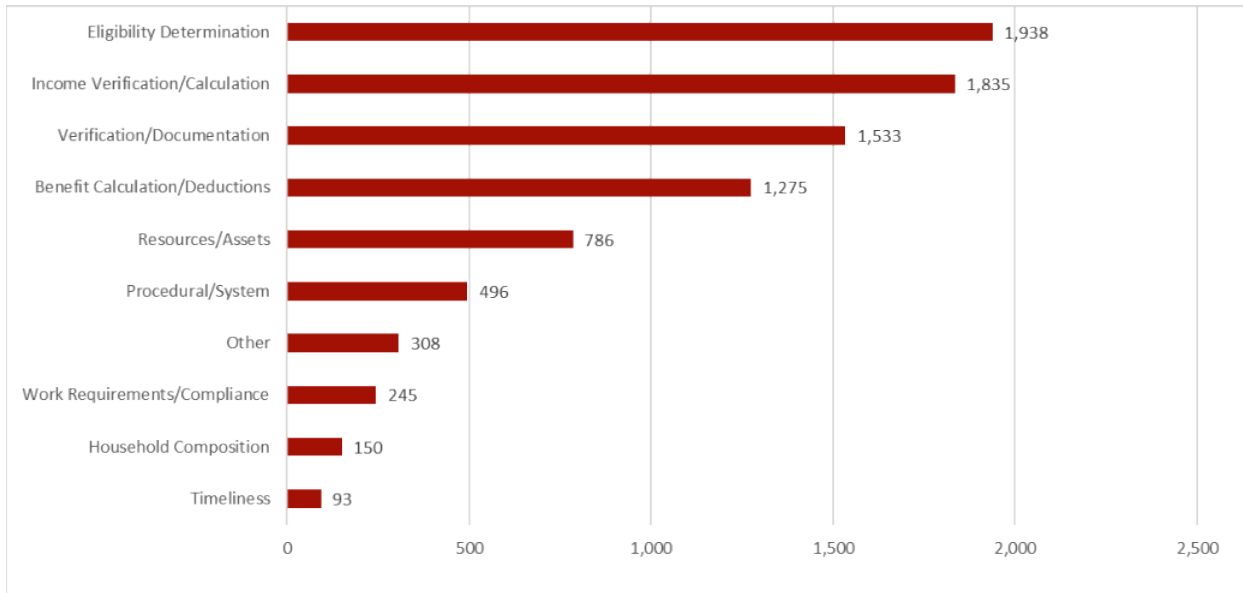
### **FFY 2025 Error Element Summary: All Programs**

In FFY 2025, the Office completed 8,680 case reviews across all public assistance programs and an additional 800 ABAWD case reviews. The breakdown below reflects the most common error elements identified. Note that ME/PAC reviews account for three to four times the case volume of other program reviews, which should be considered when comparing error totals across programs.



# TOTAL ERROR ELEMENTS ACROSS ALL PROGRAMS

## Recommendations:



## RECOMMENDATIONS:

- 9.1. CHFS should return to single-worker case ownership from application through determination and assign workers to regional teams to reduce the 50% improper denial rate when verification already exists in case files and restore local knowledge for employment verification.
- 9.2. CHFS should strengthen understanding of verification standards by mandating refresher training on federal verification hierarchy, building programming system hard stops in Worker Portal preventing database-only denials when paper documentation exists, and implementing decision-support technology that guides workers through proper verification procedures.



# STAKEHOLDER ENGAGEMENT

## DATA-DRIVEN ADOPTION MATCHING SYSTEM

Kentucky's child welfare system continues to face significant challenges in managing high caseloads, particularly in adoption and permanency planning. Current processes rely on outdated methods that place most recruitment, engagement, and tracking responsibilities on staff. The traditional matching model depends on families identifying children through publicly shared photo listings, a practice that raises concerns about stigmatization, bullying, limited effectiveness, and increased administrative burden for social workers already managing heavy caseloads.

Federal law, under Section 475(1) of the Social Security Act (42 U.S.C. 675(1)), requires states to document child-specific recruitment efforts for children with a permanency plan of adoption, noting adoption exchanges as one option. However, Kentucky lacks a centralized, data-driven platform to recruit families for children with a permanency plan of adoption. Establishing such a system would allow CHFS, county DCBS offices, and nonprofit partners to collaborate within a coordinated network that uses predictive analytics and compatibility factors such as behavioral needs, trauma history, and family dynamics to improve matching accuracy and avoid placement disruption.

Placement disruption occurs when a child is removed from one foster home or care setting and moved to a different placement, outside of a planned permanency move such as reunification or adoption. In a report from the Kentucky Court of Justice, children in out-of-home care experienced an average of 3.73 placements per commitment during the FY 2024. With the average of nearly four placements per commitment, the current practices would benefit from methods that would increase the likelihood of finding stable, long-term placements for children.

The State of Florida, for example, has implemented a model that uses data analytics to improve adoption outcomes. Using this model, Florida has demonstrated measurable success in connecting children with adoptive families more efficiently by using data analytics. Kentucky should explore using a model akin to Florida's.

A data-driven family-matching system could reduce processing time, ease caseworker workload, and strengthen accountability through automated reporting and performance tracking. A data-driven placement analytics system could provide caseworkers with digital tools that analyze available homes, risk of disruption, proximity to school/community, and



supports needed. Overall, this approach could help ensure that Kentucky’s children in foster care are connected to permanent, caring families more efficiently and effectively and supplied with the supports needed to thrive.

Implementing a data-driven model could position Kentucky among national leaders in child welfare innovation by transforming adoption matching from a manual process into a proactive system that gives every child the best chance at a permanent, loving home.

## **RECOMMENDATIONS:**

- 10.1.** CHFS should pursue regulatory and operational changes to modernize adoption matching, including developing or procuring a centralized family-matching resource tool, providing training for counties and nonprofit partners, and maintaining the system as needs evolve.
- 10.2.** CHFS should explore adopting a data-driven placement analytics system that uses evidence-based algorithms and real-time child and provider data to match children with the most appropriate foster home from the moment they enter care.
- 10.3.** CHFS should establish a public-facing placement stability dashboard so that trends can be monitored and systemic gaps identified.



## **KENTUCKY SEAT AND TRUSTED ADVISORS COUNCIL**

On March 5, 2025, we were proud to host representatives from two lived-expert councils: Kentucky System Experience at the Table (KYSEAT) and the Trusted Advisors Council. KYSEAT is a statewide council of birth parents in Kentucky formed in 2022 under the Thriving Families, Safer Children Kentucky Initiative. KYSEAT serves as a strategic partner to stakeholders across the child welfare system. The Trusted Advisors Council is a group of diverse stakeholders with lived experience in the child welfare system who help guide the Department for Community Based Services' (DCBS) three-year strategic plan. The Council's role is to serve as a strategic partner with other relevant stakeholders within Kentucky's child welfare system and advise on making changes to services, particularly prevention programming. The initiative focuses on empowering parents to be heard and supported.

### **RECOMMENDATIONS:**

- 11.1. CHFS consult with the Personnel Cabinet to incorporate and embed lived-experience positions within their job classifications.



## **WEDNESDAY'S CHILD AND MEDICALLY COMPLEX FOSTER PARENTS**

Deputy Ombudsman Wagers has met several times with members of Wednesday's Child and with constituents in Kentucky who are fostering children. Wednesday's Child was founded in 1980 and is dedicated to advocating for the needs and rights of foster, adoptive, and kinship families. Through education and community support, Wednesday's Child works to ensure every child has a safe, loving, and stable home. Since April of 2025, our office has been in regular communication with families through Wednesday's Child on barriers they are experiencing, including issues related to medically complex children and the need to increase the breadth of care foster parents are able to provide for them.

Medically complex children in foster care have a significant medical development or physical need that requires specialized parenting, training, and supports. These children typically have complex medication or nursing requirements, specialized treatment plans, and a chronic medical condition. There are not enough medically trained foster parents to meet demand in Kentucky. The training requirements, while essential for a child's safety, remain a significant barrier to expanding capacity. Medically complex foster parents must complete substantially more training than standard foster homes, including specialized medical-skills instruction, competency demonstrations, and an ongoing continuing education tied to a child's specific medical needs. These requirements are necessary to ensure caregivers can safely manage intensive care needs such as utilizing feeding tubes or oxygen. Constituents report that the training sessions they attend are offered infrequently and do not offer flexible scheduling, making it difficult for working adults or rural families to participate. Expanding training outside of central Kentucky and increasing the volume of training opportunities would assist CHFS in recruiting and retaining qualified medically complex foster families. While families may obtain a training exemption waiver, this is not a long-term solution to addressing the issue and places the child and family at risk.

As of September 9, 2025, CHFS reported 119 medically complex foster homes are certified in the Commonwealth. The average enrollment for medically complex foster parents dipped in FY 24 to 126 from 145 in FY 23. However, there were 218 medically complex foster children in FY 24. On its face, this suggests many medically complex foster homes are caring for more than one medically complex child. This strain is further exacerbated by limited respite options and insufficient support services for these families.

Many medically complex children qualify for Michelle P., HCB, or other Medicaid waivers; however, some may remain unserved due to long waitlists and a lack of prioritization in waiver allotment. This gap in services intensifies the pressures on medically complex foster families, who are already managing significant care responsibilities without



adequate respite or support. Addressing these unmet needs is essential not only to stabilize current foster placements but also to ensure that medically complex homes do not become overwhelmed and unavailable for future children.

## **RECOMMENDATIONS:**

- 12.1.** CHFS should strengthen its medically complex training accessibility by increasing its number of online modules, offering regional training hubs, and providing more frequent opportunities to obtain and maintain certification as a medically complex foster parent.
- 12.2.** CHFS should establish public-facing dashboards related to foster care to improve recruitment of families, for the identification of systemic gaps, and so that trends can be monitored.
- 12.3.** CHFS should consult with the Personnel Cabinet to incorporate and embed lived-experience positions within their job classifications.





**FFY 2025 SNAPSHOT:  
CITIZEN SERVICES &  
POLICY INTEGRITY**

# FFY 2025 SNAPSHOT: CITIZEN SERVICES & POLICY INTEGRITY

The Office of Citizen Services and Policy Integrity carries out the Ombudsman’s mission through its Complaint Review Branch and Quality Advancement Branch. Together, these branches investigate citizen complaints, review services and administrative actions of CHFS, and make recommendations to resolve individual concerns and improve overall performance. Operating as the final administrative step for resolving conflict between the public and CHFS, the office approaches every matter with the goal of helping those who come to us as best as we can. Its work not only identifies service delivery problems but also informs corrective actions and systemic improvements to ensure accountability, compliance, and quality outcomes for Kentuckians.

## **Improving Data Integrity**

A case management system called Complaint Tracking System (CTS) is used to enter complainant details, complaints, step-by-step details on where the case is currently in the review, which policy violations have been identified, if any, and all communication between staff and client, as well as staff and CHFS personnel. After completion of the review, if a Corrective Action is issued, that process is also captured. The CTS, created and maintained by CHFS, presents structural limitations that affect the reliability of outcome reporting. It tracks complaint dispositions differently across program areas. This inconsistency prevents the production of uniform, comparable data and makes it impossible to provide clear, publicly reliable statements regarding complaint outcomes.

Recognizing the need for accurate and transparent data, the Ombudsman has contracted with a vendor to implement a new integrated case management platform to replace CTS. This modernization initiative includes comprehensive records management, workflow automation, dashboard analytics, and robust reporting capabilities. Once implemented, the new system will enable consistent data captured across program areas, allowing for more detailed trend analysis, accurate reporting on complaint outcomes, and measurable improvements in CHFS accountability and service quality.





# COMPLAINT REVIEW BRANCH

For many Kentuckians the Complaint Review Branch (CRB) is not simply a call center or an information desk. It is the place they turn when they have tried every other door and still cannot get help.

