

## **Table of Contents**

**State/Territory Name: KS**

**State Plan Amendment (SPA) #: 13-13**

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



APR 11 2014

Kari Bruffet, 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: 13-13

Dear Ms. Bruffet:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 13-13. This amendment updates provisions of the Nursing Facility (NF) and Nursing Facility for Mental Health (NF-MH) Quality and Efficiency Incentive Factor per diem add-on. This amendment updates charts and exhibits within the State plan that demonstrate the revised factors and limits applicable to the new rate period beginning with SFY 2014.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) 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 13-13 is approved effective July 1, 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 #13-13**2. STATE  
**Kansas****FOR: HEALTH CARE FINANCING ADMINISTRATION**3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)  
**Medicaid**TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE  
**July 1, 2013**

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.201, 42 CFR 442.10

7. FEDERAL BUDGET IMPACT:

a. FFY 2013 \$0  
b. FFY 2014 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Subpart C, Exhibit C-1, pages 14-15  
Subpart C, Exhibit C-2, pages 3 and 3a  
Subpart C, Exhibit C-3, pages 3 and 3a  
Subpart C, Exhibit C-5, pages 2 and 39. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):Subpart C, Exhibit C-1, TN-MS-KS 12-06, pages 14-15  
Subpart C, Exhibit C-2, TN-MS-KS 12-06, pages 3 and 3a  
Subpart C, Exhibit C-3, TN-MS-KS 12-06, pages 3 and 3a  
Subpart C, Exhibit C-5, TN-MS-KS 12-06, pages 2 and 3

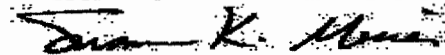
10. SUBJECT OF AMENDMENT:

**Methods and standards for establishing nursing facility payment rates.**

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:  
Kari Bruffett is the  
Governor's Designee

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

for Kari Bruffett

14. TITLE:

Director, KDHE; Division of Health Care Finance

15. DATE SUBMITTED:

September 30, 2013

16. RETURN TO:

Kari Bruffett, Director  
Division of Health Care Finance  
Kansas Department of Health and Environment  
900 SW Jackson, Room 900N  
Topeka, KS 66612-1220**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED: **APR 11 2014****PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

**JUL 01 2013**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

23. REMARKS:

Methods and Standards for Establishing Payment Rates  
Nursing Facilities and Nursing Facilities-Mental Health

Narrative Explanation of Nursing Facility Reimbursement Formula

The table below summarizes the incentive factor outcomes and per diem add-ons:

| INCENTIVE OUTCOME  | INCENTIVE POINTS |
|--|------------------|
| CMI adjusted staffing ratio $\geq$ 75th percentile (4.78), or<br>CMI adjusted staffing $<$ 75th percentile but improved $\geq$ 10% | \$2.25           |
|  | \$0.20           |
| Staff turnover rate $\leq$ 75th percentile, 40.6% or<br>Staff turnover rate $>$ 75th percentile but reduced $\geq$ 10%             | \$2.25           |
|  | \$0.20           |
| Medicaid occupancy $\geq$ 60%  | \$1.00           |
| Total Incentive Points Available   | \$5.50           |

Nursing Facility for Mental Health Quality and Efficiency Incentive Factor:

The Quality and Efficiency Incentive plan for Nursing Facilities for Mental Health (NFMH) will be established separately from NF. NFMH serve people who often do not need the NF level of care on a long term basis. There is a desire to provide incentive for NFMH to work cooperatively and in coordination with Community Mental Health Centers to facilitate the return of persons to the community.

The Quality and Efficiency Incentive Factor is a per diem add-on ranging from zero to three dollars. It is designed to encourage quality care, efficiency and cooperation with discharge planning. The incentive factor is determined by five outcome measures: case-mix adjusted nurse staffing ratio; operating expense; staff turnover rate; staff retention rate; and occupancy rate. Each provider is awarded points based on their outcomes measures and the total points for each provider determine the per diem incentive factor included in the provider's rate calculation.

Providers may earn up to two incentive points for their case mix adjusted nurse staffing ratio. They will receive two points if their case-mix adjusted staffing ratio equals or exceeds 3.66, which is 120% of the statewide NFMH median of 3.05. They will receive one point if the ratio is less than 120% of the NFMH median but greater than or equal to 3.36, which is 110% of the statewide NFMH median. Providers with staffing ratios below 110% of the NFMH median will receive no points for this incentive measure.

Methods and Standards for Establishing Payment Rates  
Nursing Facilities and Nursing Facilities-Mental Health

Narrative Explanation of Nursing Facility Reimbursement Formula

NFMH providers may earn one point for low occupancy outcomes measures. If they have total occupancy less than 90% they will earn a point.

NFMH providers may earn one point for low operating expense outcomes measures. They will earn a point if their per diem operating expenses are below \$19.49, or 90% of the statewide median of \$21.27.

