

Table of Contents

State/Territory Name: KS

State Plan Amendment (SPA) #: 16-0012

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: 16-012

Dear Mr. Randol:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 16-012. This amendment provides for a 4.00% reduction in inpatient hospital payment rates other than Diagnosis Related Group (DRG) and DRG outlier 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 16-012. 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 16-012 is approved effective July 1, 2016. We are enclosing the CMS-179 and the amended plan pages.

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 16-012

2. STATE
Kansas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2016

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 440-10

7. FEDERAL BUDGET IMPACT
a. FFY 2016 (\$118,629)
b. FFY 2017 (\$476,637)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A, #1, Page 1
Attachment 4.19-A, Page 4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT *(If Applicable)*

Attachment 4.19-A, #1, Page 1
Attachment 4.19-A, Page 4

10. SUBJECT OF AMENDMENT
Inpatient Hospital Care

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:
Michal Randol is the
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

21. TYPED NAME

Kristin FAN

22. TITLE

Director, FMO

23. REMARKS

KANSAS MEDICAID STATE PLAN

Attachment 4.19-A

#1

Page 1

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

Effective with dates of service July 1, 2016 forward, the allowed Medicaid payment amount will be reduced by 4%. The 4 percent reduction will be applied to the claim allowed amount prior to any cost sharing amounts such as client obligation or other insurance payments.

The following points pertain to section 4.19A:

- The reduction will not apply to inpatient services provided by Critical Access Hospitals, and hospitals located in frontier, rural and densely-settled rural counties and State operated psychiatric hospitals.

Psychiatric Residential Treatment Facilities (PRTFs): The payment reduction will apply to PRTF reimbursement in a similar manner. The 4 percent reduction will be applied to the claim allowed amount prior to any cost sharing amounts such as client obligation or other insurance payments.

Methods and Standards for Establishing Payment Rates - Inpatient Hospital Care

1.0000 continued

- z. "Readmission" means the subsequent admission of a recipient as an inpatient into a hospital within 30 days of discharge as an inpatient from the same or another hospital participating in the DRG reimbursement system.
- aa. "Recalibration" means the adjustment of all DRG weights to reflect changes in relative resource use associated with all existing DRG categories and/or the creation or elimination of DRG categories.
- bb. "Standard diagnosis related group (DRG) amount" means the amount computed by multiplying the group reimbursement rate for the general hospital by the diagnosis related group weight.
- cc. "State-operated hospital" means an establishment operated by the State of Kansas with an organized medical staff of physicians, with permanent facilities that include inpatient beds, with medical services, including physician services and continuous registered professional nursing services for not less than 24 hours of every day, and which provides diagnosis and treatment for nonrelated patients.
- dd. "Stay as an inpatient in a general hospital" means the period of time spent in a general hospital from admission to discharge.
- ee. "Transfer" means the movement of an individual receiving hospital inpatient services from one hospital to another hospital for additional related inpatient care after admission to the previous hospital or hospitals.
- ff. "Transferring hospital" means the hospital which transfers a recipient to another hospital. There may be more than one transferring hospital for the same recipient until discharge.
- gg. "Critical Access Hospital": Hospitals that are certified as critical access hospitals by Medicare.
- hh. "Border city children's hospital" is defined as a comprehensive pediatric medical center with 200 beds or more, a level I pediatric trauma center, and at least a level IIIC intensive care nursery. The border city children's hospital must be located in a Kansas border city. A Kansas border city means those communities outside of the state of Kansas, but within a 50-mile range of the state border.
- ii. "Hospital located in a frontier county": A hospital located within a county where the population is fewer than 6.90 persons/sq. mi. The population density is taken from the 2010 Census.
- jj. "Hospital located in a rural county": A hospital located within a county where the population is 6.0 - 19.9 person/sq. mi. The population density is taken from the 2010 Census.
- kk. "Hospital located in a densely-settled rural county": A hospital located within a county where the population is 20.0 - 39.9 persons/sq. mi. The population density is taken from the 2010 Census.

2.0000 Reimbursement for Inpatient General Hospital Services According to Diagnosis Related Groups (DRGs)

2.1000 Hospital Participation Effective Date

Effective with services provided on or after October 1, 2000, general hospitals will be paid in accordance with the Kansas Medicaid/MediKan Diagnosis Related Groups (DRG) Reimbursement System described in 2.0000 and 3.0000. This does not include state-operated hospitals. State-operated hospitals are discussed in 4.0000.

2.2000 Billing Requirements

This section describes variations in how billings should be made by hospitals.

2.2100 General Billing

Under the DRG Reimbursement System a hospital may bill only upon discharge of the recipient except as noted in subsections 2.2200 and 2.2300.