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State/Territory Name: KS

State Plan Amendment (SPA) #: 16-0008

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

MAY 23 2017

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: 16-008

Dear Mr. Randol:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 16-008. This amendment provides for a 4.00% reduction in inpatient hospital Diagnosis Related Group (DRG) payment rates for all hospitals other than critical access hospitals, hospitals located in frontier, rural and densely settled rural counties, and state-operated psychiatric hospitals.

As part of our review of the pending SPA, we requested the State to demonstrate that the payment rate decrease would not restrict access to services for the fee-for-service population in the Kansas Medicaid program. The State provided data confirming that 97% of Medicaid beneficiaries in Kansas receive care through a managed care arrangement and that the 3% remaining in the fee-for-service system includes individuals that receive limited specialty services or services in periods of presumptive or retro-active eligibility. Based on this information, the state concluded that access will not be affected by the rate reductions under SPA 16-008. The State must continue to monitor access to care for the fee-for-service population and promptly notify us if access to care appears to be lessening.

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 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 16-008 is approved effective July 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: KS 16-008	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 July 1, 2016	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT <i>(Separate Transmittal for each amendment)</i>			
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.250	7. FEDERAL BUDGET IMPACT a. FFY 2016 (\$ 88,551) b. FFY 2017 (\$354,206)		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A, Page 20	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT <i>(If Applicable)</i> Attachment 4.19-A, Page 20		
10. SUBJECT OF AMENDMENT This is to change the percentage paid for inpatient services for Health Care Access Improvement Program (HCAIP) from 25.8% to 23.1%.			
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 September 21, 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 MAY 23 2017		
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL JUL 01 2016	20. SIGNATURE OF REGIONAL OFFICIAL <i>[Signature]</i>		
21. TYPED NAME Kristen Fan	22. TITLE Director, FMO		
23. REMARKS			

Methods and Standards for Establishing Payment Rates - Inpatient Hospital Care

2.4600 DRG Daily Rates

The agency computed DRG daily rates for all DRG classifications. These rates will be used for computing reimbursement in cases involving day outliers, transfers, and eligibility changes (see subsections 2.5300, 2.5400, and 2.5600).

2.4700 Hospital Specific Medicaid Cost to Charge Ratios

The agency established a cost to charge ratio of Medicaid utilization of inpatient services for each hospital. This ratio shows a comparison of Medicaid reimbursable costs of general hospital inpatient services with the corresponding covered charges.

Cost to charge ratios (CCR's) were calculated using the cost reports submitted by hospitals and charge data from the claims database used to compute the DRG weights and hospital group rates.

These ratios will be used in the DRG reimbursement system to estimate costs of claims for determining whether the claims meet the cost outlier criteria (subsection 2.5110), and also to compute payment for cost outliers (subsection 2.5310). Please note these ratios should not be confused with the cost to charge ratios of various ancillary service departments computed in hospital cost reports. The cost to charge ratio for out-of-state hospitals is a statewide average ratio.

2.5000 Determination of Payment Under the DRG Reimbursement System

This section provides policies and methodologies for the determination of payment in various situations under the DRG reimbursement system.

Pursuant to Senate Substitute for House Bill 2912, as passed by the 2004 Kansas Legislature, the state of Kansas plans to spend approximately \$100 million from the Health Care Access Improvement Fund in state fiscal year 2005 to improve health care delivery and related health activities.

The specific payment changes approved by the Health Care Access Improvement Panel, created pursuant to the legislation, are as follows:

- 1) Inpatient Hospital payment rates that were in effect on June 30, 2004 would be increased by 34.4% for all Kansas licensed hospitals except state owned or operated hospitals. Effective March 1, 2006, inpatient hospital payment rates effective February 28, 2006 will be decreased by 6.4%; Effective July 1, 2016, inpatient hospital payment rates effective June 30, 2016 will be decreased by 2.14%.