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State/Territory Name: KS

State Plan Amendment (SPA) #: 13-01

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services

FEB 20 2014

Susan Mosier, Director
Division of Health Care Finance
Kansas Department of Health and Environment
900 SW Jackson, Room 900N
Topeka, KS 66612-1220

RE: Kansas State Plan Amendment TN: 13-01

Dear Ms. Mosier:

We have reviewed the proposed amendment to Attachments 3.1-A, 3.1-E and 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 13-01. This amendment modifies the coverage and reimbursement of heart, heart-lung, and lung transplant services as well as bariatric surgery services.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923(g) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment 13-01 is approved effective January 18, 2013. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tim Weidler at (816) 426-6429.

Sincerely,

Cindy Mann
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: SPA #KS 13-01	2. STATE Kansas
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
		4. PROPOSED EFFECTIVE DATE January 18, 2013	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES			
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 1905(o) of the Act		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2013 \$4,695,182.00	
		b. FFY 2014 \$6,260,242.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	
Attachment 3.1-A, #1 Replacement Page, Attachment 3.1-A, #5.a., Page 1 Replacement Page, Attachment 3.1-A, #5.a., Page 3 (New Page) Replacement Page, Attachment 3.1-A, #5.a., Page 4 (New Page) Attachment 3.1-E, Page 1 Attachment 4.19-A, Page 25c, 25c (1) (New Page)		Attachment 3.1-A, #1 Replacement Page, Attachment 3.1-A, #5.a., Page 1 Attachment 3.1-E, Page 1 Attachment 4.19-A, Page 25c	
10. SUBJECT OF AMENDMENT: Heart, Heart-Lung, Lung Transplants and Bariatric Surgery			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Kari Bruffett is the Governor's Designee	
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO: Kari Bruffett KDHE; Division of Health Care Finance Landon State Office Building 900 SW Jackson, Room 900-N Topeka, KS 66612-1220	
13. TYPED NAME: for Kari Bruffett			
14. TITLE: Director, Division of Health Care Finance			
15. DATE SUBMITTED: February 12, 2014			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: FEB 20 2014	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 18 2013		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Penny Thompson		22. TITLE: Deputy Director, Policy & Finance M. P. Mc	
23. REMARKS:			

KANSAS MEDICAID STATE PLAN

Attachment 3.1-A
#1

Inpatient Hospital Services Limitations

1. Services shall be ordered by a physician and shall be related specifically to the present diagnosis of the Consumer.
2. Rehabilitation therapy is limited to that which is restorative in nature and provided following physical debilitation due to acute physical trauma or physical illness.
3. Prosthetic devices provided by a hospital are limited to those that replace all or part of an internal body organ, including replacement of these devices.
4. Elective surgery is noncovered with the exception of elective sterilization procedures.
5. Transplant surgery is limited to corneal, kidney, bone marrow, pancreas, liver, heart, heart-lung, lung transplants and related services. Procurement of the organ is covered.
6. Inpatient acute care related to psychiatric services is limited to stays in which the psychiatric plan of care is directed by a psychiatrist and in which psychotherapy is provided on a daily basis. Individuals admitted to psychiatric care must have received an assessment to determine appropriate care level before services are reimbursed.
7. Sterilization and abortions are covered in accordance with current federal regulation.
8. Discharge days are noncovered.
9. Long-Term Head Injury Rehabilitation Services:

Services include, but are not limited to, inpatient restorative and rehabilitative therapies designed to prevent physical or mental deterioration, achieve and maintain maximum use of physical or cognitive capabilities and health, and/or restore and retain self-help and adaptive skills necessary to achieve the recipient's discharge from inpatient status at the earliest possible time.

These programs are intended to provide active treatment for the purpose of relearning independent living skills for those individuals who have experienced a Traumatic Brain Injury (TBI) and choose to receive services in a Traumatic Brain Injury Rehabilitation Facility. "Active Treatment" is defined as an aggressive and organized effort to fulfill each person's optimal functional capacity.

KANSAS MEDICAID STATE PLAN

Replacement Page
Attachment 3.1-A
#5.a., page 1

Physicians' Services Limitations

Visits

1. Office visits are not covered when the only service provided is an injection or some other service for which a charge is usually not made.
2. Hospital visits are limited to one per day of Medicaid-covered stay per consumer.
3. Nursing facility visits are limited to one per month per consumer unless there is a medical necessity for more.
4. See Attachment 3.1-A, #4.b. for physician visit service limitations for children under 21 years of age.

Consultations

1. Consultations without a written report are noncovered.
2. Inpatient hospital consultations are limited to one per ten day period unless there is medical necessity for more.
3. Other consultations are limited to one per condition every 60 days unless there is medical necessity for more.

Surgery

1. Only medically necessary surgical procedures are covered with the exception of sterilizations.
2. Abortions, family planning services and sterilizations are covered in accordance with current federal regulations. Reverse sterilizations are noncovered.
3. Experimental, pioneering and cosmetic surgeries are noncovered.
4. Surgical assistant services are noncovered when surgery is determined not to require an assistant.
5. See Attachment 3.1-A, #4.b. for physician surgery service limitations for children under 21 years of age.

