Auto Casualty

Key Implementation Considerations from Kentucky's New PIP Fee Schedule

August 7, 2026
5 MIN READ
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For decades, Kentucky's no-fault auto system operated without a dedicated Personal Injury Protection (PIP) medical fee schedule. That changed with the enactment of House Bill 627, which established a new reimbursement framework for PIP medical benefits by incorporating Kentucky workers' compensation fee schedule rates.

The implementation phase is now underway for policies issued or renewed on or after July 15, 2026. As payers begin applying the new fee schedule, questions regarding effective-date application, reimbursement for services without assigned values, out-of-state treatment, provider billing practices and payment communication are likely to shape the early experience under Kentucky's new PIP reimbursement framework.

Overview of the New Kentucky PIP Fee Schedule

The new Kentucky PIP fee schedule establishes the methodology for determining reimbursement of medical expenses payable under Kentucky's Basic Reparation Benefits (BRB) system. Rather than creating an entirely new reimbursement structure, House Bill 627 incorporates Kentucky workers' compensation medical fee schedule rates as the basis for determining allowable reimbursement for covered services.

Importantly, the legislation adopts workers' compensation reimbursement rates but does not import the entire workers' compensation medical management framework. Provisions unrelated to reimbursement methodology, such as utilization review requirements and certain workers' compensation-specific payment limitations, do not apply to Kentucky PIP claims.

One of the more unique aspects of the legislation is that it establishes both a reimbursement floor and a reimbursement ceiling. The floor is tied to the Kentucky workers' compensation fee schedule in effect when the law was enacted and remains fixed. The ceiling is tied to future updates of the workers' compensation fee schedule and will adjust as those reimbursement rates change over time.

As a result, reimbursement is not based solely on the provider's billed charge. If a provider bills less than the applicable fee schedule floor, reimbursement may not be reduced below that floor amount. Conversely, when billed charges exceed the applicable fee schedule allowance, reimbursement is generally limited to the maximum amount permitted under the fee schedule.

Services without an assigned fee schedule value may require additional analysis. Depending on the circumstances and available regulatory guidance, payers may need to evaluate alternative reimbursement methodologies, including Usual, Customary and Reasonable (UCR) considerations, and establish appropriate review and escalation processes for those bills.

Implementation Considerations

Because Kentucky PIP reimbursement is now tied to the workers' compensation fee schedule, future workers' compensation fee schedule updates will continue to have implications for PIP reimbursement. Under the current update cycle, facility reimbursement rates are revised annually, while the professional medical fee schedule is updated every other year. The next scheduled professional fee schedule update is expected in July 2028.

As implementation begins, several areas of the law received clarification while others continue to raise operational questions. Regulatory guidance addressed issues such as the applicable effective date, reimbursement for services priced "By Report" (services without an established fee schedule value that require individual reimbursement consideration), and the handling of certain non-compensable procedures.

Several practical questions remain that may require additional interpretation:

- The use of workers' compensation payment modifiers within the PIP environment
- Reimbursement methodologies for out-of-state providers
- Explanation of Benefits (EOB) requirements
- The process for resolving provider reimbursement disputes.

These issues may become increasingly important as claim volume develops under the new reimbursement framework.

For payers, the primary challenge is no longer understanding the statutory language but applying it consistently in day-to-day claim handling. Services without established fee schedule values, out-of-state treatment, facility billing and provider reimbursement inquiries are likely to be among the areas requiring the closest monitoring during the early stages of implementation.

Implementation Guidance for Payers

While the new fee schedule establishes a reimbursement framework, successful implementation will depend on how consistently payers apply the requirements across claims, bill review and payment operations. Several areas warrant particular attention.

Determining When the Fee Schedule Applies

Unlike many reimbursement changes that are tied to the date of service, Kentucky's PIP fee schedule applies based on the policy issue or renewal date. As a result, claim systems and workflows should be able to identify whether a claim falls under the new reimbursement framework. Failure to accurately apply the effective-date rules could result in inconsistent payment outcomes and increased rework.

Adapting to a New Reimbursement Methodology

The incorporation of Kentucky workers' compensation fee schedule rates introduces a reimbursement structure that differs from historical PIP billing practices. Payers should evaluate whether existing bill review workflows, pricing methodologies, payment calculations and payment communication processes are aligned with the new requirements. Attention should be given to situations where the statutory reimbursement floor affects payment amounts.

Managing Exceptions and Unvalued Services

Not every bill will fit neatly within the fee schedule framework. Services without assigned fee schedule values, By Report services, certain non-compensable procedures and some facility billing scenarios may require additional review and documentation. Establishing clear escalation paths for these exceptions can promote consistency and support defensible reimbursement decisions.

Preparing for Provider Questions and Disputes

The legislation does not appear to create a new provider dispute resolution process. As providers and payers gain experience under the new framework, questions regarding reimbursement calculations, modifier application, unvalued services and payment reductions may arise. Payers should be prepared to rely on existing processes while monitoring for additional regulatory guidance.

Looking Ahead

The enactment of House Bill 627 marks a significant change in Kentucky's approach to PIP medical reimbursement. While the legislation establishes the statutory framework, many of its practical implications will be shaped through implementation, provider response and future regulatory interpretation.

The long-term impact of House Bill 627 depends on how reimbursement provisions are interpreted and applied, how providers respond to the new payment framework and whether additional regulatory guidance is issued to address unresolved operational questions.

As implementation progresses, issues such as reimbursement for unvalued services, modifier application, out-of-state treatment, provider disputes and the practical effect of the statutory reimbursement floor may warrant continued attention. Payers that establish clear policies, well-defined escalation processes and consistent decision-making practices will be better positioned to adapt as expectations and industry practices evolve.

The Enlyte Regulatory Compliance and Government Affairs team will continue monitoring regulatory developments, stakeholder feedback and implementation trends related to Kentucky's PIP fee schedule. As additional guidance emerges and industry practices develop, we will provide updates to help clients be prepared in the new and still evolving reimbursement environment.

To learn more about what the Enlyte government affairs team is working on and stay up to date on this and other regulatory issues, sign up to receive our monthly Compliance Connection Newsletter.

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