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State/Territory Name: KENTUCKY

State Plan Amendment (SPA) #: KY-25-0006

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
230 South Dearborn
Chicago, Illinois 60604



Financial Management Group

September 25, 2025

Lisa Lee
Commissioner
275 E. Main St.
Frankfort, KY 40601

RE: TN 25-0006

Dear Commissioner Lee,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Kentucky State Plan Amendment (SPA) to Attachment 4.19-B KY-25-0006, which was submitted to CMS on June 30, 2025. This plan amendment adds the Rural emergency Hospital (REH) reimbursement service.

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 April 1, 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 Ysabel Gavino via email at Maria.Gavino@cms.hhs.gov.

Sincerely,

A black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 6

2. STATE

KY3. 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

April 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 485.500—485.546

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

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

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Att. 4.19-B Pg. 20.16(3) - NEWAtt. 4.19-B Pg. 20.16(4) - NEWAtt. 4.19-B Pg. 20.16(5) - NEW Att. 4.19-B Pg. 20.16(6) - NEW8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

9. SUBJECT OF AMENDMENT

Adding reimbursement information for REH.

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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

15. RETURN TO

Lisa Lee
275 E. Main St.
Frankfort, KY 40601

12. TYPED NAME

Lisa Lee

13. TITLE

Commissioner

14. DATE SUBMITTED

6/30/2025**FOR CMS USE ONLY**

16. DATE RECEIVED

June 30, 2025

17. DATE APPROVED

September 25, 2025**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

April 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Todd McMillion

21. TITLE OF APPROVING OFFICIAL

Director, FMG Division of Reimbursement Review

22. REMARKS

XVII. REH

A. In-State Rural Emergency Hospital Service Reimbursement.

1.
 - a. The department shall reimburse on an interim basis for in-state rural emergency hospital services at a facility specific outpatient cost-to-charge ratio based on the facility's most recently filed Medicaid cost report.
 - b. An outpatient cost-to-charge ratio shall be expressed as a percent of the rural emergency hospital's charges.
2. A facility specific outpatient cost-to-charge ratio paid during the course of a rural emergency hospital's fiscal year shall be designed to result in reimbursement, at the rural emergency hospital's fiscal year end, equaling one-hundred and one (101) percent of a facility's total allowable Medicaid outpatient costs incurred during the rural emergency hospital's fiscal year.
3. Except as established in item 4. of the In-State Rural Emergency Hospital Services section:
 - a. Upon reviewing an in-state rural emergency hospital's as submitted Medicaid cost report for the hospital's fiscal year, the department shall preliminarily settle reimbursement to the facility equal to one-hundred and one (101) percent of the facility's allowable Medicaid outpatient costs incurred in the corresponding fiscal year; and
 - b. Upon receiving and reviewing an in-state rural emergency hospital's finalized Medicaid cost report for the hospital's fiscal year, the department shall settle final reimbursement to the facility equal to one-hundred and one (101) percent of the facility's total allowable Medicaid outpatient costs incurred in the corresponding fiscal year.
4. These services shall be limited to the facility's aggregate limit established in 42 C.F.R. 447.321.

5. In accordance with 42 USC 1396r-8(a)(7), a rural emergency hospital shall include the corresponding National Drug Code (NDC) when billing a physician administered drug in the rural emergency hospital setting.
 6. In accordance with 1903(i)(7), Outpatient laboratory services will be paid at the Medicare technical component rate. A laboratory service with no established Medicare rate will be reimbursed by multiplying the facility-specific outpatient cost-to-charge ratio by billed charges with no year-end settlement. Laboratory services provided to a recipient on the same day as services listed in A.1 through 5 will be bundled with the fixed rate payment and not reimbursed separately.
- B. Out-of-State Rural Emergency Hospital Service Reimbursement. Excluding services provided in a laboratory, reimbursement for a rural emergency hospital service provided by an out-of-state rural emergency hospital shall be ninety-five (95) percent of the average in-state outpatient hospital cost-to-charge ratio times the Medicaid covered charges billed by the out-of-state rural emergency hospital.

XVII. REH (cont.)

C. Cost Reporting Requirements.

1. An in-state rural emergency hospital participating in the Medicaid program shall submit to the department a copy of the Medicare cost report it submits to CMS, an electronic cost report file (ECR), the Supplemental Medicaid Schedule KMAP-1, the Supplemental Medicaid Schedule KMAP-4 and the Supplemental Medicaid Schedule KMAP-6 as follows:
 - a. A cost report shall be submitted:
 - (1) For the fiscal year used by the hospital; and
 - (2) Within five (5) months after the close of the rural emergency hospital's fiscal year.
 - b. Except as follows, the department shall not grant a cost report submittal extension:
 - (1) The department shall grant an extension if an extension has been granted by Medicare. If an extension has been granted by Medicare, when the facility submits its cost report to Medicare it shall simultaneously submit a copy of the cost report to the department; or
 - (2) If a catastrophic circumstance exists, as determined by the department (for example flood, fire, or other equivalent occurrence), the department shall grant a thirty (30) day extension.
2. If a cost report submittal date lapses and no extension has been granted, the department shall immediately suspend all payment to the hospital until a completed cost report is received.
3. If a cost report indicates payment is due by a rural emergency hospital to the department, the rural emergency hospital shall submit the amount due or submit a payment plan request with the cost report.
4. If a cost report indicates a payment is due by a rural emergency hospital to the department and the rural emergency hospital fails to remit the amount due or request a payment plan, the department shall suspend future

payment to the rural emergency hospital until the hospital remits the payment or submits a request for a payment plan.

5. A cost report submitted by a rural emergency hospital to the department shall be subject to departmental audit and review.
6. Within seventy (70) days of receipt from the Medicare intermediary, a rural emergency hospital shall submit to the department a printed copy of the final Medicare-audited cost report including adjustments.
7.
 - a. If it is determined that an additional payment is due by a rural emergency hospital after a final determination of cost has been made by the department, the additional payment shall be due to the department within sixty (60) days after notification.
 - b. If a rural emergency hospital does not submit the additional payment within sixty (60) days, the department shall withhold future payment to the rural emergency hospital until the department has collected in full the amount owed by the rural emergency hospital to the department.