Concurrent Care

1. Concurrent care services are covered if the consumer has two or more diagnoses involving two or more systems, and if rendering quality care required the special skills of two or more physicians.

KANSAS MEDICAID STATE PLAN

Replacement Page
Attachment 3.1-A
#5.a., page 3

Physicians' Services Limitations

Transplant Surgery

1. Transplant surgery is limited to corneal, kidney, bone marrow, pancreas, liver, heart, heart-lung, lung transplants and related services. Procurement of the organ is covered.

TN#KS 13-01 Approval Date FEB 20 2014 Effective Date: 01/18/13 Supersedes TN# New

KANSAS MEDICAID STATE PLAN

Replacement Page
Attachment 3.1-A
#5.a., page 4

Physicians' Services Limitations

Bariatric Surgery

1. Bariatric surgery is covered.

TN#KS 13-01 Approval Date FEB 20 2014 Effective Date: 01/18/13 Supersedes TN# New

Revision: HCFA-PM-87-4
December, 1998

Attachment 3.1-E
Page 1
OMB No. 0938-0193

State/Territory: Kansas

STANDARDS FOR COVERAGE OF ORGAN TRANSPLANT SERVICES

Kansas assures that similarly situated individuals are treated alike in the coverage of organ transplants. Cornea, kidney, bone marrow, pancreas and liver transplants are covered. There are no restrictions on the facilities or practitioners which provide such procedures which would diminish the accessibility of high quality care to individuals eligible for transplants.

Heart, heart-lung, and lung transplants are covered for adult beneficiaries when performed in a facility which is approved by Medicare as meeting institutional coverage criteria.

TN#KS 13-01 Approval Date FEB 20 2014 Effective Date: 01/18/13 Supersedes TN#MS 03-04

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

2.6000 Settlements and Recoupments

There shall be no year end settlements under the DRG reimbursement system. However, some settlements and recoupments may occur because of Surveillance/Utilization Review or other reviews which determine that payments were in error.

3.0000 General Hospital Reimbursement for Inpatient Services Excluded from The DRG Reimbursement System

Effective January 18, 2013, reimbursement for heart, liver and bone marrow transplant services shall be excluded from the DRG payment system. Reimbursement for these transplants shall be based upon the lesser of reasonable costs or customary charges, contingent upon transplant surgery. Due to the unusual nature of these services, negotiated rates which pay no more than the DRG daily rate may be paid. For services provided prior to the transplant surgery or if transplant surgery is not performed, reimbursement shall be made according to the DRG payment system.

3.1000 Critical Access Hospital Reimbursement

The Critical Access Hospital (CAH) cost settlement process will end for inpatient discharges and outpatient dates of services on or after 1/1/2013. Settlement related to inpatient discharges and outpatient dates of service prior to 1/1/2013 will continue per previous State Plan Amendment methodology until finalized.

Effective 1/1/2013, a CAH Adjustment Factor (CAF) will be applied to CAH reimbursement for the Inpatient Discharges and Outpatient dates of service on or after 1/1/2013. The hospital-specific CAF is a prospective factor calculated using experience in previous cost reporting years. The factor for Year 1 (calendar 2013) is based upon the 2011 cost reporting period. Year 2 will be calculated using year-end 2012 cost reports, and so forth. The funds associated with the CAF are capped prospectively with hospital specific factors. (By contract, managed care organizations adopt the CAF methodology as the basis for their CAH reimbursement.)

For calendar year 2013, the CAF is calculated as the difference between each hospital's Fee For Service incurred costs and Fee For Service payments received as a ratio to total payments received. The period for this calculation is based on each CAH's cost reporting period ending in 2011, and factors are developed separately for both inpatient and outpatient. The CAF is adjusted to make it consistent prospectively with statewide aggregate CAH cost settlements during the 2011 cost reporting period.

After 2013, an adjustment to the CAF will be included for prior year overpayment or underpayment that may have occurred in the aggregate relative to the estimated cap. CAHs will always receive at least the fee-for-service rate. Beginning with cost reporting year 2013, all allowable Medicaid charges will be used to calculate the CAF.

Allowable Medicaid costs are defined as the costs Medicare defines as allowable on the Medicare finalized cost report. The Medicare fiscal intermediary's review of the Medicare cost report is relied on for the determination of reasonable costs and the finalized Medicare cost report will be used for determining final Medicaid allowable costs.

KANSAS MEDICAID STATE PLAN

**Attachment 4.19-A
Page 25c (1)**

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

**3.0000 General Hospital Reimbursement for Inpatient Services Excluded from
The DRG Reimbursement System (Continued)**

Reimbursement for heart, heart-lung and lung transplant procedures were established based upon 85% of the current Medicare fee schedule rates when billed separately for professional services. Payment for transplants received out of state will be contractually negotiated with the transplant facility for up to 70% of billed charges. Medicaid will reimburse providers using the current FMAP. All hospitals providing transplant services must be a Medicare approved transplant facility.

Reimbursement for bariatric procedures were established based upon 85% of the current Medicare fee schedule rates when billed separately for professional services. Kansas Medicaid will reimburse Centers of Excellence providers for bariatric surgery for services rendered to Medicaid beneficiaries when selection criteria are met.