Table of Contents

State/Territory Name: KS

State Plan Amendment (SPA) #: 18-0009

This file contains the following documents in the order listed:

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

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

NOV. 15, 2018

Jonathan J. Hamdorf, 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 Medicaid State Plan Amendment TN: 18-009

Dear Mr. Hamdorf:

We have reviewed the proposed amendment to Attachments 4.19-A and 4.19-B of your Medicaid State plan submitted under transmittal number (TN) 18-009. This amendment increases payment rates for fee-for-service inpatient and outpatient hospital services by 4%.

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 18-009 is approved effective July 1, 2018. 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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: KS 18-009

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, 2018

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 Subpart C

7. FEDERAL BUDGET IMPACT
a. FFY 2018 $209,658.00
b. FFY 2019 $628,975.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A #1, Page 1,
Attachment 4.19-A, Page 21
Attachment 4.19-A, Page 23, and
Attachment 4.19-A, Page 24
Attachment 4.19-B #1

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*

Attachment 4.19-A #1, Page 1,
Attachment 4.19-A, Page 21
Attachment 4.19-A, Page 23, and
Attachment 4.19-A, Page 24
Attachment 4.19-B #1

10. SUBJECT OF AMENDMENT
In compliance with the State of Kansas House Substitute for Senate Bill 109, a reimbursement policy change will be implemented where all inpatient and outpatient hospital service payments are increased by 4%.

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: Jonathan J. Hamdorf is the Governor's Designee

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME
Jonathan J. Hamdorf

14. TITLE
Director, Division of Health Care Finance

15. DATE SUBMITTED
August 20, 2018

16. RETURN TO
Jonathan J. Hamdorf, 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
August 20, 2018

18. DATE APPROVED
NOV 15, 2018

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
JULY 1, 2018

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME
Kristin Fan

22. TITLE
Director, FMG

23. REMARKS

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

Effective with the date of service July 1, 2018 and forward, the Medicaid allowed amount will be increased by 4%.

The following points pertain to section 4.19A:

- The increase will not apply to State operated psychiatric hospitals.
- Psychiatric Residential Treatment Facilities (PRTFs): The payment increase will not apply to PRTF reimbursement in a similar manner.

Except as otherwise noted in the plan, the state-developed fee schedule rates are the same for both governmental and private providers for the above services. The agency's fee schedule rate was set as of July 1, 2018 and is effective for services provided on or after that date. The agency's established fee schedule rates are published on the agency's website at https://www.kmap-state-ks.us.

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

2.5100 Identification of Outlier Claims.

Each claim that is eligible for an outlier payment, will be tested to determine whether it meets the cost and/or day outlier criteria. If the claim does not qualify as either a cost or a day outlier, the standard DRG payment will be made to the hospital, unless the claim falls under one of the categories discussed in subsections 2.5400 through 2.5720 and another method is used for computing payment.

2.5110 Test for Cost Outlier

The covered charges on the claim will be multiplied by the pre-established Medicaid cost to charge ratio for the hospital (subsection 2.4700) to estimate the cost of the claim. If the estimated cost is higher than the cost outlier limit established for the DRG which has been assigned to the claim, a cost outlier payment will be made to the hospital in addition to the standard DRG amount.

2.5120 Testing for Day Outlier

If the covered length of stay on the claim is higher than the day outlier limit established for the DRG that has been assigned to the claim, a day outlier payment will be made to the hospital in addition to the standard DRG amount.

