

Table of Contents

State/Territory Name: KS

State Plan Amendment (SPA) #: 19-0001

This file contains the following documents in the order listed:

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

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



Financial Management Group

January 24, 2019

Christiane Swartz
Deputy Medicaid Director
Kansas Department of Health and Environment
Landon State Office Building
900 SW Jackson, Room 900-N
Topeka, KS 66612-1220

RE: Kansas Medicaid State Plan Amendment TN: 19-0001

Dear Ms. Swartz:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 19-0001. This amendment increases the Indirect Medical Education Factor used to calculate the IME rate for graduate medical education payments.

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 19-0001 is approved effective January 1, 2019. 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 19-0001

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
January 1, 2019

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 §412.105

7. FEDERAL BUDGET IMPACT
a. FFY 2019 ~~\$1.68 million~~ **\$146,890**
b. FFY 2020 ~~\$3.32 million~~ **\$201,307**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A, Page 37

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)
Attachment 4.19-A, Page 37

10. SUBJECT OF AMENDMENT
Increase to the Medicaid Indirect Medical Education (IME) Factor

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
January 9, 2019

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

18. DATE APPROVED
JAN 24 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
JAN 01 2019

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME
Krishn Fan

22. TITLE
Director, FMG

23. REMARKS

* Pen & Ink Adjust ment to Box 7 per State's Concurrence. TW

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

9.0000 Public process for proposed changes in methods and standards for establishing payment rates – inpatient hospital care. The State has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

10.0000 Direct and Indirect Graduate Medical Education Payments

Effective with discharges on and after January 1, 2005, payments will be made for graduate medical education (GME) services for Kansas hospital inpatient claims. This payment is in addition to the standard DRG payment. This section only applies to hospitals being reimbursed using the DRG methodology. This section does not apply to hospitals being reimbursed under Section 4.0000.

The hospital-specific medical education rate has two components, the direct graduate medical education (DGME) rate and the indirect medical education (IME) rate. The sum of the two rates, or fractions, is the overall graduate medical education (GME) factor, or rate, for the hospital and for application to the DRG payment. These are computed as follows:

- Direct Medical Education (DGME): For discharges on and after January 1, 2005, the DGME factor is the lesser of total direct medical education cost or aggregate approved costs divided by the total costs of the hospital. This data is from the most recent available Medicare cost report as of the start of each State fiscal year.
- For discharges on and after July 1, 2009, the DGME ratio will be similar to Medicare's DGME formula. The DGME factor will be determined by dividing the hospital's Medicaid patient days by the hospital's total patient days, per worksheet E-3, Part IV, line 5 of the Medicare cost report. This fraction is multiplied by the hospital's total DGME allowable amount as identified on worksheet E-3, Part IV, line 3.25 of the Medicare cost report form. The resulting amount is divided by the Medicaid DRG base amount, for each hospital from the State's most recent fiscal year end. The data is from the Medicare cost report, for each hospital, used for the annual update of the inpatient MS-DRG peer group rates and weights.
- Indirect Medical Education (IME) Factor = $2.1 \times ((1 + \text{ratio of full time equivalent interns and residents to hospital beds excluding nursery})^{0.405} - 1)$. This data is from the Medicare cost report, for each hospital, used for the annual update of the inpatient MS-DRG peer group rates and weights.
 - Effective for discharges on and after January 1, 2019, the IME factor is 2.27.
- Hospital-Specific Medical Education Rate = Medicaid hospital DRG Group rate (peer group rate) X (DGME factor + IME factor).
- The hospital's GME claim payment is determined by multiplying the hospital-specific medical education rate times the claim DRG base amount (hospital peer group amount multiplied by the DRG weight for the claim).
- Payments shall be made at least quarterly based upon the claims processed and paid during the previous quarter. This applies to claims that are applicable to this section of the State Plan that have not previously been reimbursed for medical education.