

Table of Contents

State/Territory Name: Kansas

State Plan Amendment (SPA) #: 20-0008

This file contains the following documents in the order listed:

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

Financial Management Group

June 25, 2020

Christiane Swartz, Interim State Medicaid 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 SPA 20-0008

Dear Ms. Swartz:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 20-0008. This amendment adds "State Institutional Alternative (SIA)" to the Medicaid state plan.

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. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of April 3, 2020. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please contact Fredrick Sebree at Fredrick.sebree@cms.hhs.gov.

Sincerely,



Karen Shields
Acting Director

cc:
Fredrick Sebree

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

1. TRANSMITTAL NUMBER:
KS 20-0008

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
April 3, 2020

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 2020 \$0
b. FFY 2021 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Page 4
Attachment 4.19-A Page 25d

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-A Pages i, ii, iii (Removal)
Attachment 4.19-A Page 4
Attachment 4.19-A Page 25d

10. SUBJECT OF AMENDMENT

The state is adding "State Institutional Alternative (SIA)" to the Medicaid state plan. The definition of an SIA is, "a facility that provides inpatient psychiatric treatment and is authorized by the Kansas Department for Aging and Disability Services (KDADS) to serve as an alternative to placement in a state mental health institution." In addition, the Table of Contents (TOC) for Attachment 4.19-A will be removed from the Kansas Medicaid State Plan.

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:
Adam Proffitt is the
Governor's Designee

12. [REDACTED] OFFICIAL

13. TYPED NAME
Adam Proffitt

14. TITLE
State Medicaid Director

15. DATE SUBMITTED
May 7, 2020

16. RETURN TO
Adam Proffitt, State Medicaid 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 5/7/2020

18. DATE APPROVED 6/25/20

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL 4/3/2020

20. SIGNATURE OF REGIONAL OFFICIAL
[REDACTED]

21. TYPED NAME
Karen Shields

22. TITLE
Acting Director, FMG

23. REMARKS

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 15 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.
- ll. "Large Hospital" is defined as any hospital in the State of Kansas with 500 or more available beds, as reported on the Medicare cost report, defined in Section 6.2000 B.
- mm. "State Institutional Alternatives (SIA)" are defined as facilities that provide inpatient psychiatric treatment and are authorized by the Kansas Department of Aging and Disability Services (KDADS) to serve as an alternative to placement in a state mental health institution.

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

4.0000 Reimbursement for Inpatient Services in State Operated Psychiatric Hospitals, State Institutional Alternatives (SIA) and Large Public Kansas Teaching Hospitals

Reimbursement for inpatient services in state operated psychiatric hospitals shall be based upon the lesser of reasonable costs or customary charges for covered services rendered to eligible individuals. These costs shall include Medicare allowable costs, including but not limited to malpractice, capital, physician services, and education as allowed under federal law. Reimbursement for inpatient services in State Institutional Alternatives (SIA) shall be based upon the lesser of reasonable costs or customary charges for covered services rendered to eligible individuals. These costs shall include Medicare allowable costs, including but not limited to malpractice, capital, physician services, and education as allowed under federal law. Reimbursement for inpatient services in large public Kansas teaching hospitals is determined upon the Standard DRG payment plus an additional amount for outlier claims. Outlier payment for large public Kansas teaching hospitals are calculated consistent with the method described at 2.5100 and 2.5300. Effective May 17, 2019, and updated annually on a calendar year basis beginning January 1, 2020, the group payment rate for large public Kansas teaching hospitals calculated pursuant to sections 2.4500-2.4520 will be calculated in the following manner:

1. FFS DRG Pricing:
 - a. The most recent two historical years of FFS utilization will be priced at the current effective DRG schedule to align with the year that the Academic Base Rate will be effective.
 - b. This uses the KU Peer Group Rate prior to the adjustment for the Academic Base Rate and includes both the projected base DRG payment and outlier payments.
2. Encounter DRG Pricing:
 - a. The most recent two historical years of encounter utilization at the current effective DRG schedule to align with the year that the Academic base rate will be effective.
 - b. This uses the KU Peer Group Rate prior to the adjustment for the Academic Base Rate and includes both the projected base DRG payment and outlier payments.
3. Encounter percent of billed pricing:
 - a. The most recent historical years of Encounter utilization is priced at the effective percent of billed schedule for the following year that the Academic Base Rate will be effective.
 - b. The billed charges are trended from the historical period to the current calendar year effective period based on KU's historic charge master increases.
4. Upper Payment Limit (UPL):
 - a. KU provided historic UPL information for the prior two historical years.
 - b. Fiscal year was used as a benchmark due to KU UPL reporting period.
5. Academic Base Rate Adjustment:
 - a. The KU Peer Group rate will be increased through an iterative process in such a manner the following conditions are met:
 - i. The encounter DRG pricing with the updated KU Peer Group will be less than the Encounter percent of billed pricing; and
 - ii. The FFS DRG Pricing with the updated KU Peer Group will be less than the historic UPL levels.
 - b. Once the conditions are met, the updated KU Peer Group is finalized as the KU Academic Base Rate.