NFMH providers may earn up to two points for their turnover rate outcome measure. Providers with direct health care staff turnover equal to or below 24%, the 75<sup>th</sup> percentile statewide, will earn two points as long as contracted labor costs do not exceed 10% of the provider's total direct health care labor costs. Providers with direct health care staff turnover greater than 24% but equal to or below 34%, the 50<sup>th</sup> percentile statewide, will earn one point as long as contracted labor costs do not exceed 10% of the provider's total direct health care labor costs.

Finally, NFMH providers may earn up to two points for their retention rate outcome measure. Providers with staff retention rates at or above 81%, the 75<sup>th</sup> percentile statewide will earn two points. Providers with staff retention rates at or above 79%, the 50<sup>th</sup> percentile statewide will earn one point.

The table below summarizes the incentive factor outcomes and points:

| QUALITY/EFFICIENCY<br>OUTCOME  | INCENTIVE<br>POINTS |
|--|---------------------|
| CMI adjusted staffing ratio $\geq$ 120% (3.66) of NF-MH median (3.05), or<br>CMI adjusted staffing ratio between 110% (3.36) and 120%                                  | 2, or<br>1          |
| Total occupancy $\leq$ 90%   | 1                   |
| Operating expenses $<$ \$19.49, 90% of NF-MH median, \$21.27   | 1                   |
| Staff turnover rate $\leq$ 75th percentile, 24%<br>Staff turnover rate $\leq$ 50th percentile, 34%<br>Contracted labor $<$ 10% of total direct health care labor costs | 2, or<br>1          |
| Staff retention $\geq$ 75th percentile, 81%<br>Staff retention $\geq$ 50th percentile, 79%   | 2, or<br>1          |
| Total Incentive Points<br>Available  | 8                   |

## KANSAS MEDICAID STATE PLAN

Attachment 4.19-D

Part I

Subpart C

Exhibit C-2

Page 3

## QUALITY AND EFFICIENCY INCENTIVE FACTOR EFFECTIVE 07/01/12

NF ONLY

| INCENTIVE OUTCOME                |  | INCENTIVE<br>ADD-ON |
|----------------------------------|--|---------------------|
| 1                                | CMI adjusted staffing ratio $\geq$ 75th percentile (4.78), or<br>CMI adjusted staffing $<$ 75th percentile but improved $\geq$ 10% | \$2.25<br>\$0.20    |
| 2                                | Staff turnover rate $\leq$ 75th percentile, 40.6% or<br>Staff turnover rate $>$ 75th percentile but reduced $\geq$ 10%             | \$2.25<br>\$0.20    |
| 3                                | Medicaid occupancy $\geq$ 60%  | \$1.00              |
| Total Incentive Add-on Available |  | \$5.50              |

## KANSAS MEDICAID STATE PLAN

Attachment 4.19-D

Part I

Subpart C

Exhibit C-2

Page 3a

## QUALITY AND EFFICIENCY INCENTIVE FACTOR EFFECTIVE 07/01/13

NF-MH ONLY

| QUALITY/EFFICIENCY OUTCOME |  | INCENTIVE<br>POINTS |
|----------------------------|--|---------------------|
| 1                          | CMI adjusted staffing ratio $\geq$ 120% (3.66) of NF-MH median (3.05), or<br>CMI adjusted staffing ratio between 110% (3.36) and 120%                                  | 2, or<br>1          |
| 2                          | Total occupancy $\leq$ 90%   | 1                   |
| 3                          | Operating expenses $<$ \$19.49, 90% of NF-MH median, \$21.27   | 1                   |
| 4                          | Staff turnover rate $\leq$ 75th percentile, 24%<br>Staff turnover rate $\leq$ 50th percentile, 34%<br>Contracted labor $<$ 10% of total direct health care labor costs | 2, or<br>1          |
| 5                          | Staff retention $\geq$ 75th percentile, 81%<br>Staff retention $\geq$ 50th percentile, 79%   | 2, or<br>1          |
|                            | Total Incentive Points Available   | 8                   |

Total Incentive Points:

Tier 1: 6-8 points

Tier 2: 5 points

Tier 3: 4 points

Tier 4: 0-3 points

Incentive Factor Per Diem:

\$7.50

\$5.00

\$2.50

\$0.00

COMPILATION OF NF  
INCENTIVE POINTS AWARDED  
EFF. 07/01/13

| INCENTIVE<br>AWARDED | #<br>OF<br>PROVIDERS | PERCENTAGE |
|----------------------|----------------------|------------|
| \$0.00               | 61                   | 19.1%      |
| \$0.20               | 38                   | 11.9%      |
| \$0.40               | 7                    | 2.2%       |
| \$1.00               | 41                   | 12.8%      |
| \$1.20               | 41                   | 12.8%      |
| \$1.40               | 7                    | 2.2%       |
| \$2.25               | 45                   | 14.1%      |
| \$2.45               | 20                   | 6.3%       |
| \$3.25               | 20                   | 6.3%       |
| \$3.45               | 10                   | 3.1%       |
| \$4.50               | 24                   | 7.5%       |
| \$5.50               | 6                    | 1.9%       |
| TOTALS               | 320                  | 100%       |

| PEAK<br>INCENTIVE<br>AWARDED | #<br>OF<br>PROVIDERS | PERCENTAGE |
|------------------------------|----------------------|------------|
| \$0.00                       | 154                  | 48.1%      |
| \$0.50                       | 154                  | 48.1%      |
| \$1.00                       | 4                    | 1.3%       |
| \$2.00                       | 0                    | 0.0%       |
| \$3.00                       | 2                    | 0.6%       |
| \$4.00                       | 6                    | 1.9%       |
| TOTALS                       | 320                  | 100.0%     |