In one case, a family spent nearly eight months attempting to raise concerns with the appropriate agency. After contacting our office and granting permission, CRB staff routed the matter to the correct CHFS division within a single business day, breaking through months of inaction and placing the issue in the hands of the appropriate decision-makers.

In Jefferson County, a constituent initially sought help obtaining a daycare referral after repeated delays in reaching CHFS. While that issue was resolved, related concerns involving CPS investigations and supervisory reviews remained unresolved. Over the next four years, the case was re-reviewed 42 times, yet CHFS never fully satisfied the corrective action plan, illustrating the prolonged resistance the branch sometimes encounters in securing complete and timely resolution of documented deficiencies.

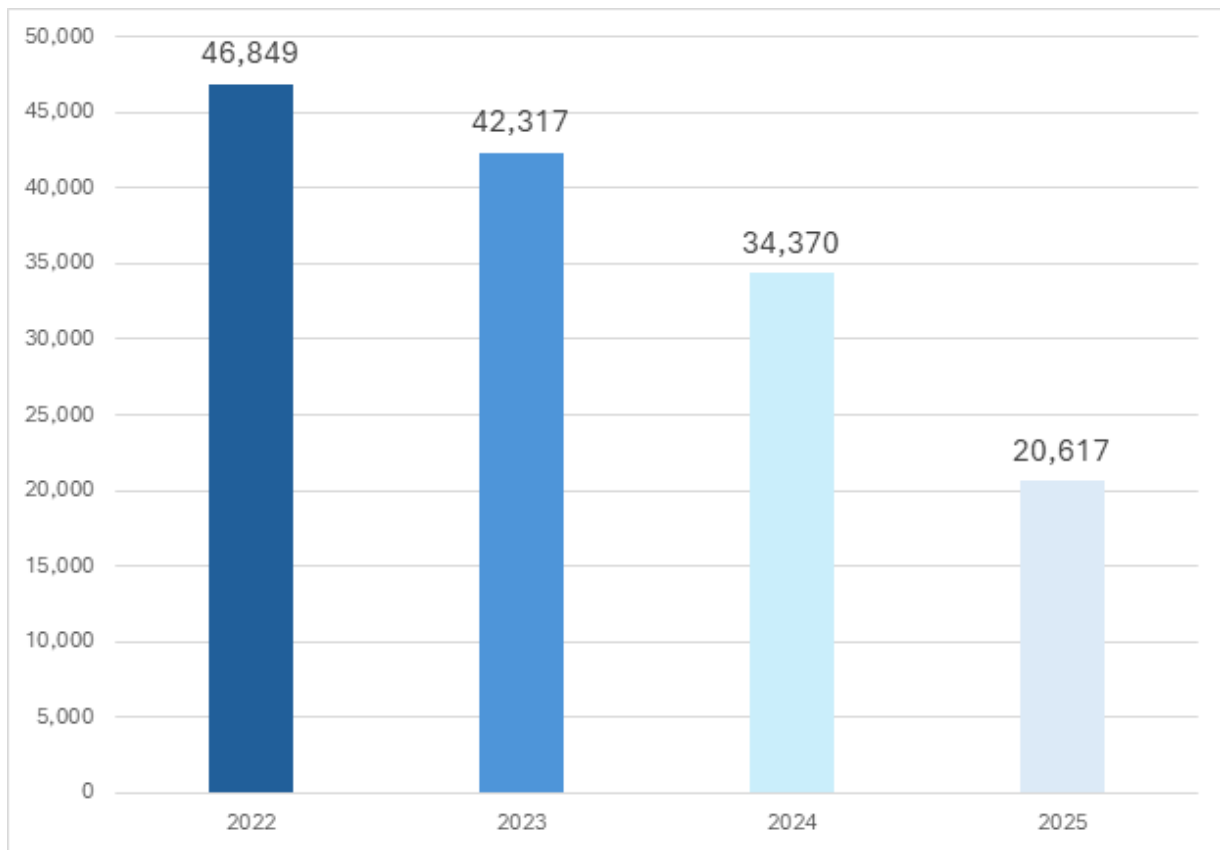
These cases are not exceptions. They reflect the daily role of CRB as both a problem solver for individuals and a persistent accountability mechanism.

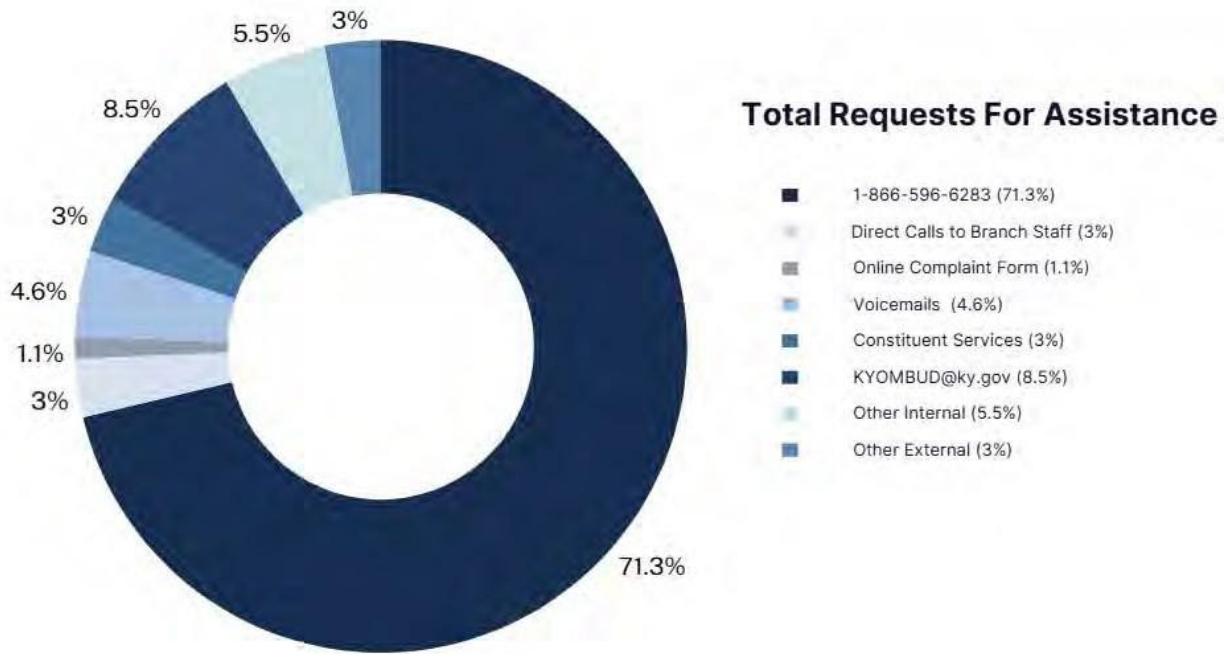
During FFY 2025, the Complaint Review Branch received 20,617 total requests for assistance, representing inquiries, complaints, and information requests from citizens, providers, and public officials. These contacts reflect the Commonwealth's reliance on us as a neutral, problem-solving resource. Collectively, they demonstrate both our broad access channels and the diverse ways Kentuckians seek assistance with CHFS programs.

The charts and graphs that follow quantify this work. But behind every data point is a person like the families above.



## NUMBER OF REQUESTS FOR ASSISTANCE BY FEDERAL FISCAL YEAR





“Constituent Services” includes referrals from other public officials

“Other Internal” includes mail, faxes, walk-in forms, etc.

“Other External” includes CHFS Listens email box, Attorney General’s office, etc.

Additionally, four (4) contacts came through Redflagreporting.com, administered by the Kentucky Finance and Administration Cabinet



## REQUESTS FOR ASSISTANCE BY TOPIC

Topic Area	# of Topics in FFY 2025
Adoptive Home Issues	32
Adult Protection	362
Any Program	264
Child Care	98
Child Protection Investigations	3,621
Child Protection Ongoing	1,455
Department for Medicaid Services	956
Department for Public Health	472
Equity	5
Family Support	11,239
Foster Care Home Issues	61
Income Support	2,994
Non -Protection & Permanency Other*	6,012
Office of the Inspector General	648
Out of Home Care	504
Protection & Permanency Other	1,447
Relative Placement/Fictive Kin Issues	104

\*Including but not limited to DAIL, BHDID, State and County agencies, resources, administrative hearings, private agencies, and Workforce Development

Each constituent request for assistance may include multiple topics, which account for the difference in the totals.

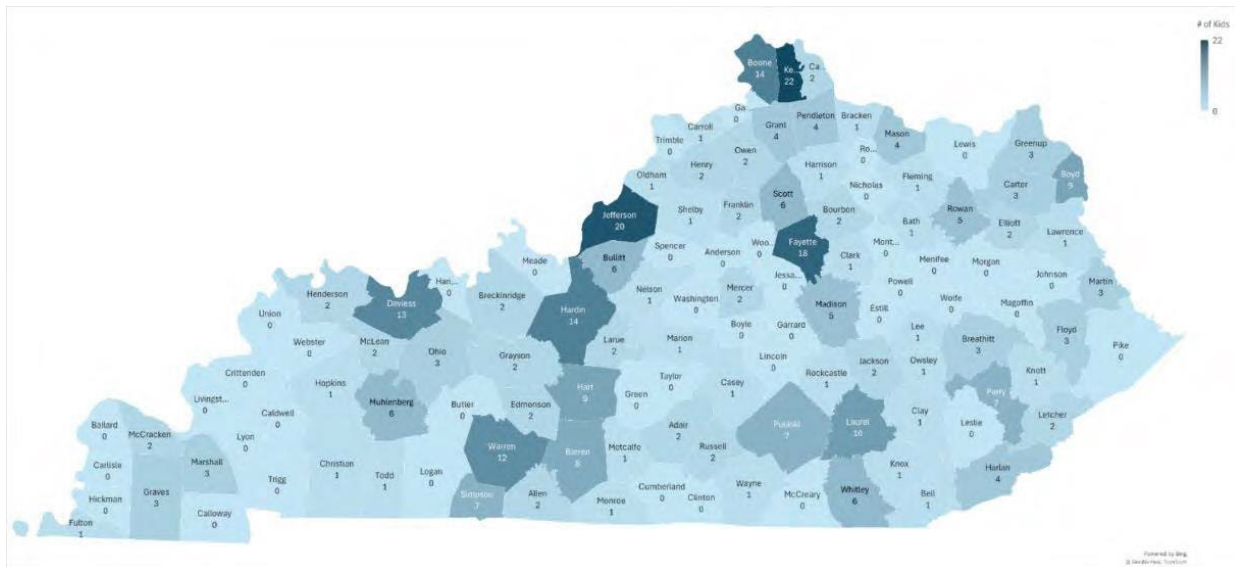


*“I told them I filed with you all and it mysteriously was resolved this morning so there is no further action needed but thank you for your time and attention to this matter.”*

