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State/Territory Name: Kansas

State Plan Amendment (SPA) #: 20-0018

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

November 18, 2020

Sarah Fertig, 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 20-0018

Dear Ms. Fertig:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 20-0018. This amendment increases Nursing Facility Rates for State Fiscal Year 2021.

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) 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 July 1, 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,



For
Rory Howe
Acting Director

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

1. TRANSMITTAL NUMBER:
KS 20-0018

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, 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 447.201, 42 CFR 442.10

7. FEDERAL BUDGET IMPACT
a. FFY 2020 \$ 4,212,910
b. FFY 2021 \$ 17,195,541

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19D Part 1 Subpart C Exhibit C-1 Page 14-15
Attachment 4.19D Part 1 Subpart C Exhibit C-2 Page 3, 3a
Attachment 4.19D Part 1 Subpart C Exhibit C-3 Page 3, 3a
Attachment 4.19D Part 1 Subpart C Exhibit C-4 Page 1
Attachment 4.19D Part 1 Subpart C Exhibit C-5 Page 1-3

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*)
Attachment 4.19D Part 1 Subpart C Exhibit C-1 Page 14-15
Attachment 4.19D Part 1 Subpart C Exhibit C-2 Page 3, 3a
Attachment 4.19D Part 1 Subpart C Exhibit C-3 Page 3, 3a
Attachment 4.19D Part 1 Subpart C Exhibit C-4 Page 1
Attachment 4.19D Part 1 Subpart C Exhibit C-5 Page 1-3

10. SUBJECT OF AMENDMENT

Methods and Standard for Establishing Payment Rates: Nursing Facilities and Nursing Facilities for Mental Health

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:
Sarah Fertig is the
Governor's Designee

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME
Sarah Fertig

14. TITLE
State Medicaid Director

15. DATE SUBMITTED
September 10, 2020

16. RETURN TO

Sarah Fertig, 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 9/10/2020

18. DATE APPROVED 11/18/20

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL 7/1/2020

20. SIGNATURE OF REGIONAL OFFICIAL For

21. TYPED NAME Rory Howe

22. TITLE Acting Director

23. REMARKS

Methods and Standards for Establishing Payment Rates
Nursing Facilities and Nursing Facilities-Mental Health

Narrative Explanation of Nursing Facility Reimbursement Formula

The table below summarizes the incentive factor outcomes and per diem add-ons:

INCENTIVE OUTCOME	INCENTIVE FACTOR PER DIEM
CMI adjusted staffing ratio \geq 75th percentile (5.24), or	\$3.00
CMI adjusted staffing $<$ 75th percentile but improved \geq 10%	\$0.50
Staff retention rate \geq 75th percentile, 72% or Staff retention rate $<$ 75th percentile but increased \geq 10%	\$2.50
Contracted labor $<$ 10% of total direct health care labor costs	\$0.50
Medicaid occupancy \geq 65%	\$0.75
Quality Measures \geq 75 th percentile (670)	\$1.25
Total Incentive Add-ons-Available	\$7.50

Nursing Facility for Mental Health Quality and Efficiency Incentive Factor:

The Quality and Efficiency Incentive plan for Nursing Facilities for Mental Health (NFMH) will be established separately from NF. NFMH serve people who often do not need the NF level of care on a long term basis. There is a desire to provide incentive for NFMH to work cooperatively and in coordination with Community Mental Health Centers to facilitate the return of persons to the community.

The Quality and Efficiency Incentive Factor is a per diem add-on ranging from zero (\$0.00) to seven dollars and fifty cents (\$7.50). It is designed to encourage quality care, efficiency and cooperation with discharge planning. The incentive factor is determined by five outcome measures: case-mix adjusted nurse staffing ratio; operating expense; staff turnover rate; staff retention rate; and occupancy rate. Each provider is awarded points based on their outcomes measures and the total points for each provider determine the per diem incentive factor included in the provider’s rate calculation.

Providers may earn up to two incentive points for their case mix adjusted nurse staffing ratio. They will receive two points if their case-mix adjusted staffing ratio equals or exceeds 3.64, which is 120% of the statewide NFMH median of 3.03. They will receive one point if the ratio is less than 120% of the NFMH median but greater than or equal to 3.33 which is 110% of the statewide NFMH median. Providers with staffing ratios below 110% of the NFMH median will receive no points for this incentive measure.

Methods and Standards for Establishing Payment Rates
 Nursing Facilities and Nursing Facilities-Mental Health

Narrative Explanation of Nursing Facility Reimbursement Formula

NFMH providers may earn one point for low occupancy outcomes measures. If they have total occupancy less than 90% they will earn a point.

NFMH providers may earn one point for low operating expense outcomes measures. They will earn a point if their per diem operating expenses are below \$27.88, or 90% of the statewide median of \$30.98.