2.5130 Example of Testing for Outlier

Data

Hospital Data:	Group Payment Rate	$ 2,836
	Cost to Charge Ratio	.78
Claim Data:	Covered Charges	$39,760
	Covered Length of Stay	50 days
DRG Data:	DRG Weight	4.2294
	Cost Outlier Limit	$32,899
	Day Outlier Limit	67 days
	Daily Rate	$ 503
	Adjustment Percentage	.78

Computation/Comparison

Testing for Cost Outlier

Estimated Cost of Claim	=	Covered Charges x Ratio	
	=	$39,760	x .78
	=	$31,013	

Compare With Cost Outlier Limited $32,899

2.5310 continued

Example of Computing Cost Outlier Payment:

Data

Hospital Data	:	Same as subsection 2.5130
Claim Data	:	Covered Charges…$45,980
DRG Data	:	Same as subsection 2.5130
Standard DRG Payment:		$11,995 (from subsection 2.5200)
Assumption	:	Not a day outlier

Computations

Estimated Cost	=	Covered Charges	x	Hospital Ration		
	=	$45,980	x	.78		
	=	$35,864				
Payment for Cost Outlier Portion	=	(Estimated Cost	-	Cost Outlier Limit)	x	DRG Adj. Percentage
	=	($35,864	-	$32,899)	x	.78
	=	$2,313				
Total Payment	=	Std. DRG Pymt	+	Outlier Pymt.		
	=	$11,995	+	$2,313		
	=	$14,308				

2.5320 Day Outlier Payment

The payment for the day outlier portion will be obtained by multiplying the difference between the covered length of stay and the applicable day outlier limit, by the DRG daily rate and the DRG adjustment percentage.

Example of Day Outlier Payment Computation:

Data

Hospital Data	:	Same as subsection 2.5130
Claim Data	:	Covered Length of Stay……73 days
DRG Data	:	Same as subsection 2.5130
Standard DRG Payment:		$11,995 (from subsection 2.5200)
Assumption	:	Not a cost outlier

Computations

Payment for Day Outlier Portion	=	[Covered Length of Stay	-	Day Outlier Limit]	x	DRG Daily Rate	x	DRG Adjustment Percentage
	=	(73	-	67)	x	$503	x	.78
	=	$2,354						

Section 2.5320 continued

Total Claim Payment	=	Standard DRG Payment	+ Outlier Payment
	=	$11,995	+ $2,354
	=	$14,349	

2.5330 Simultaneous Cost and Day Outlier Payment

If a covered general hospital inpatient stay is determined to be both a cost outlier and a day outlier, the reimbursement will be the greater of the amounts computed for cost outlier and day outlier.

Example of Payment for Simultaneous Cost and Day Outlier:

Data

Total Claim Payment for Cost Outlier...$14,308 (subsection 2.5310)
Total Claim Payment for Day Outlier.... $14,349 (subsection 2.5320)

Analysis

The higher of the two amounts, $14,349, will be the reimbursement amount for the claim which meets both cost outlier and day outlier criteria.

2.5340 Pay No More Than Charges

After the determination of the payment, including any applicable outliers, hospitals shall be paid the lesser of the Medicaid allowed amount and their allowed charges. Allowed charges are determined based upon which revenue codes are allowed as covered services.

2.5400 Payment for Transfers

When a recipient is transferred during a covered general hospital inpatient stay from one hospital to another hospital, or to a psychiatric or rehabilitation wing of the same hospital, the reimbursement to all hospitals involved in the transfer(s) will be computed as follows.

2.5410 Transferring Hospital(s)

The reimbursement to each transferring general hospital shall be the DRG daily rate for each covered day of stay. Total payment to each transferring hospital shall be no greater than the standard DRG amount, except where the transferring hospital is eligible for outlier payments.

2.5420 Discharging Hospital

The discharging general hospital shall be reimbursed the standard DRG amount. If the claim qualifies as an outlier, the discharging hospital shall be eligible for an outlier payment based solely on the length of stay at the discharging hospital.

Outpatient Hospital Services
Methods and Standards for Establishing Payment Rates

Payments to general and special hospitals for outpatient hospital services are based on the reimbursement methodologies for comparable services rendered by non-hospital providers.

Effective with the date of service July 1, 2018 and forward, the Medicaid allowed amount will be increased by 4%.

Except as otherwise noted in the plan, the state-developed fee schedule rates are the same for both governmental and private providers for the above services. The agency's fee schedule rate was set as of July 1, 2018 and is effective for services provided on or after that date. The agency's established fee schedule rates are published on the agency's website at https://www.kmap-state-ks.us.