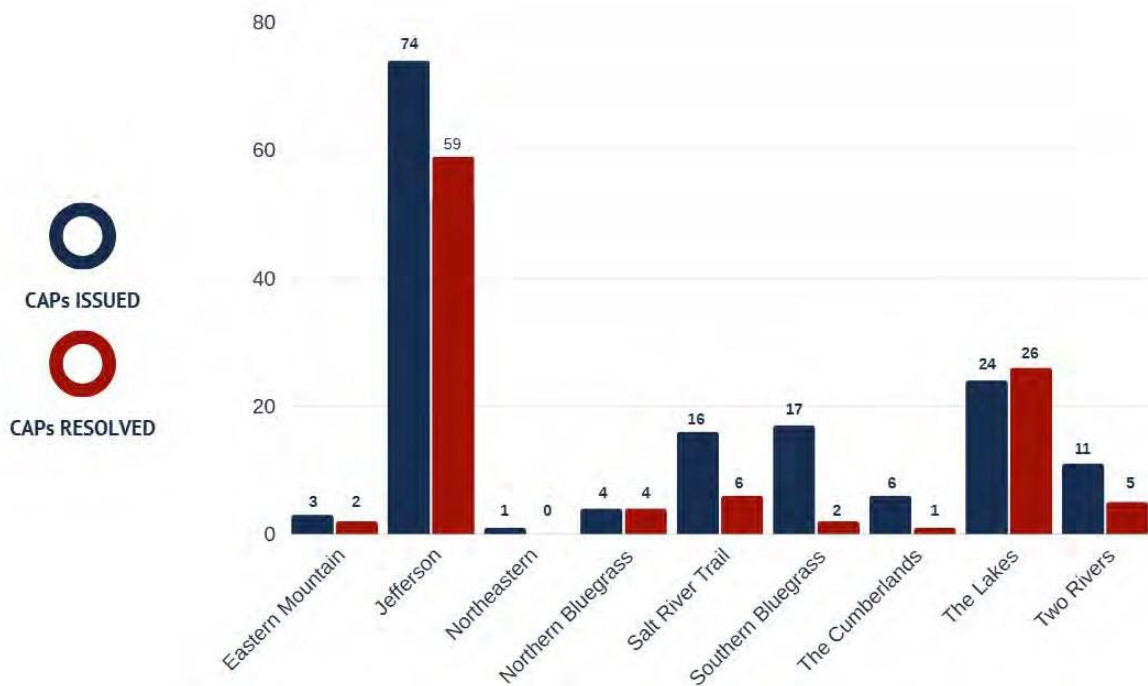
- Ombudsman Constituent

Across all contacts, Family Support (SNAP, Medicaid, KTAP, CCAP, etc.) accounted for the largest proportion of cases (11,239 topics), followed by Non-Protection and Permanency (Other) (6,012), CPS Investigations (3,621), and Income Support (2,994). This distribution reflects continued public concern regarding benefits eligibility, case processing timeliness, and customer service interactions within the DCBS. Smaller but significant categories included Office of Inspector General (648), Department for Public Health (472), and Adult Protection (362) cases, underscoring the Ombudsman’s cross-program jurisdiction.

## DCBS CORRECTIVE ACTION PLAN BY COUNTY



## DCBS CORRECTIVE ACTION PLANS BY REGION



\*CAPs issued may show less than CAPs Resolved, as some resolved CAPs were issued prior to the reporting period.

When policy violations are identified, CRB staff contact CHFS staff advising of which violations have occurred, and request correction(s) be made by a set timeframe to ensure the client’s case is in compliance. When CHFS doesn’t meet that timeframe or request an extension, a Corrective Action Plan (CAP) is issued. Once the CAP is issued, CHFS has additional time to bring the case into compliance but must also provide its plan as to how it will prevent this from occurring in the future. When received by our staff, it is then determined if the CAP is accepted.

If a CAP is issued and no response is received, our staff will conduct a case review monthly to see if the case has been brought into compliance. If so, we can close it out. If not, we elevate to the next level of CHFS management requesting a response.

During FFY 2025, 156 CAPs were issued statewide, and 105 CAPs were resolved during the same period. It is important to note that resolved CAPs do not necessarily correspond to those issued within the current reporting year, as some remain open for extended periods before resolution. The largest volume occurred in Jefferson Region (74 issued, 59 resolved) and The Lakes Region (24 issued, 26 resolved), reflecting both high case activity and ongoing efforts toward compliance. Persistent challenges remain in the timely



completion of CAP updates and in ensuring that corrective actions result in measurable, sustained improvement.

### **Limitation in iTWIST Visibility for Contractor-Related Cases**

A known limitation in iTWIST creates a persistent blind spot in the branch's ability to track and investigate contractor-referred cases. At various points, CHFS has referred certain cases it has designated as “low risk” to third-party contractors for review or follow-up, rather than retaining the case solely within the Cabinet. However, because referrals to contractors are not searchable within the iTWIST database, we are unable to reliably identify, track, or fully assess these cases when complaints, records requests, or oversight concerns arise. This limitation has impeded investigations into issues such as whether complainant information was improperly shared without consent and whether relevant records can be retrieved through standard records management processes. Absent searchable visibility into contractor-referred cases, our ability to conduct complete, timely, and accurate complaint investigations is materially constrained, underscoring the need for enhanced iTWIST functionality.

## **RECOMMENDATIONS:**

- 13.1.** CHFS should make the iTWIST database searchable for cases referred to third-party contractors, as this functionality is essential for us to fully investigate complaints and ensure cases are not closed prematurely.





# SPOTLIGHT: CONNECTING FAMILIES WITH ANSWERS

For nearly eight months, a family tried without success to get their concerns to the right agency. After reaching out to our office and granting permission, CRB staff acted quickly and ensured the matter was routed to the correct division in just one day. This is a clear example of CRB's commitment to persistence, follow-through, and helping families connect with the resources they need.

A constituent contacted our office after her SNAP case was discontinued in error and she was unable to access benefits because she did not yet have an EBT card. Rather than simply providing contact information, one of our staff members made the constituent aware of community programs that would help until SNAP benefits were restored. Our staff member continued to follow up until the client confirmed she had received and used her new EBT card on September 13, 2025.



# QUALITY ADVANCEMENT BRANCH

For Kentuckians facing life-altering decisions by state agencies, the Quality Advancement Branch (QA) is often the last safeguard between an administrative error and irreversible harm.

In one recent case, QA staff received a CAPTA appeal from an individual who had been identified as the perpetrator of sexual abuse and neglect. He first learned of the finding when he was denied employment as a nurse. QA's review determined that he had been named in error. Working directly with DCBS, staff corrected the record and removed him from the child abuse and neglect registry, allowing him to pursue employment without the need for an administrative hearing. When notified of the resolution, the individual wrote, "Oh gosh thank you so much. I can't tell you how much better that makes me feel to hear that."

That outcome reflects the daily function of the QA. Beyond processing appeals, QA serves as an early intervention point where errors can be identified, corrected, and resolved before they become formal legal disputes or permanent barriers to housing, employment, health care, or family stability.

QA completes comprehensive reviews of services provided by CHFS to ensure accountability and delivery of services to Kentuckians.

Per federal regulations, CHFS must provide an administrative hearing process to citizens adversely affected by a CHFS action. As of now, QA performs the initial processing of administrative appeals to be heard by the KY Office of the Attorney General's Office of Administrative Hearings (OAG). We assist citizens in understanding CHFS actions and, if possible, in resolving disputed actions without a hearing.

QA assists citizens with the following types of appeals:

- Department for Community Based Services
  - Protection & Permanency Service Appeals
  - CAPTA Appeals (appeals regarding child abuse and neglect findings)
  - Vulnerable Adult Maltreatment Appeals
  - Childcare Appeals
- Office of Inspector General

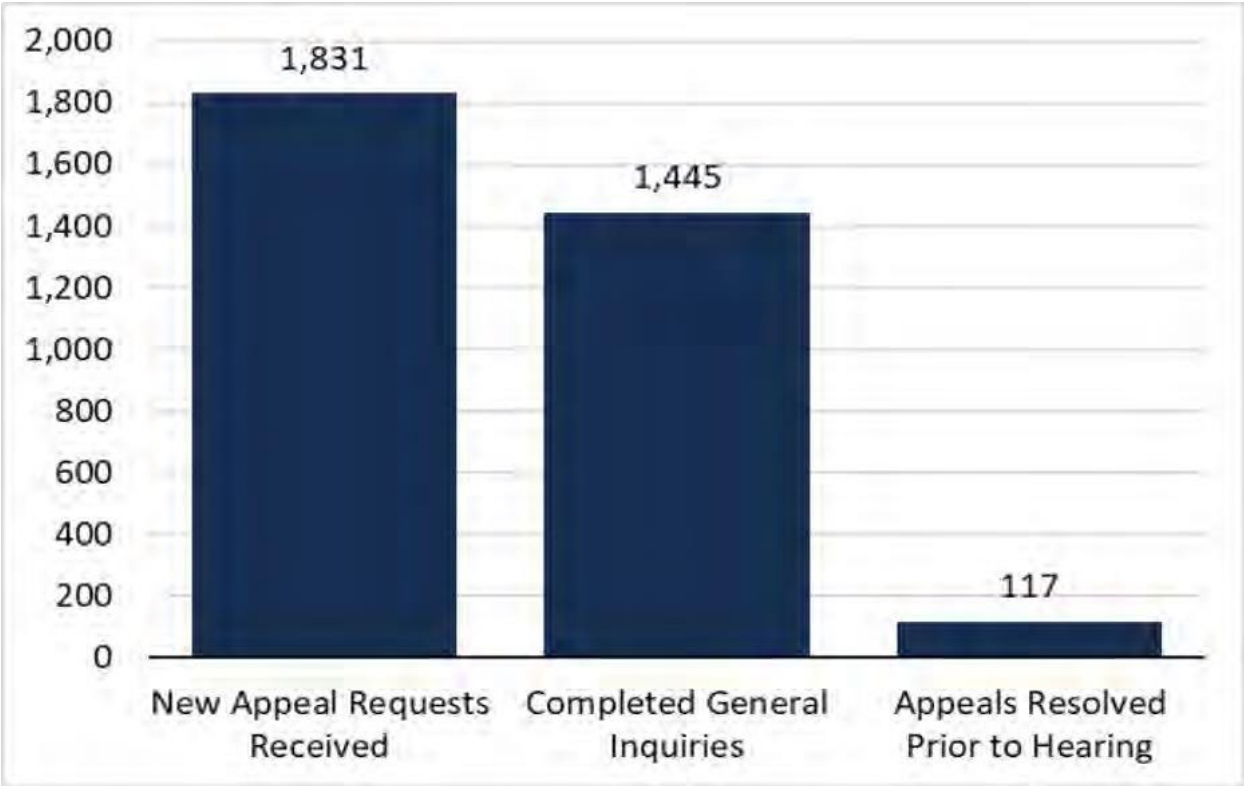


- Kentucky National Background Check Program Rehabilitation Review Appeals
- Department for Aging and Independent Living
  - Guardianship Trust Fund Appeals
  - Personal Care Attendant Appeals
  - Homecare Program Appeals
  - Traumatic Brain Injury Trust Fund Appeals
- Department for Medicaid Services
  - Advanced Premium Tax Credit Appeals
  - Waiver Appeals
    - Home and Community Based Services
    - Michelle P. Waiver
    - Supports for Community Living
    - Acquired Brain Injury Waiver
  - Program of All-Inclusive Care for the Elderly (PACE)
  - Estate Recovery Appeals
  - MCO Member State Fair Hearing Requests
- Office for Children with Special Health Care Needs
  - General Appeals of Services
  - Early Hearing Detection and Intervention Program
    - Entity Denials or Removals

The graphs that follow illustrate the volume and complexity of this work. The case above shows why accuracy, speed, and accountability matters.