NFMH providers may earn up to two points for their turnover rate outcome measure. Providers with direct health care staff turnover equal to or below 37%, the 75th percentile statewide, will earn two points as long as contracted labor costs do not exceed 10% of the provider’s total direct health care labor costs. Providers with direct health care staff turnover greater than 37% but equal to or below 67%, the 50th percentile statewide, will earn one point as long as contracted labor costs do not exceed 10% of the provider’s total direct health care labor costs.

Finally, NFMH providers may earn up to two points for their retention rate outcome measure. Providers with staff retention rates at or above 64%, the 75th percentile statewide will earn two points. Providers with staff retention rates below 64%, but at or above 48%, the 50th percentile statewide will earn one point.

The table below summarizes the incentive factor outcomes and points:

QUALITY/EFFICIENCY OUTCOME	INCENTIVE POINTS
CMI adjusted staffing ratio >= 120% (3.64) of NF-MH median (3.03), or CMI adjusted staffing ratio between 110% (3.33) and 120%	2, or 1
Total occupancy <= 90%	1
Operating expenses < \$27.88, 90% of NF-MH median, \$30.98	1
Staff turnover rate <= 75th percentile, 37%	2, or
Staff turnover rate <= 50th percentile, 67%	1
Contracted labor < 10% of total direct health care labor costs	
Staff retention >= 75th percentile, 64%	2, or
Staff retention >= 50th percentile, 48%	1
Total Incentive Points Available	8

QUALITY AND EFFICIENCY INCENTIVE FACTOR EFFECTIVE 07/01/20

NF ONLY

INCENTIVE OUTCOME	INCENTIVE AMOUNTS
1) CMI adjusted staffing ratio >= 75th percentile (5.24), or CMI adjusted staffing < 75th percentile but improved >= 10%	\$3.00 \$0.50
2) Staff retention rate >= 75th percentile, 72% or Staff retention rate < 75th percentile but increased >= 10% Contracted labor < 10% of total direct health care labor costs	\$2.50 \$0.50
3) Medicaid occupancy >= 65%	\$0.75
4) Quality Measures >= 75th percentile (670)	\$1.25
Total Incentive Available	\$7.50

QUALITY AND EFFICIENCY INCENTIVE FACTOR EFFECTIVE 07/01/20

NF-MH ONLY

	QUALITY/EFFICIENCY OUTCOME	INCENTIVE POINTS
1	CMI adjusted staffing ratio >= 120% (3.64) of NF-MH median (3.03), or CMI adjusted staffing ratio between 110% (3.33) and 120%	2, or 1
2	Total occupancy <= 90%	1
3	Operating expenses < \$27.88, 90% of NF-MH median, \$30.98	1
4	Staff turnover rate <= 75th percentile, 37% Staff turnover rate <= 50th percentile, 67% Contracted labor < 10% of total direct health care labor costs	2, or 1
5	Staff retention >= 75th percentile, 64% Staff retention >= 50th percentile, 48%	2, or 1
	Total Incentive Points Available	8

Total Incentive Points:

Tier 1: 6-8 points

Tier 2: 5 points

Tier 3: 4 points

Tier 4: 0-3 points

Incentive Factor Per Diem:

\$7.50

\$5.00

\$2.50

\$0.00

COMPILATION OF NF
INCENTIVE POINTS AWARDED
EFF. 07/01/2020

NURSING FACILITY

INCENTIVE AWARDED	# OF PROVIDERS	PERCENTAGE
\$0.00	75	24.2%
\$0.50	20	6.5%
\$0.75	43	13.9%
\$1.25	40	12.9%
\$1.75	5	1.6%
\$2.00	11	3.5%
\$2.25	1	0.3%
\$2.50	20	6.5%
\$3.00	34	11.0%
\$3.25	9	2.9%
\$3.50	2	0.6%
\$3.75	14	4.5%
\$4.25	8	2.6%
\$4.50	4	1.3%
\$4.75	0	0.0%
\$5.00	6	1.9%
\$5.50	11	3.5%
\$6.25	4	1.3%
\$6.75	1	0.3%
7.5	2	0.6%
TOTALS	310	100.0%
PEAK INCENTIVE AWARDED	# OF PROVIDERS	PERCENTAGE
\$0.00	172	55.5%
\$0.50	67	21.6%
\$1.00	0	0.0%
\$1.50	53	17.1%
\$2.00	3	1.0%
\$2.50	11	3.5%
\$3.00	4	1.3%
TOTALS	310	100.0%

COMPILATION OF NF-MH
INCENTIVE POINTS AWARDED
EFF. 07/01/2020

NURSING FACILITY MENTAL HEALTH

INCENTIVE POINTS AWARDED	# OF PROVIDERS	PERCENTAGE
0	0	10.0%
1	2	10.0%
2	4	20.0%
3	1	10.0%
4	0	50.0%
5	1	0.0%
6	0	0.0%
7	2	0.0%
8	0	0.0%
TOTALS	10	100.0%