APR 11 2014

KANSAS MEDICAID  
QUALITY AND EFFICIENCY OUTCOMES INCENTIVE FACTOR

Provider Number:

HP Enterprise Services Provider Number:

Facility Name:

Rate Effective Date: 07/01/13

|  | Incentive<br>Possible | Facility<br>Stats   | Incentive<br>Awarded |
|--|-----------------------|---------------------|----------------------|
| 1. Case Mix Adjusted Nurse Staff Ratio                               |                       |                     |                      |
| Tier 1: At or Above the NF 75th Percentile (4.78)                    | \$ 2.25               |                     | \$ 0.00              |
| Tier 2: Below the NF 75th Percentile but Improved At<br>or Above 10% | \$ 0.20               |                     | \$ 0.00              |
| Cost Report Year Data:   |                       | 3.38<br>12/31/2012  |                      |
| 2. Staff Turnover  |                       |                     |                      |
| Tier 1: At or Below the NF 75th Percentile (40.6%)                   | \$ 2.25               |                     | \$ 2.25              |
| Tier 2: Above the NF 75th Percentile but Reduced At<br>or Above 10%  | \$ 0.20               |                     | \$ 0.00              |
| And Contract Nursing Labor Less than 10%<br>of total DHC Labor Costs |                       |                     |                      |
| Cost Report Year Data:   |                       | 38.4%<br>12/31/2012 |                      |
| 3. Occupancy Rate  |                       |                     |                      |
| Medicaid Occupancy At or Above 60%                                   | \$ 1.00               |                     | \$ 1.00              |
| Cost Report Year Data:   |                       | 62%<br>12/31/2012   |                      |
| Total Incentive before Survey Adjustment                             |                       |                     | \$ 3.25              |
| Survey Adjustment and Reduction                                      | 0%                    |                     | \$ 0.00              |
| <b>Final Incentive Awarded</b>                                       |                       |                     | <b>\$ 3.25</b>       |

KANSAS MEDICAID  
QUALITY AND EFFICIENCY OUTCOMES INCENTIVE FACTOR

Provider Number:

HP Enterprise Services Provider Number:

Facility Name:

Rate Effective Date: 07/01/13

|  | Incentive<br>Possible | Facility<br>Stats     | Incentive<br>Awarded |
|--|-----------------------|-----------------------|----------------------|
| 1. Case Mix Adjusted Nurse Staff Ratio                               |                       |                       |                      |
| Tier 1: At or Above 120% of NF-MH Median (3.66)                      | 2                     |                       | 0                    |
| Tier 2: At or Above 110% of NF-MH Median of (3.36)                   | 1                     |                       | 0                    |
| (NF-MH Median is 3.05 for an Average Statewide CMI of 1.0124)        |                       |                       |                      |
| Cost Report Year Data:   |                       | 2.19<br>12/31/2012    |                      |
| 2. Operating Expense   |                       |                       |                      |
| At or below \$19.49, 90% of NF-MH Median (\$21.27)                   | 1                     |                       | 0                    |
| Cost Report Year Data:   |                       | \$19.94<br>12/31/2012 |                      |
| 3. Staff Turnover  |                       |                       |                      |
| Tier 1: At or Below the NF-MH 75th Percentile (24%)                  | 2                     |                       | 0                    |
| Tier 2: At or Below the NF-MH 50th Percentile (34%)                  | 1                     |                       | 1                    |
| And Contract Nursing Labor Less than 10%<br>of total DHC Labor Costs |                       |                       |                      |
| Cost Report Year Data:   |                       | 26%<br>12/31/2012     |                      |
| 4. Staff Retention   |                       |                       |                      |
| Tier 1: At or Above the NF-MH 75th Percentile (81%)                  | 2                     |                       | 0                    |
| Tier 2: At or Above the NF-MH 50th Percentile (79%)                  | 1                     |                       | 1                    |
| Cost Report Year Data:   |                       | 79%<br>12/31/2012     |                      |
| 5. Occupancy Rate  |                       |                       |                      |
| Total Occupancy At or Below 90%                                      | 1                     |                       | 0                    |
| Cost Report Year Data:   |                       | 99%<br>12/31/2012     |                      |
| <b>Total Points Awarded</b>  |                       |                       | <b>2</b>             |
| Incentive Before Survey Adjustment                                   |                       |                       | \$0                  |
| Survey Adjustment and Reduction                                      | 0%                    |                       | \$0                  |
| <b>Final Incentive</b>   |                       |                       | <b>\$0</b>           |

## Scoring:

| Points | Per Diem |
|--------|----------|
| 6 - 8  | \$7.50   |
| 5      | \$5.00   |
| 4      | \$2.50   |
| 0 - 3  | \$0.00   |