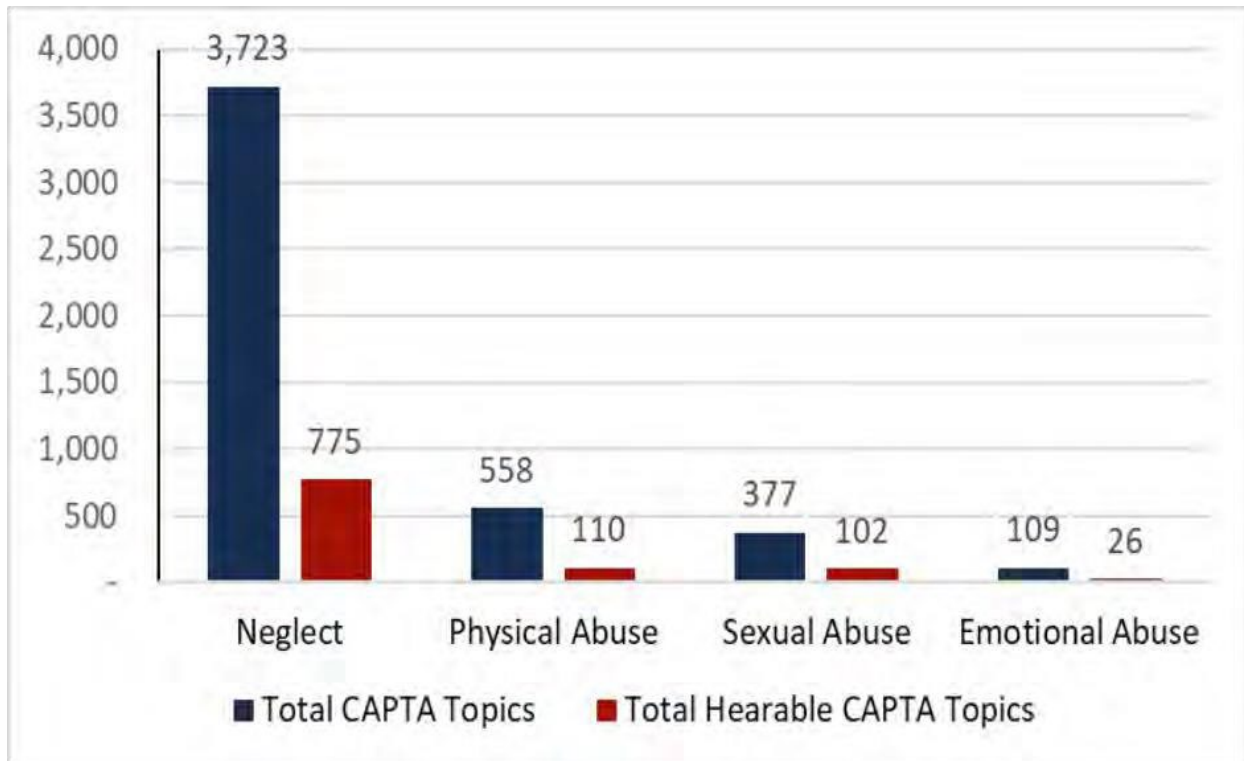
# TOTAL APPEALS AND INQUIRIES PROCESSED



\*Completed General Inquiries: Contacts from citizens regarding various types of appeals. They could be regarding any type of program, not limited to the appeals QA processes.



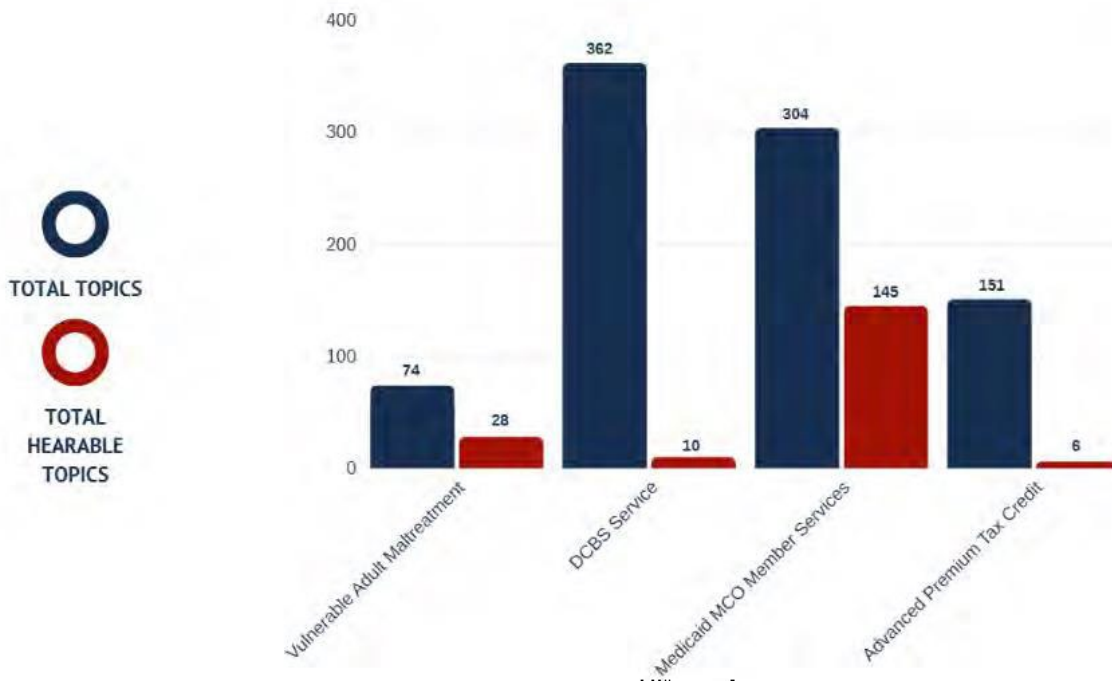
## CHILD ABUSE AND NEGLECT APPEAL (CAPTA) TOPICS PROCESSED



Many CAPTA appeal requests are not eligible for a hearing because they involve cases that have already resulted in court findings or are currently under judicial review, which explains the difference between total and hearable topics.



## DCBS AND MEDICAID SERVICES APPEAL TOPICS PROCESSED



Few DCBS Service Appeals are determined eligible for an administrative hearing because eligibility is limited to specific services provided by DCBS. Many requests received as Service Appeals are instead general case complaints, which fall outside the scope of a formal hearing. Similarly, few Advanced Premium Tax Credit Appeals are determined eligible for an administrative hearing because they are resolved by Medicaid staff in a mandatory Informal Review process, resulting in the majority of appeals being withdrawn.

In 2019, CHFS determined that all appeals would be processed by the Quality Advancement Branch within the Ombudsman's Office. Most types of appeals were routed to and managed by a multitude of agencies and departments within CHFS. The effort was designed to address inconsistent processing across CHFS, reduce delays in appeal reviews, and strengthen cost efficiency, data analysis, document management, independence, and due process protections for appellants and complainants. The process to consolidate all appeals within QA was very slow and arduous. Five types of appeals had already been addressed through QA. During the consolidation project, nine additional types of appeals were transferred to QA for processing. However, CHFS terminated the appeal consolidation project in anticipation of the transition of the Ombudsman to APA. This left at least 63 types of appeals still managed and processed by CHFS.



## **RECOMMENDATIONS:**

- 14.1.** CHFS, in collaboration with the Office of the Attorney General (OAG) and the Ombudsman, evaluate and implement a plan to consolidate appeal packaging within a single agency. Centralizing this function will improve consistency in processing, reduce duplication of effort, and ensure that constituents have a clear point of contact for submitting and tracking appeals.



A diverse group of people of various ages and ethnicities are sitting on grass, laughing joyfully. The group includes a young woman with curly hair, an elderly man, a young man in a black shirt, a woman with glasses, and a man in a striped shirt. The background is a soft-focus outdoor setting with trees.

# FFY 2025 SNAPSHOT: PROGRAM PERFORMANCE

# FFY 2025 SNAPSHOT: PROGRAM PERFORMANCE

The Office of Program Performance provides independent review of Kentucky's largest public assistance programs to ensure compliance, accuracy, and accountability. In federal fiscal year (FFY) 2024-2025, the Office's two divisions, Quality Control and Program Access Compliance, completed 8,680 case reviews and identified 8,659 total error elements across their sampling of major benefit programs.

The programs reviewed include:

- The Supplemental Nutrition Assistance Program (SNAP) which provides monthly food benefits to help low-income households purchase nutritious groceries;
- The Temporary Assistance for Needy Families/Kentucky Transitional Assistance Program (TANF/KTAP) which offers temporary cash assistance and employment services to help families with dependent children achieve self-sufficiency; and
- The Kentucky Works Program (KWP) which supports KTAP participants in gaining employment through job search assistance, education, and training opportunities.
- The Medicaid program provides health coverage to eligible low-income individuals and families, including children, pregnant women, older adults, and people with disabilities. Specific programs include:
  - The Long-Term Care (LTC) Medicaid covers institutional and community-based services for individuals requiring a higher level of care.
  - The Medicare Savings Program (MSP) assists low-income Medicare beneficiaries by paying premiums and, in some cases, deductibles and coinsurance costs.
  - The Child Care Assistance Program (CCAP) helps eligible families pay for childcare so parents can work, attend school, or participate in job training.

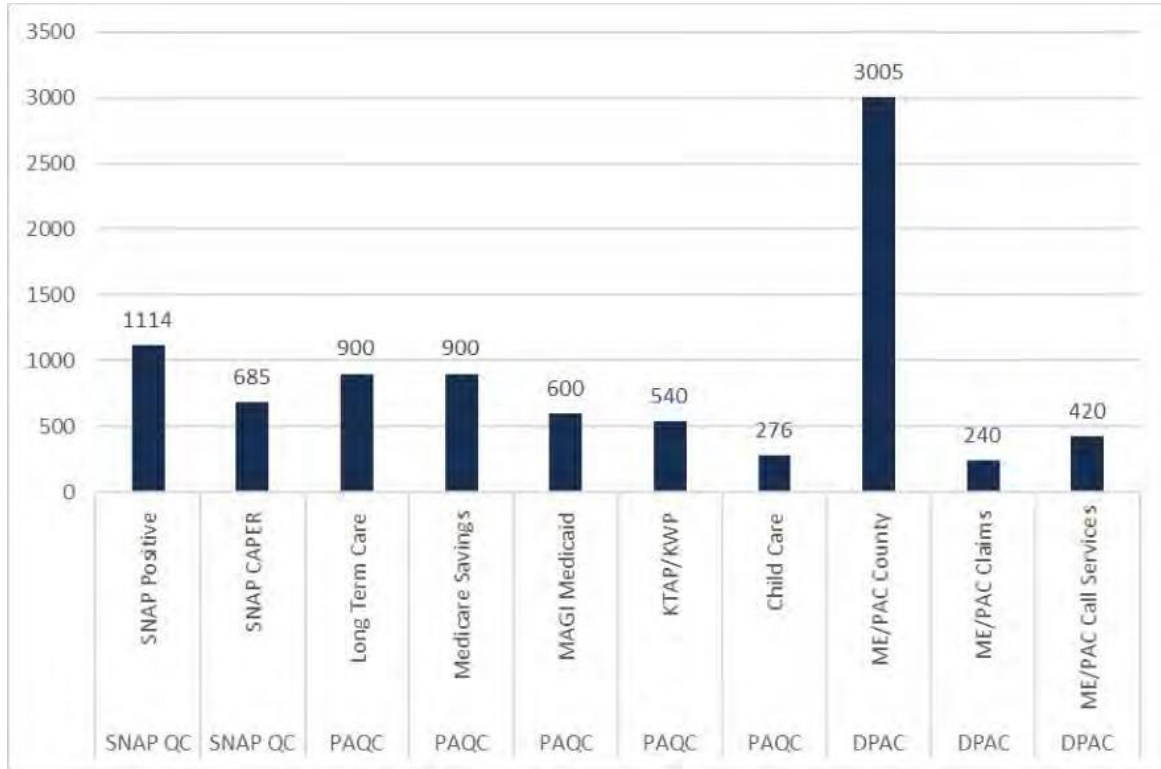
Together, these programs represent Kentucky's core public assistance network and require rigorous oversight to ensure benefits are administered accurately, equitably, and in accordance with federal and state regulations.

Federal law requires states to administer public assistance programs accurately and in compliance with established rules. When states fail to meet those standards, the consequences are real: families may lose benefits they are entitled to, taxpayer dollars





## REVIEWS COMPLETED BY CASE TYPE



# DIVISION OF QUALITY CONTROL

## SNAP QUALITY CONTROL BRANCH (SNAPQC)

The SNAP Quality Control Branch reviews a random sample of SNAP cases from across the Commonwealth each month to determine whether benefits were paid accurately. These reviews fall into two categories:

- Positive reviews examine cases where benefits were approved and ask: Did the household receive the correct dollar amount?
- CAPER reviews (Case and Procedural Error Rate) examine cases where applications were denied or benefits were terminated and ask: Was that denial or termination justified, or did an eligible household lose benefits it should have received?

