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State/Territory Name: KS

State Plan Amendment (SPA) #: 16-0005

This file contains the following documents in the order listed:

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



Financial Management Group

AUG 29 2016

Michael Randol, Director
Kansas Department of Health and Environment
Division of Health Care Finance
Landon State Office Building
900 SW Jackson, Room 900-N
Topeka, KS 66612-1220

RE: Kansas State Plan Amendment TN: 16-005

Dear Mr. Palmer:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 16-005. This technical amendment clarifies the existing Disproportionate Share Hospital payment methodology within the Kansas State plan, confirming that the annual Federal DSH allotment will be fully expended each year.

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 16-005 is approved effective April 1, 2016. We are enclosing the CMS-179 and the amended plan page.

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

Sincerely,

Kristin Fan
Director

Enclosures

| | | | |
|---|---|---|--------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES | | 1. TRANSMITTAL NUMBER: <u>KS 16-005</u> | 2. STATE Kansas |
| TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES | | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| 5. TYPE OF PLAN MATERIAL (<i>Check One</i>) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT | | 4. PROPOSED EFFECTIVE DATE April 1, 2016 | |
| COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION Section 1923 of the Social Security Act | 7. FEDERAL BUDGET IMPACT a. FFY 2016 \$0 b. FFY 2017 \$0 | | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A, Page 29 & 30 | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Attachment 4.19-A, Page 29 & 30 | | |
| 10. SUBJECT OF AMENDMENT Disproportionate Share Hospital (DSH) Allotment | | | |
| 11. GOVERNOR'S REVIEW (<i>Check One</i>) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Michal Randol is the <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Governor's Designee | | | |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL 13. TYPED NAME for Michael Randol 14. TITLE Director, Division of Health Care Finance 15. DATE SUBMITTED June 1, 2016 | 16. RETURN TO Michael Randol, Director KDHE, Division of Health Care Finance Landon State Office Building 900 SW Jackson, Room 900-N Topeka, KS 66612-1220 | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED | 18. DATE APPROVED <div style="text-align: right; font-weight: bold;">AUG 29 2016</div> | | |
| PLAN APPROVED – ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL <div style="text-align: right; font-weight: bold;">APR 01 2016</div> | 20. SIGNATURE OF REGIONAL OFFICIAL | | |
| 21. TYPED NAME <div style="font-family: cursive; font-size: 1.2em;">Kristin Fan</div> | 22. TITLE <div style="font-family: cursive; font-size: 1.2em;">Director, FMC</div> | | |
| 23. REMARKS | | | |

KANSAS MEDICAID STATE PLAN

Attachment 4.19-A

Page 29

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

An example of both the eligibility and payment adjustment computations are attached.

6.3000 Allocation of DSH Funds

Effective for DSH calculations beginning July 1, 2007, total available DSH funds shall be distributed among DSH eligible facilities as defined in 6.10000 above based upon each facility's burden of uncompensated care costs relative to their peers. The calculation of the total available DSH funds and the DSH funding pools is contained at Section 6.3000 B. The State will expend the annual DSH allotment available to the State. If CMS increases the DSH allotment for a prior year, the State will also expend that amount based upon 6.3000 B. In addition, pools of DSH funding will be established for like groups of facilities to establish limitations on the available funding for each pool.

- A. Available DSH funds to the following types of hospitals will be limited as follows:
 - a. Out-of-State hospitals – DSH eligible out-of-state hospitals will share in a pool of DSH funds. The pool of DSH funds available for DSH eligible out-of-state hospitals will be calculated each year and limited to the lesser of 10% of the Federal DSH allotment for the State of Kansas or the amount calculated in Section 6.3000 C and D.
 - b. State-owned or operated teaching facilities – DSH eligible hospitals that are state-owned or operated and provide graduate medical education programs will share in a pool of DSH funds. The pool of DSH funds available for DSH eligible state-owned or operated teaching hospitals will be calculated each year, and limited to .25% of the Federal DSH allotment for the State of Kansas.
 - c. In-state hospitals eligible for DSH payments that are not classified as institutes for mental disease (IMDs) and were not included in either of the pools of Section 6.3000 A. a. or b. above will be distributed the remaining DSH funds for non-IMD hospitals. The remaining DSH funds for distribution to this pool will consist of the Federal DSH allotment for the state of Kansas for non-IMD hospitals less the DSH payments calculated for DSH eligible hospitals included in Sections 6.3000 A. a. and 6.3000 A. b.
- B. Pools will be established in the following order:
 - 1. IMD Pool
 - 2. Out-of-State Pool
 - 3. State-Owned/Operated Teaching Hospital Pool
 - 4. Other-in-state DSH Eligible Hospital Pool

The following table illustrates the methodology used to calculate the total DSH funds available and the amounts allocated to each pool.

KANSAS MEDICAID STATE PLAN

Attachment 4.19-A
Page 30

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

| | |
|---|--------------------------|
| Total Federal DSH Allotment | 42,243,450 |
| FMAP | <u>56.91%</u> |
| Total DSH Funds Available | 74,228,519 |
| Federal Limit on DSH for IMD's | <u>24,495,411</u> |
| DSH Funds for Non-IMD Hospitals | <u><u>49,733,108</u></u> |
| Pools of Non-IMD DSH | |
| Out of State Hospitals | 4,973,311 |
| State-Owned/Operated Teaching Hospitals | 124,333 |
| Other in-state DSH Eligible Hospitals | <u>44,635,464</u> |
| Total | <u><u>49,733,108</u></u> |

- C. The initial allocation of DSH funds will be made to hospitals that lose eligibility in any given year, that were eligible for DSH funds in each of the preceding two years. These hospitals will be eligible to receive 50% of their previous year's payment in the year they initially lose eligibility. Hospitals eligible under this provision will receive the lesser of 50% of their previous year's payment, or their UCC as defined in 6.2000 B. In addition, to be eligible for any payment these hospitals must continue to meet the minimum eligibility criteria of 1% Medicaid utilization and the Federal obstetrician requirement.
- D. The allocation of DSH funds among eligible hospitals that are not IMD will distribute DSH funds proportionally to hospitals in each pool based upon each hospitals relative burden of uncompensated care costs to total facility expenses, as follows:
- a. Hospital Burden: The hospital burden of each DSH eligible hospital is calculated to determine the percentage of the hospital's business that is related to providing uncompensated care. This burden is calculated by dividing the hospital's UCC as defined in Section 6.2000 B., by the hospital's total cost. For purposes of the hospital burden calculation, the total hospital costs will be determined from the