



State Demonstrations Group

October 31, 2017

Jon Hamdorf
Acting Medicaid Director
Kansas Department of Health and Environment
900 SW Jackson Ave., Suite 900
Topeka, KS 66612

Dear Mr. Hamdorf:

The Centers for Medicare & Medicaid Services (CMS) is pleased to inform you we have completed our secondary review of the Kansas' Delivery System Reform Incentive Payment (DSRIP) annual payments for demonstration year (DY) 4, of the KanCare section 1115 demonstration (Project No. 11-W-00283/7).

On April 28, 2017, CMS approved \$5,546,875 (total computable) for the KanCare DSRIP. This included \$3,984,375 (total computable) for The University of Kansas Health System and \$1,562,500 (total computable) for Children's Mercy Hospital. Since April 2017, the state and the hospitals have asked us to reconsider these payments due to the lack of clarity in terminology used in special term and condition (STC) 67 and the DSRIP Funding and Mechanics Protocol (Attachment G of the STCs). CMS agrees that the terminology used for metrics, milestones, and milestone categories in STC 67 should be clarified and we will work with the state to clarify the language. CMS further agrees that, under the terms of the demonstration, a participating hospital may receive DSRIP payment as long as it meets at least one metric under the milestone category. CMS is providing approval for certain DSRIP payments that were not approved in April 2017.

CMS reviewed the hospital progress reports and the state's payment recommendations and finds them consistent with the procedures outlined in the STC 67 and the DSRIP Funding and Mechanics Protocol. Attachment A to this letter specifies the additional approved amounts by hospital. We have approved an additional payment in the amount of \$2,688,504 (total computable) which is made in addition to the \$5,546,875 (total computable) DY 4 annual payment approved on April 28, 2017. In total, CMS has approved \$8,235,379 (total computable) for DY 4 annual payments.

The University of Kansas Health Systems did not receive payment for some metrics because it stated in its reports that it changed the metric. CMS did not receive a formal request to change the metric prior to receive the DSRIP performance reports. However, we will accept the new metric for DY 5 and will use the established DY 4 data as the baseline. We will evaluate the DY 5 metric against the DY 4 baseline for these metrics.

If you have any questions, please contact your project officer, Ms. Linda Macdonald.

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Ms. Macdonald can be reached at (410) 786-3872, or by email at Linda.Macdonald@cms.hhs.gov. We look forward to continuing to work with you and your staff.

Sincerely,

/s/

Kim Howell
Director
Division of State Demonstration and Waivers

Enclosure: Attachment A

cc: James Scott, ARA Region VII
Samantha Ferencik, Kansas State Lead, CMS Kansas City Region

ATTACHMENT A

Additional Amounts Approved by CMS for Demonstration Year 4 Hospital DSRIP Annual Payments
October 31, 2017

Project	DY4 - CATEGORY 1 OUTCOMES ANNUAL PAYMENT	DY4 - CATEGORY 2 OUTCOMES ANNUAL PAYMENT	DY4 - CATEGORY 3 OUTCOMES ANNUAL PAYMENT	DY4 - CATEGORY 4 OUTCOMES ANNUAL PAYMENT	PARTNER SECONDAR Y VALUE ANNUAL PAYMENT	TRAILBLAZER SECONDARY VALUE ANNUAL PAYMENT	PROJECT ANNUAL PAYMENT TOTAL
STOP Sepsis Annual payment	\$0	\$0	\$281,250	\$281,250	\$0	\$0	\$562,500
SPARCC Annual payment	\$0.00	\$527,344	\$281,250	\$281,250	\$0	\$0	\$1,089,844
Total The University of Kansas Hospital (TUKH) Additional Annual payment							\$1,652,344
Complex Care (Beacon) Annual payment	\$0	\$0	\$261,160	\$262,500 ¹	\$187,500	\$0	\$711,160
PCMH Annual payment	\$0	\$156,250	\$0	\$168,75, 0 ²	\$0	\$0	\$325,000
Total Children's Mercy Hospital Additional Annual payment							\$1,036,160
DSRIP Total Additional Annual payment							\$2,688,504

¹ This amount includes the \$131,250 for the semi-annual payment and the annual payment.

² This amount includes the \$75,000 for the semi-annual payment and the annual performance payment, and \$93,750 for the semi-annual reporting payment.