Both reviews matter. Positive errors indicate taxpayer dollars are going to households that were not eligible or receiving more than they should. CAPER reviews examine cases where applications were denied or benefits were terminated and ask two questions: Was that denial or termination procedurally correct under federal rules, and did an eligible household lose benefits it should have received? CAPER findings can reflect both unjustified negative actions against eligible households and procedural failures that violate federal requirements regardless of whether benefits were ultimately affected. Under federal rules, states that exceed a 6% Positive error rate face financial penalties; CAPER errors, while not directly penalized, signal systemic problems that erode public trust and harm families.

### **Statewide Performance (FFY 2025 Current Year-to-Date through May 2025):**

<b>Review Type</b>	<b>Cases</b>	<b>Errors</b>	<b>Error Rate YTD FFY 25</b>
SNAP Positive	713	44	3.52%
SNAP CAPER	459	187	39.66%

\*Due to the 120-day federal review window, final FFY 2025 statistics will not be available until the following fiscal year. The figures above represent October 2024 through May 2025 case activity.



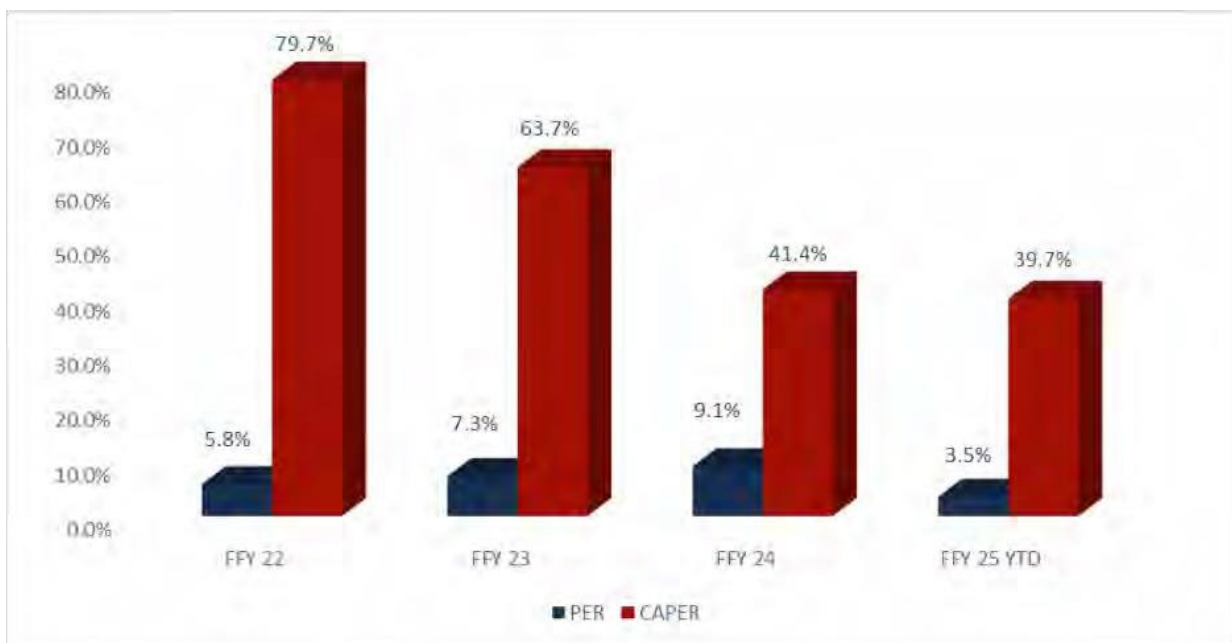
What these numbers mean:

Kentucky's Positive error rate of 3.52% means that for every 100 households approved for SNAP benefits, roughly 3 to 4 received an incorrect payment amount, either too much or too little. This is a significant improvement from 9.10% in FFY 2024 and keeps Kentucky well below the 6% federal threshold that triggers financial penalties.

The CAPER rate of 39.66% means that for every 100 cases where SNAP applications were denied or benefits were terminated, roughly 40 involved some form of procedural error. While this reflects slight improvement from 41.38% in FFY 2024, it signals that eligible Kentuckians may be losing access to food assistance due to mistakes in how cases are processed.

These improvements reflect the ongoing work of the Office of Program Performance to identify error patterns, issue corrective action plans, and hold CHFS accountable for accurate benefit administration.

### CHFS'S ERROR RATES BY YEAR



## REGIONAL PERFORMANCE SUMMARY (SNAP POSITIVE & CAPER REVIEWS):

DCBS Region <sup>14</sup>	Positive Error Rate	CAPER Error Rate	Combined Avg
Eastern Mountain	0.61%	30.95%	15.78%
Northeastern	6.51%	32.14%	19.33%
Southern Bluegrass	5.40%	37.50%	21.45%
Northern Bluegrass	4.23%	39.58%	21.91%
Jefferson	3.86%	45.16%	24.51%
Cumberland	3.83%	45.59%	24.71%
The Lakes	1.67%	48.78%	25.23%
Two Rivers	5.89%	44.83%	25.36%
Salt River Trail	7.52%	62.07%	34.79%

### What the Regional Data Shows:

Eastern Mountain stands out as the strongest performer statewide, with a Positive error rate of just 0.61% and the lowest CAPER rate at 30.95%. At the other end, Salt River Trail requires immediate attention. Its 7.52% Positive rate exceeds the 6% federal penalty threshold, and its 62.07% CAPER rate means more than six in ten denials or terminations contained errors, which could include incorrect eligibility determinations, missing verifications, or failure to follow required procedures.

A pattern emerges across several regions: strong Positive accuracy paired with weak CAPER performance. The Lakes, for example, has the second-best Positive rate statewide (1.67%) but a CAPER rate approaching 50%. Jefferson and Cumberland show similar profiles. This suggests that while these regions are calculating approved benefits correctly, eligible Kentuckians may be improperly denied or terminated from the program.

<sup>14</sup> CHFS. (accessed 2026, March 30). *DCBS Service Regions Information*  
<https://www.chfs.ky.gov/agencies/dcbs/dsr/Documents/sraregionalmap.pdf>



Targeted training on denial and termination procedures in these regions could meaningfully reduce the number of families wrongly losing access to food assistance.

## **RECOMMENDATIONS:**

- 15.1.** DCBS should implement region-specific corrective action strategies, based on Kentucky's 39.66% CAPER error rate and significant regional variation in performance.
- 15.2.** DCBS should identify and document Eastern Mountain's best practices, training approaches, and quality assurance procedures, then disseminate these proven strategies through mandatory regional training sessions and ongoing technical assistance to underperforming regions.
- 15.3.** DCBS should develop and deploy standardized income verification checklists, automated calculation tools within the eligibility system, and mandatory peer review processes for complex income situations before cases are approved, based on the persistent income calculation and verification errors identified as leading causes across all regions, combined with all 3.52% positive error rate that still affects benefit accuracy for approved cases.
- 15.4.** DCBS should establish a formal peer mentoring program pairing high-performing regions with struggling regions to facilitate knowledge transfer, share successful case management strategies, and provide ongoing support, based on the wide regional variation in error rates and the demonstrated success of some regions.



## **PUBLIC ASSISTANCE QUALITY CONTROL BRANCH (PAQC)**

The Public Assistance Quality Control Branch reviews a random sample of cases each month from Kentucky's other major public assistance programs to determine whether benefits were administered accurately. These include:

- **Medicaid Long-Term Care (LTC)** — covers nursing home and community-based services for elderly and disabled individuals
- **Medicare Savings Program (MSP)** — helps low-income Medicare beneficiaries pay premiums and other costs
- **MAGI Medicaid** — provides health coverage to low-income individuals and families, including children and pregnant women
- **KTAP/KWP** — offers temporary cash assistance and employment services to families with dependent children
- **Child Care Assistance (CCAP)** — subsidizes childcare so parents can work or attend training

Unlike SNAP, these programs do not currently carry federal financial penalties tied to a specific error threshold. However, errors in these programs have direct consequences to those relying on these benefits: an LTC error may mean an elderly Kentuckian is denied care they qualify for, while a Child Care error could force a working parent to choose between her job and staying home with her children. Taxpayers also bear the cost for people who were erroneously granted benefits for which they did not qualify.

During FFY 2024-2025, this branch completed 600 MAGI Medicaid eligibility reviews statewide and found an error rate of 5.8%, which is generally considered acceptable by current standards. MAGI Medicaid is the largest Medicaid program in Kentucky, costing approximately \$15 billion annually for managed care alone and covering approximately 1.4 million people including adults who qualified under the ACA expansion, children, pregnant women, and parents. The total financial impact of MAGI Medicaid eligibility errors cannot be calculated from the branch's data alone; it would require pulling payment information from the state's Medicaid billing system or working directly with the Department for Medicaid Services. However, given the total cost of the MAGI Medicaid program, errors in eligibility determination likely implicate hundreds of millions of dollars annually.

In addition, there are significant costs incurred when providing Medicaid Long-Term Care to those who are not eligible. During the branch's eligibility reviews of 600 approved cases for institutional care, it identified 74 cases, or 12.3%, that were incorrectly approved. The



average monthly cost of providing benefits for these 74 cases was \$3,040, which would have continued to be paid if not corrected or discontinued. Using simple extrapolation of this error rate to the entire population of individuals receiving these benefits for institutional care equates to approximately a \$130 million annual loss. Although calculating an estimated cost in this manner cannot offer a precise cost, it illustrates that these eligibility errors are financially significant.

**FFY 2025 PAQC Program Performance Summary:**

<b>Program</b>	<b>Cases Reviewed</b>	<b>Errors</b>	<b>Error Rate</b>	<b>Primary Issue</b>
<b>Medicaid LTC</b>	600	285	47.50%	Income Verification & Resource Determinations
<b>Medicaid MSP</b>	600	171	28.50%	Income Verification & Retroactive Coverage
<b>MAGI Medicaid</b>	450	24	5.33%	Income Calculation & Documentation
<b>KTAP/KWP</b>	540	88	9.78%	School Attendance & Supportive Services
<b>Child Care</b>	276	7	1.84%	Provider Qualification & Documentation 22
<b>TOTAL</b>	3,156	575	18.23%	—

**CRITICAL AREAS REQUIRING INTERVENTION:**

Two programs stand out as requiring immediate attention based on their FFY 2025 error rates. Medicaid Long-Term Care carries the highest error rate across all programs reviewed at 47.50%, driven primarily by income verification failures and resource determination errors. Income calculation and asset valuation practices lack statewide standardization, and retroactive eligibility determinations are frequently processed incorrectly. These are not minor procedural gaps. For elderly and disabled Kentuckians depending on nursing home or community-based care, an eligibility error can mean the loss of services with no immediate alternative.

The Medicare Savings Program follows closely with a 28.50% error rate, the second highest among all programs reviewed. Income verification and retroactive coverage determinations are the primary drivers, and both Medicare premium calculations and



coordination of benefits require targeted training. Documentation standards for income verification are inconsistently applied and need reinforcement across all processing units.

