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State/Territory Name: KANSAS

State Plan Amendment (SPA) #: KS-25-0016

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

September 25, 2025

Christine Osterlund
Medicaid Director
Deputy Secretary of Agency Integration and Medicaid
KDHE, Division of Health Care Finance
Landon State Office Building
900 SW Jackson, Room 900-N
Topeka, KS 66612-1220

RE: **TN 25-0016**

Dear Medicaid Director Osterlund,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Kansas State Plan Amendment (SPA) to Attachment 4.19-A, KS-25-0016, which was submitted to CMS on June 30, 2025. This plan amendment updates the definition for Carve Out Drugs.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of June 30, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Fred Sebree at Frederick.Sebree@cms.hhs.gov.

Sincerely,

A solid black rectangular box used to redact the signature of the sender, Rory Howe.

Rory Howe
Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 1 6

2. STATE

KS3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR

CENTERS FOR MEDICAID & CHIP SERVICES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

June 30, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025\$ 0b. FFY 2026\$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4 19-A Page 25c(1)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4 19-A Page 25c(1)

9. SUBJECT OF AMENDMENT

The definition for Carve Out Drugs is being updated.

10. 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:

Christine Osterlund is the
Governor's Designee

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Christine Osterlund

13. TITLE

Medicaid Director

14. DATE SUBMITTED

June 30, 2025

15. RETURN TO

Christine Osterlund

Medicaid Director

Deputy Secretary of Agency Integration and Medicaid

KDHE, Division of Health Care Finance

Landon State Office Building

900 SW Jackson, Room 900-N

Topeka, KS 66612-1220

FOR CMS USE ONLY

16. DATE RECEIVED

6/30/2025

17. DATE APPROVED

September 25, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

6/30/2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, FMG

22. REMARKS

KANSAS MEDICAID STATE PLAN

Attachment 4.19-A
Page 25c (1)

Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

3.0000 General Hospital Reimbursement for Inpatient Services Excluded from The DRG Reimbursement System (Continued)

Effective January 18, 2013, reimbursement for heart, heart-lung and lung transplant procedures were established based upon 85% of the current Medicare fee schedule rates when billed separately for professional services. Payment for transplants received out of state will be contractually negotiated with the transplant facility for up to 70% of billed charges. Medicaid will reimburse providers using the current FMAP. All hospitals providing transplant services must be a Medicare approved transplant facility.

Effective January 18, 2013, reimbursement for bariatric procedures were established based upon 85% of the current Medicare fee schedule rates when billed separately for professional services. Kansas Medicaid will reimburse Centers of Excellence providers for bariatric surgery for services rendered to Medicaid beneficiaries when selection criteria are met.

Effective January 1, 2023, long-acting reversible contraceptive (LARC) devices are excluded from the DRG Reimbursement System. The devices will be reimbursed as outlined on Attachment 4.19-B #12.a., Prescribed Drugs, Methods and Standards for Establishing Payment Rates, Physician Administered Drugs (PADS).

Effective June 20, 2025, select pharmaceuticals that are considered “carve out drugs” are excluded from the DRG Reimbursement System. “Carve out drugs” are defined as select pharmaceuticals that are greater than or equal to one hundred thousand dollars in drug costs within 365 days and can be found on the state’s website at:

<https://www.kdhe.ks.gov/2359/Carve-Out-Drugs>. These pharmaceuticals will be reimbursed as outlined in Attachment 4.19-B #12.a., Prescribed Drugs, Methods and Standards for Establishing Payment Rates, Physician Administered Drugs (PADS).