## **RECOMMENDATIONS:**

- 16.1.** DCBS should implement a Medicaid quality improvement initiative in response to the 47.50% error rate in LTC and the 28.50% error rate in MSP, both driven primarily by income verification and resource determination failures. This initiative should include:
  - 16.1.1.** Mandatory statewide CHFS training on income verification procedures, asset valuation methodologies, and retroactive eligibility determinations.
  - 16.1.2.** Enhanced CHFS supervisory pre-approval requirements for all LTC and MSP determinations.
  - 16.1.3.** Development of standardized CHFS verification checklists and calculation tools.
  - 16.1.4.** Establishment of a CHFS centralized technical assistance unit to provide real-time guidance on complex Medicaid cases.
- 16.2.** DCBS should establish a formal peer mentoring program pairing high-performing regions with struggling regions and implement statewide calibration sessions to ensure consistent policy interpretation and procedural application across all 120 counties, based on the 15.56 percentage point spread in regional error rates.
- 16.3.** DCBS should conduct a comprehensive analysis of the training programs, quality assurance measures, and operational practices that contributed to exceptional accuracy in CCA (1.84% error rate), KWP (5.11%), and MAGI Medicaid (5.33%). These proven best practices should be documented, adapted, and systematically applied to underperforming Medicaid programs, particularly LTC and MSP, to elevate overall program accuracy and reduce the current combined 18.23% PAQC error rate.
- 16.4.** CHFS should provide guidance on evaluating transfers, trusts, and spend-down activities to ensure accurate resource assessments.



# DIVISION OF PROGRAM ACCESS COMPLIANCE

## PERFORMANCE ENHANCEMENT BRANCH

The Performance Enhancement Branch conducts Management Evaluation (ME) and Program Access Compliance (PAC) reviews of SNAP case processing at DCBS county offices, the Call Services Branch, and the Review and Claims Branch. These reviews serve a different purpose than the Quality Control reviews described earlier:

- **Quality Control (QC)** asks: Was the right dollar amount paid or denied?
- **Management Evaluation (ME/PAC)** asks: Did the worker follow the correct policies and procedures to reach that decision.

ME/PAC functions as an early warning system. It catches documentation gaps, missing verifications, and procedural shortcuts before they translate into the payment errors that QC measures and that trigger federal penalties. When ME/PAC identifies problems, counties receive Corrective Action Plans (CAPs) requiring them to fix the deficiencies and demonstrate improvement.

## **OVERALL PERFORMANCE FOR COUNTY DCBS OFFICES REVIEWED IN FY2025:**

- Total County Cases Reviewed: 3,005
- **Overall Error Rate: 89.25%**
- Cases in Error: 2,682
- Total Error Elements: 5,612
- Potential Issuance Errors: 461 cases flagged as possible over issuances and 213 cases flagged as possible under issuances, totaling 22.4% of all cases reviewed; these cases have been referred to CHFS, which is responsible for determining whether a claim or restoration is required and taking corrective action

***Critical Note:*** The 89.25% error rate indicates that nearly nine out of ten SNAP cases reviewed contained some form of deficiency. This represents a serious systemic compliance issue that requires executive attention.



### What these numbers mean:

- An 89% error frequency in county offices does not mean 89% of payments were wrong. It means 89% of cases reviewed had at least one procedural deficiency, such as missing documentation, an unverified income source, or a calculation that was not properly supported. A single case can contain multiple errors, which is why the 3,005 county cases produced 5,612 total error elements.
- However, procedural errors left uncorrected become payment errors. Of the cases reviewed, 22.4% had potential issuance errors — meaning the household may have received too much (requiring a claim) or too little (requiring restoration). These are the upstream problems that, if not addressed, will eventually surface in QC reviews and put Kentucky's federal funding at risk.

### Error Categories (By Frequency):

Category	Number of Errors	Percentage of Total Reviews
Technical Eligibility	1,931	64.26%
Income	1,465	48.75%
Deductions	1,006	33.48%
Resources	582	19.37%
Procedural	331	11.01%
Other	297	9.88%

Note: Percentages exceed 100% because individual cases often contain multiple error types.

### Signs of progress:

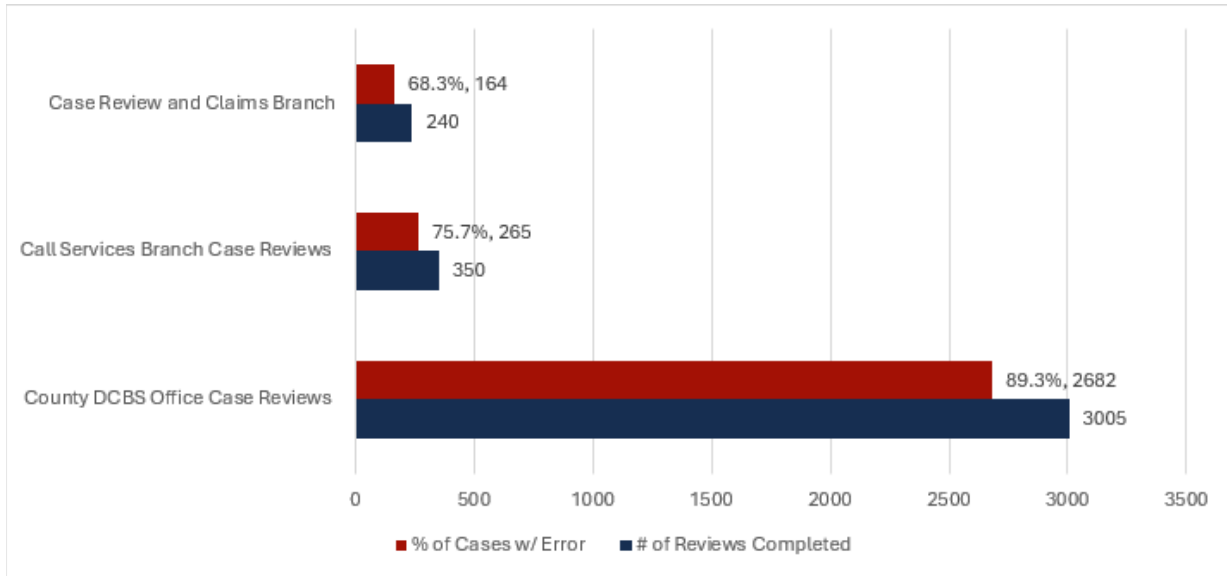
Jefferson County, reviewed annually due to its size, showed improvement from FFY 2023 to FFY 2024. The Call Services Branch improved from an 88% error frequency in FFY 2024 to 76% this year. In calendar year 2025, the Office of Program Performance began monthly collaboration calls with the Nutrition Assistance Branch to address policy interpretation differences, software issues, and training needs. This effort has contributed to maintaining Kentucky's low SNAP Payment Error Rate despite the high procedural error rates identified in ME/PAC reviews.\*

\*Counties reviewed in FFY 2025: Allen, Anderson, Ballard, Barren, Bourbon, Breathitt, Carlisle, Carroll, Clay, Crittenden, Daviess, Edmonson, Fayette, Fleming, Green,



Greenup, Hancock, Hardin, Harrison, Jefferson, Laurel, Lyon, Madison, Marshall, McLean, Meade, Menifee, Monroe, Ohio, Owen, Owsley, Powell, Robertson, Rockcastle, Rowan, Russell, Scott, Shelby, Spencer, Trigg, Warren, Wayne.

## DPAC REVIEWS COMPLETED WITH ERROR RATE



## **RECOMMENDATIONS:**

- 17.1.** DCBS should establish refresher training modules emphasizing correct application of eligibility rules, verification standards, and case documentation requirements at intake.
- 17.2.** CHFS should reinforce knowledge of ABAWD time-limit rules, exemptions, and documentation requirements now reinstated statewide under the One Big Beautiful Bill.
- 17.3.** CHFS should resume regular peer review of randomly selected cases prior to submission.
- 17.4.** CHFS should strengthen oversight of CAPs by implementing procedures to ensure timely response, adherence to provided instruction, measurable improvement in response to reoccurring findings, and provide required follow-ups to ME/PAC staff.



## **ALIGNING REVIEW PROCEDURES WITH FEDERAL STANDARDS**

Beginning in FFY 2026, the Division of Program Access Compliance will implement changes to its review procedures based on issues identified through years of ME/PAC findings. Historically, reviewers had to navigate a patchwork of official DCBS policies, outdated training guides, tip sheets, and Family Support Memos, some years old and some contradicting current policy making it difficult to apply consistent standards. The FFY 2026 changes address this by streamlining review criteria to focus on federally mandated requirements, eliminating duplication with other oversight functions, and increasing case review volume for medium and large counties where error patterns have been most persistent. These adjustments will allow the Office of Program Performance to concentrate resources on the eligibility determination and verification issues that drive Kentucky's error rates, rather than low-impact administrative items that do not affect whether Kentuckians receive the benefits they are entitled to.

## **CORRECTIVE ACTION PLANS: ANNUAL PERFORMANCE SUMMARY**

At the conclusion of a ME/PAC review, each county or branch receives a CAP workbook identifying any areas with an error rate greater than 5%. The county or branch must develop a plan to address those deficiencies and select new cases for review every 120 days to evaluate whether corrective actions have been effective. If the subsequent error rate falls below 5%, the CAP is closed. This 120-day review cycle continues until all findings are resolved or the next review begins.

In Kentucky, Jefferson County is designated as a "large" county and must be reviewed annually. The "medium" counties — Daviess, Fayette, Hardin, Kenton, Laurel, Madison, Pike, Pulaski, and Warren — are reviewed every two years. All remaining counties are classified as "small" and undergo review once every three years. County size is evaluated on a monthly basis to ensure accurate classification and review scheduling. Because smaller counties are reviewed less frequently, they have up to three years to complete and verify their corrective actions, while medium and large counties are expected to demonstrate improvement within shorter, one- or two-year cycles.

Analysis of closure timelines reveals significant variation in how long counties require to resolve their CAPs. Among the 28 counties that have successfully closed all assigned CAPs, the average time to complete closure is 13.9 months (median 11.5 months), with a range from 8 months (Butler, Leslie) to 28 months (Livingston). Approximately 54% of counties that fully resolved their CAPs did so within 12 months, while 75% achieved closure within 18 months, and 25% required more than 18 months. For the 76 counties currently carrying open CAPs from mature assignments, these corrective actions have been pending an average of 16.6 months (median 15.9 months), with 17 counties having CAPs open for more than 24 months. The distribution suggests that, while most counties can reasonably close CAPs within 12–18 months when properly resourced and focused,



a substantial subset struggles with closure beyond two years, indicating either systemic capacity constraints or insufficient prioritization. The data supports establishing tiered intervention thresholds: counties not achieving 50% closure within 12 months should receive enhanced support from DCBS, those not reaching 75% closure within 18 months should face structured improvement requirements, and any CAPs remaining open beyond 24 months should trigger CHFS executive-level intervention and resource reallocation.

**CAP Backlogs: A Systemic Challenge**

Many counties, particularly medium counties on biennial review cycles, are unable to close all CAPs before their next review begins, creating a compounding backlog. This is not primarily a county performance issue. The same structural factors driving high error rates including the centralized call center model, fragmented case ownership, and staffing constraints also limit counties' capacity to implement corrective actions while managing daily caseloads. When a county receives dozens of CAPs but lacks the staffing or supervisory support to address them, the backlog grows regardless of local effort.

The data illustrates the scope of the problem:

- Eight of nine medium-sized biennial review counties currently carry unresolved CAPs into their next review cycle, totaling 62 open CAPs among this group.
- Jefferson County, reviewed annually due to its size, enters its October 2025 review with 9 unresolved CAPs from the prior year.
- Statewide CAP closure rates declined from 70–83% in 2023 to 31–44% in the first half of 2025.

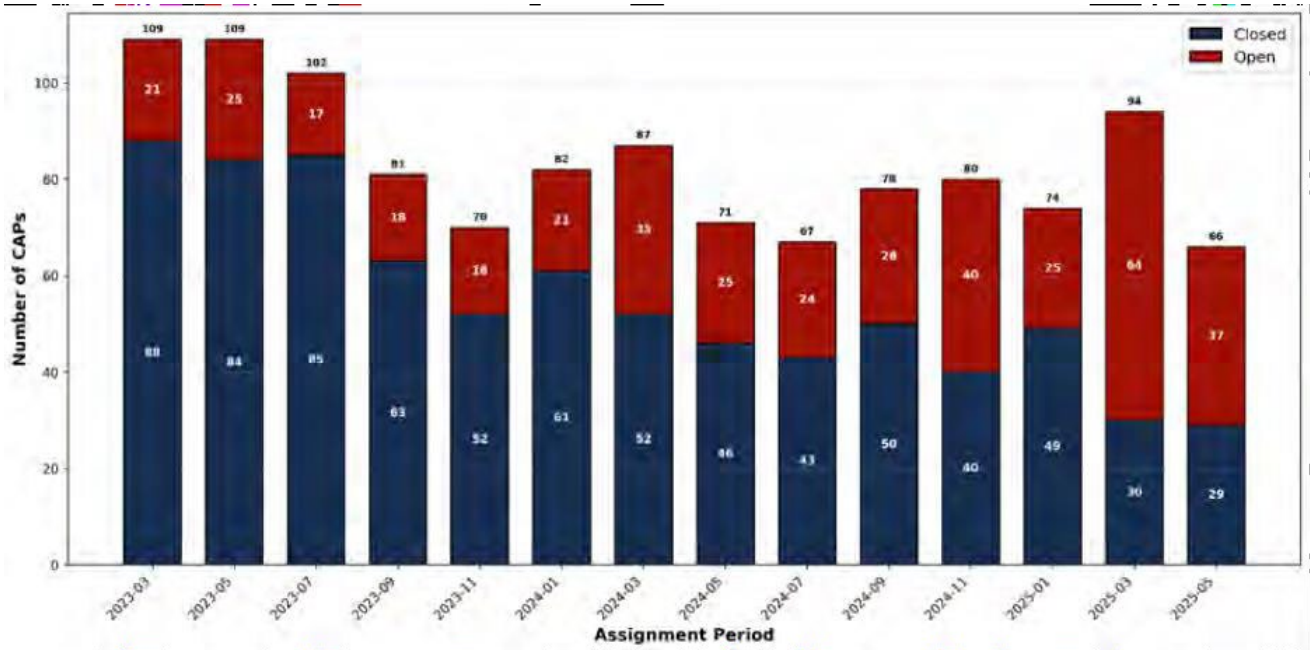
Until CHFS addresses the underlying capacity and accountability issues — including restoring local case ownership and aligning staffing levels with workload — CAP backlogs will continue to grow, and the corrective action process will fail to produce the sustained improvements it is designed to achieve.

<b>Next Review Schedule for Biennial Counties:</b>			
<b>County</b>	<b>Next Review</b>	<b>Unresolved CAPs</b>	<b>Status</b>
Pulaski	Oct-25	8 CAPs	Already scheduled (current)
Pike	Apr-26	0 CAPs	Ready (100% closed)
Kenton	Jun-26	3 CAPs	7 months out
Madison	Dec-26	5 CAPs	13 months out



Fayette	Feb-27	11 CAPs	15 months out
Laurel	Feb-27	9 CAPs	15 months out
Daviess	Jun-27	12 CAPs	19 months out
Hardin	Oct-27	9 CAPs	23 months out
Warren	Oct-27	5 CAPs	23 months out

### STATUS OF CAPS BY FISCAL YEAR



## **RECOMMENDATIONS:**

- 18.1.** CHFS should implement emergency intervention measures for higher rate counties to address ongoing performance deficiencies.
- 18.2.** CHFS should develop a dedicated support program for annual and biennial review counties to address challenges associated with their two-year review cycle.
- 18.3.** CHFS should establish policies for managing unresolved CAPs across multiple review cycles.
- 18.4.** CHFS should leverage peer mentoring opportunities using the 28 counties that achieved perfect performance.
- 18.5.** CHFS should analyze whether current review frequencies are appropriate given county capacity, with particular attention to the nine biennial counties where 89% have persistent unresolved CAPs.





# LISTENING TO KENTUCKIANS: CONSTITUENT SERVICES

# LISTENING TO KENTUCKIANS: CONSTITUENT SERVICES

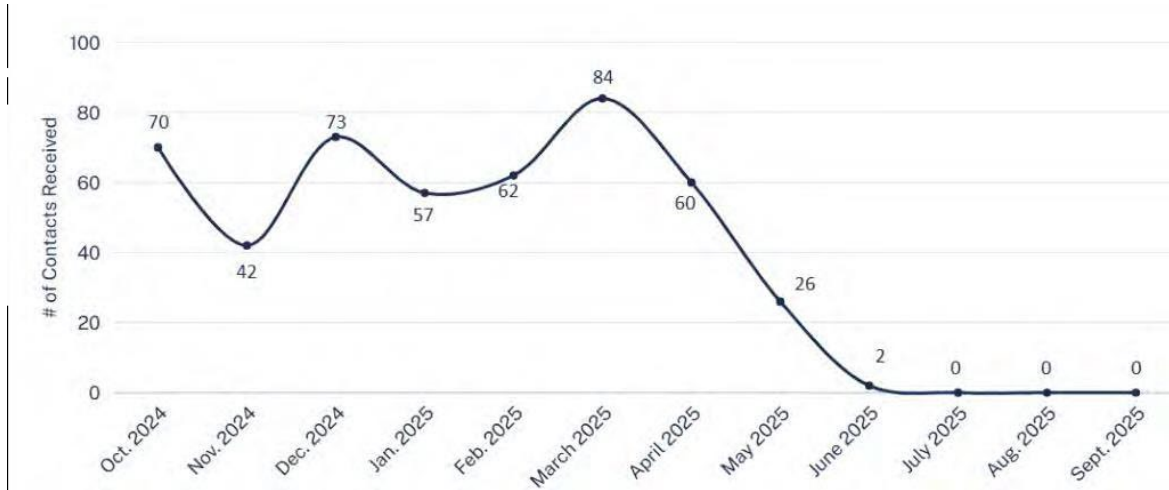
Constituent Services responds to requests from local, state, and federal officials regarding citizen concerns and inquiries about CHFS programs and services. Each request is screened, referred appropriately, and closely monitored until resolution. Throughout the reporting period, Constituent Services has consistently earned recognition from both officials and citizens for going above and beyond, providing timely communication and support, assisting with transportation and access-to-service needs, and securing rapid pass-through approvals to ensure continuity of care and prevent loss of waiver benefits.

The charts and graphs that follow reflect the scope of this work across the Commonwealth.

Governor's Office	476
Legislative Research Commission	202
CHFS	66
Direct Contact with Ombudsman	8
Total	752



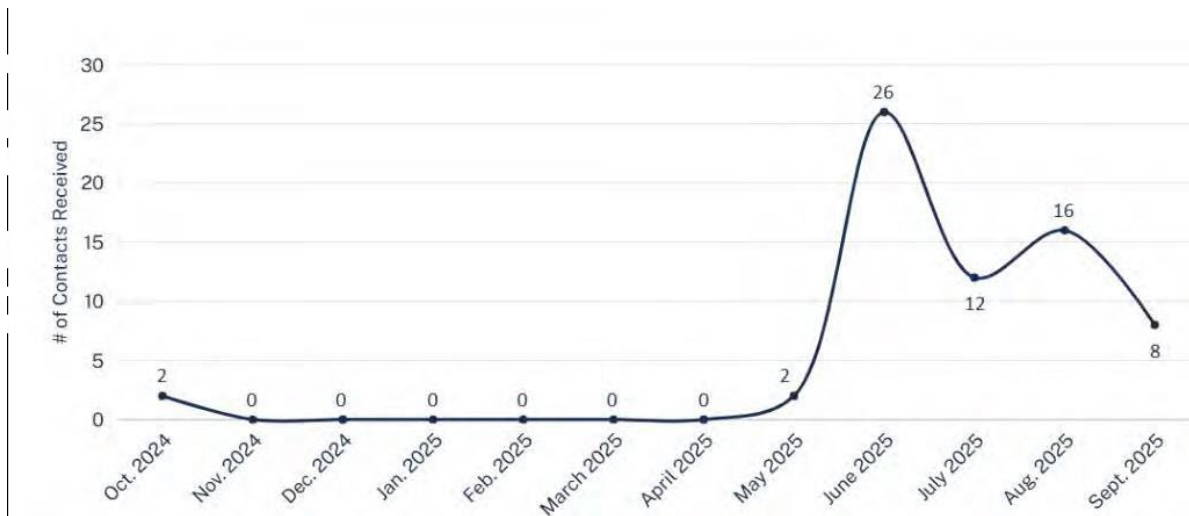
## CONSTITUENT SERVICES RECEIVED FROM THE GOVERNOR'S OFFICE



Given the unexplained rapid decline in constituent complaints forwarded to our office from the Governor's Office, we carry serious concerns as to the resolution, if any, of complaints brought previously through that channel. During the same period, the number of communications received from CHFS increased, but not in proportion to the decline from the Governor's Office, suggesting that cases may not have been fully redirected. In response to our request for read-only access to relevant inboxes, a right made explicitly clear in SB 25 (2025), CHFS stated that the [ConstituentServices@ky.gov](mailto:ConstituentServices@ky.gov) email account is used broadly for all inquiries, not only for complaints, and that their Independent Support Branch forwards relevant matters to our office as appropriate. However, without direct access to these inboxes, we are unable to independently verify that all qualifying complaints are being transmitted to the Ombudsman's Office for review and resolution.



## CONSTITUENT SERVICES RECEIVED FROM CHFS



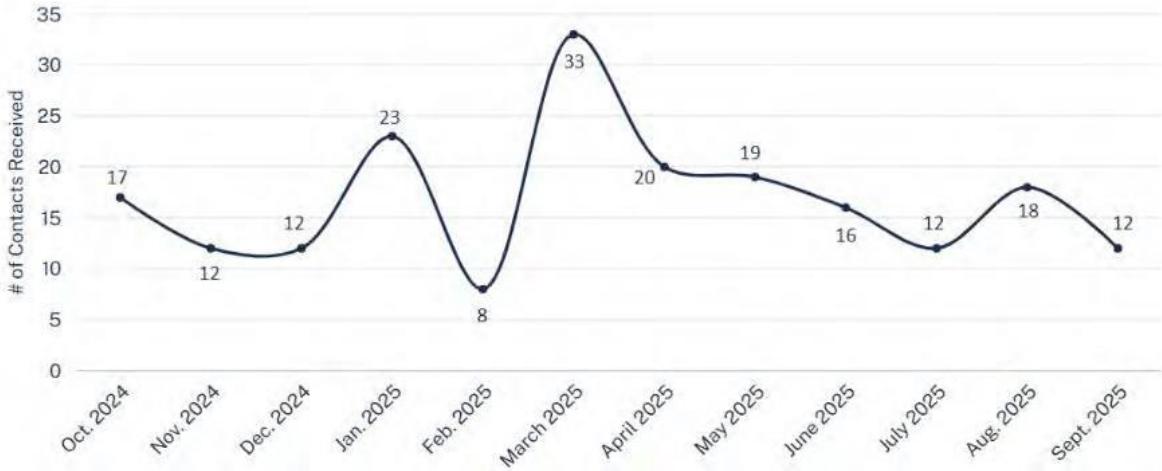
Since the transition to the Auditor's Office, stakeholders have noted improved responsiveness and communication.

***“We have an outstanding relationship with the Commonwealth Office of the Ombudsman. The professionals there respond to all our inquiries in an efficient and timely manner, and we appreciate their focus on collaboration and transparency. Constituents from all across Kentucky have benefited from these efforts.”***

- Elise, LRC Constituent Services



# CONSTITUENT SERVICES RECEIVED FROM THE LEGISLATIVE RESEARCH COMMISSION



## RECOMMENDATIONS:

**19.1.** The Governor’s Office should resume sending constituent services complaints regarding CHFS programs and services to our office for investigation and resolution.





# FAMILIES WITH ANSWERS SPOTLIGHT:

During this interim, a constituent reached out to our staff for assistance. The staff member provided clear guidance on their situation and explained the relevant processes in detail. The caller later followed up with the following praise:

*"I wish every one of them would have been like you cause this would have been handled last week. You do a fantastic job; don't change anything about the way you're doing it, cause you're about the only person who is doing anything. They don't pay you enough...."*  
—Ombudsman Constituent



A diverse group of people of various ages and ethnicities are laughing together outdoors on a grassy field. The group includes a young woman with curly hair, an elderly man, a young man, and several other individuals of different backgrounds. They are all smiling and laughing, creating a warm and joyful atmosphere. The background shows a blurred natural setting with trees and a clear sky.

# CONNECTING WITH THE COMMUNITY: OUTREACH

# COMMUNITY: OUTREACH

Outreach efforts have significantly increased awareness of the office with both constituents and community partners. Key stakeholders told our staff they were unaware of our office but have since requested informational materials to share with the people they serve. This kind of active community engagement has expanded our visibility, strengthened partnerships, and contributed to a clear rise in contacts since the transition.

Through outreach activities, the office has had the opportunity to connect with numerous impactful Kentucky organizations. One especially valuable partnership has been with the Community Collaboration for Children (CCC). This connection has enabled the office to be included in ongoing communications about events, meetings, and conferences across the state, opening the door to a wide range of engagement opportunities.

Between January 1, 2025, and September 30, 2025, our office participated in 123 outreach events across the Commonwealth. Through a partnership with the University of Kentucky Cooperative Extension Service, informational materials were made available in all 120 counties, ensuring a truly statewide impact that builds on our direct engagement across 38 counties.

## READ ACROSS AMERICA



Auditor Allison Ball and the Ombudsman hosted a statewide drawing contest in celebration of Read Across America Day. Kentucky students age 13 and under submitted bookmark-sized drawings featuring favorite storybook characters. The winning design by Lincoln Adame was announced on March 2 and featured on social media and distributed at public libraries to celebrate the joy of reading.

Great work, Lincoln Adame!



## **STAKEHOLDER LISTENING SESSION – AUGUST 20, 2024, 7:30 PM EDT**

As part of the first-year communications and outreach plan for the newly independent Commonwealth Office of the Ombudsman, the Ombudsman and Deputy Ombudsman set a goal to engage key stakeholders within the first six months of the office's establishment. We hosted a live listening session where constituents were able to ask questions directly to executives from our office and receive guidance on how and where to file a complaint regarding their CHFS case. This listening session took place via Microsoft Teams and was open to all members of the community. The listening session was publicized on social media and through a media advisory targeting organizations that interact with CHFS. Around 80 participants representing various organizations and constituents joined the meeting.





# VOICES OF THE COMMONWEALTH

# VOICES OF THE COMMONWEALTH

## Terry Brooks

“I just want to applaud the Auditor. This is, I think, the first time I’ve seen a state Auditor become a catalyst for Kentucky’s kids.”<sup>15</sup>



*-Terry Brooks, Kentucky Youth Advocates Executive Director*

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## Norma Hatfield

“My experience with the Ombudsman’s Office has been exceptional. For several years, I advocated for improvements to the paperwork process used by the Cabinet for Health and Family Services (CHFS). Under the new Ombudsman leadership, those changes finally took place.

Ombudsman Grate and Deputy Ombudsman Wagers and their team took the time to listen and understand the issue in depth. They even invited me to meet with their team to discuss the challenges and possible solutions. Throughout every interaction, the team was professional, respectful, and focused on doing what’s best for Kentucky families.

The concern I raised—clarifying the fact that CHFS’s Acknowledgement Statement: Options and Services for Relative and Fictive Kin Caregiver’s (DPP 178) form did not match their standard operating procedure for kinship caregiver’s placement decisions—is now being addressed. This update may ease stress for caregivers and possibly new trainee social workers at the initial placement resulting in children potentially receiving financial support that they may have lost.

I’m deeply grateful to the Ombudsman’s Office for their commitment to listening, taking swift action, and making meaningful improvements that truly serve families across Kentucky.”



*- Norma Hatfield*

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<sup>15</sup>[https://kentuckyantenn.com/2025/01/28/kentucky-foster-children-temporarily-lodged-in-offices-span-state-ages/?utm\\_source=chatgpt.com](https://kentuckyantenn.com/2025/01/28/kentucky-foster-children-temporarily-lodged-in-offices-span-state-ages/?utm_source=chatgpt.com)



## John

“I had talked to several people while trying to get my mom signed up and approved with Medicare. I called the help number several times and while everyone was kind, I never really got the answers or help needed until I found Ms. Luttrell, she went out of her way to research, call me back and provide the additional guidance and help that I needed, she dug deep to get the answers and like I said, stayed in touch not just trying to clear a call but did actual research and follow-up.”



-John

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## Kayla H.

“My relationship with the Cabinet for Health and Family Services has been a journey that spans decades and comes full circle. I entered the system for the first time at the age of 9 years old. At that time, my parents had recently divorced, and my mom was coping with her pain the only way she knew how: drugs, alcohol, and men, and also neglecting the very basics of needs that we as children needed: running water, adequate clothing, electricity, and food. As a teenager who was re-entering the system after being reunified for a short couple of years, I moved through over twenty foster homes, navigating instability, trauma, and the many other challenges of the child welfare system. Those challenges shaped my resilience but also left deep scars that followed me into adulthood. Later, as a parent myself, I found myself also facing my own case due to addiction and untreated trauma. I confronted the very system that once held me. At that time, I feared history might repeat itself, and my children could also face the same instability I had endured. My children were removed from my home and placed into care. I was left with a piece of paper that seemed more like a foreign language exam, rather than a task I needed to complete in order to get my girls back home with me. So, I laid that piece of paper on the table, and there it stayed.

For the first 6 months my girls were in foster care, I had no idea where they were, who they were with, and hadn't seen or talked to them to even know that they were ok. I made calls to my worker, no return calls, and then one day, as I opened my door, it was like a huge relief had been lifted from my shoulders, and I could finally breathe again. My case worker had been changed, and this case worker was already familiar with me and my family. She had been the same worker I had when I was attending the methadone clinic just a couple of years back. She came inside, sat at the table with me, and just listened as I spoke and explained why I had not started anything or finished anything on my case plan. I told her that the paper had been in the same spot since the day the girls left. We then started to get a plan in place, and the first thing was to try to find a new foster



placement for my kids. That day after she left, I saw a glimpse of hope that had long been gone.

Within one week of that visit, I received a call from her letting me know that my girls were being moved into a new home, and she would let the foster parent know that it was ok to allow the girls to talk to me after they had gotten settled in. That's how Nannie became a part of our family and still is to this day. Nannie stepped in with unwavering love, support, and advocacy. But, not only that, but she also encouraged me to really begin working on my case plan and helped me to break it down into smaller, more achievable steps that I could accomplish. But her first suggestion was that I look for a drug treatment program, and I did and stayed there 90 days. Nannie provided me with transportation to the facility, showed up to every visit, ensured I always had everything I needed, and always encouraged me to stay and complete the program and stay committed to finishing my case plan. And while I was unable to attend court, she showed up for me, letting the judge, my caseworker, and everyone else who was involved know the effort I was making to reunify my family.

Her presence gave me strength, stability, and hope- and made it possible for me to complete the steps necessary to bring my children back under the same roof with me, and she walked alongside me every step of the way. When I was ready to give up, she pushed me just a little harder. When I wasn't able to see the progress, she put it in plain sight. She made sure that I knew that no matter what, I was not walking through this alone.

The support I received from CHFS staff during this time was equally critical. Their willingness to listen, collaborate, and engage with my lived experience created a partnership that allowed me to begin the healing process, take accountability, and rebuild my life and family. Through this process, I not only reunited with my children, but God gave me the mother I needed for a time such as this. I also discovered my passion and heart for others and completed the peer support certification training and began my journey with KYSEAT. Being a part of KYSEAT showed me my purpose as an advocate for other families and how using my lived expertise to impact changes within the child welfare system ensures families' voices are heard and they have a seat at the table, because their voices need to be and should be heard within these rooms. I am also a volunteer for three of the Citizen Foster Care Review Boards within Warren County. Doing things that I never before thought possible. I have earned my associate's degree in social work and am 2 classes away from a bachelor's.

For me, my journey wasn't pretty and at times it was hard, but it stands as a testament to what is possible when compassion, accountability, and true authentic partnership guide the work. Through the collaboration between CHFS staff, a dedicated foster family, like Nannie, and families who are willing to put in hard work to heal, true transformation can



occur. I say all the time that it literally takes one person to believe in you and one opportunity for transformation. Today, I strive to be the message- to live out the proof that recovery, reunification, and resilience are possible when the systems and the families come together with hope and determination. My journey reflects the heart of what CHFS strives for every day: restoring families, strengthening communities, and creating lasting change for generations to come. And still today, Nannie continues to play an active role in the life of me and my children and continues to show up for us. And at the end of the day, this is how everyone wins, when everyone shows up to do their part.”



- *Kayla H.*





# ON THE HORIZON

# ON THE HORIZON

CHFS administers almost \$24 billion in the current FY26 fiscal year funding cycle, attributable to programs directly impacting more than a million Kentuckians. The Ombudsman office provides a complaint hotline for citizens who are lost in or mistreated by that bureaucracy, while also conducting systemic program reviews across select areas of the cabinet. As the office has grown and matured since its establishment as an independent oversight body, so too has the recognition of where oversight gaps remain.

Currently, for example, the office conducts face-to-face assessments of local SNAP offices on a rotating cycle, with each office reviewed at least once every three years. No comparable review structure exists for local child protective services or adult protective services offices, notwithstanding the critical role those frontline offices serve in protecting Kentucky's most vulnerable citizens from neglect and abuse. Expanding the office's oversight reach into those program areas would bring meaningful, structured accountability to functions that currently operate without independent systemic review. We would observe that the absence of that oversight bandwidth may leave systemic risks undetected until they result in harm to the very populations these programs are designed to serve.

To address these challenges, we are working to strengthen capacity in two key areas:

1. Investigative oversight, to give our office the bandwidth to conduct focused investigations on specific events, programs, or service lapses within CHFS, whether systemic or involving complex or high impact cases, such as the death of children under care, faults in CHFS management, or critical record keeping.
2. Performing actual, on the ground reviews of local office child and adult abuse cases and measuring performance against objective criteria, accomplished by simply cloning the level of staffing and review pattern used for decades as to local SNAP offices, creating a structured and proactive framework for identifying weaknesses and monitoring corrective actions before they escalate.

Our past year and a half of CHFS review and accountability experience, performed outside of CHFS's bureaucratic control, vividly illustrates the value of independence in assuring that our citizens are served correctly. It is our deep hope that this independent accountability can be expanded to other areas of the cabinet where billions of dollars are spent but sunlight is lacking. Collectively, these efforts will reinforce our commitment to independence and ensure that oversight keeps pace with the scale and responsibility of CHFS's mission to serve Kentucky's children, families, and vulnerable adults.



**In Memoriam**  
**Sherry Carnahan**



Sherry Carnahan devoted her career to the people of Kentucky. With over 24 years of service, she brought compassion and a steady commitment to every role she held.

As Executive Director of the Office of Citizen Services and Policy Integrity in the Commonwealth Office of the Ombudsman, she led with genuine care for every person who came to this office seeking help. She understood that public service is ultimately about people, and she never lost sight of that truth.

Sherry was a colleague, a leader, and a trusted member of this team. Her absence is felt profoundly.

This Annual Report is dedicated to her memory. The work documented in these pages reflects the mission she gave so much of herself to advance, and we carry it forward in her honor.