PEAK INCENTIVE AWARDED	# OF PROVIDERS	PERCENTAGE
\$0.00	4	20.0%
\$0.50	4	30.0%
\$1.50	2	50.0%
TOTALS	10	100.0%

KANSAS MEDICAID STATE PLAN

Attachment 4.19D

Part 1

Subpart C

Exhibit C-4

Page 1

July 1, 2020

«ADMIN NAME», Administrator
«FAC_NAME»
«FAC_ADDRES»
«CITY», KS «ZIP»

Provider #: 104«PROV_NUM»01
HP Enterprise Services Provider #: «EDS_PROV_N»

Dear «ADMIN NAME»:

The per diem rate shown on the enclosed Case Mix Payment Schedule for state fiscal year 2021 (FY21) has been forwarded to the Managed Care Organizations (MCOs) for processing of future reimbursement payments. The rate will become effective July 1, 2020. The rate reflects allotment adjustments to the FY21 budget that Governor Laura Kelly announced Monday, June 29, 2020. Those adjustments removed proposed changes to the nursing facility reimbursement methodology. The FY21 rates will continue with the same methodology utilized for FY20, with base years of 2016, 2017 and 2018.

The Kansas Department for Aging and Disability Services (KDADS), administers the Medicaid nursing facility services payment program on behalf of Kansas Department of Health and Environment. The rate was calculated by applying the applicable Medicaid program policies and regulations to the cost reports (Form MS 2004) data shown on the enclosed payment schedule.

Also enclosed may be an audit adjustment sheet showing adjustments made during the desk review of the 2019 calendar year end cost report. This information is intended to assist you with preparation of future cost reports.

If you do not agree with this action, you have the right to request a fair hearing appeal in accordance with K.A.R. 30-7-64 et seq. The request for fair hearing shall be in writing and delivered to or mailed to the agency so that it is received by the **Office of Administrative Hearings, 1020 S. Kansas Ave., Topeka, KS 66612-1311** within 30 days from the date of this letter. (Pursuant to K.S.A. 77-531, an additional three days shall be allowed if you received this letter by mail). Failure to timely request or pursue such an appeal may adversely affect your rights.

If you have questions about the adjustments, please contact Shirley Chung at (785) 296-6457 or email at Shirley.Chung@ks.gov. For questions on the Medicaid Rate, please contact Trescia Power at (785) 207-2375 or email at Trescia.Power@ks.gov or Steven Hime at (785) 296-2535 or email at Steven.Hime@ks.gov.

Sincerely,
Georgianna Correll
Facility Program and Finance Director
Kansas Department for Aging and Disability Services

Kansas Medicaid / MediKan

Case Mix Schedule
1st - 2nd QTR 2021 ANNUAL

Current Provider Information

Provider Number:	HP Enterprises Provider Number:	1st QTR Medicaid CMI:	0.9353
Facility Name:	Area/County:	2nd QTR Medicaid CMI:	0.9472
Address:		Average Medicaid CMI:	0.9413 [a]
City/State/Zip:			
Administrator:			

Cost Report Statistics

Calendar Year Cost Reports Used For Base Data:	12/31/2016	12/31/2017	12/31/2018	
Inflation Factor:	6.992%	4.004%	1.086%	
Facility Cost Report Period CMI:	1.0761	0.9833	0.9803	
Statewide Average CMI:	1.0225	1.0302	1.0416	1.0314 [b]
NF Or NF/MH Beds:	39	39	42	
Bed Days Available:	14,330	14,235	15,330	
Inpatient Days:	10,463	12,933	14,277	
Occupancy Rate:	73.0%	90.9%	93.1%	
Medicaid Days:	2,705	4,707	6,365	
Calc Days If Appl:	12,181	12,100	13,031	

Calculation of Combined Base Year Reimbursement Rate

Operating				
Total Reported Costs:	\$596,408	\$579,139	\$727,679	
Cost Report Adjustments:	\$0	\$0	(\$5,689)	
O/A Limit Adjustment:	\$0	\$0	\$0	
Total Adjusted Costs:	\$596,408	\$579,139	\$721,990	
Total Inflated Adjusted Costs:	\$636,544	\$601,651	\$729,782	
Total Combined Base Cost:				\$1,967,977
Days Used In Division Oper:	10,463	12,933	14,277	37,673
				52.24 Oper Per Diem
				39.13 Oper Per Diem Cost Limitation
				39.13 Oper Per Diem Rate (1)

Indirect Health Care				
Total Reported Costs:	\$854,011	\$762,651	\$961,617	
Cost Report Adjustments:	\$0	\$0	(\$2,969)	
Total Adjusted Costs:	\$854,011	\$762,651	\$958,648	
Total Inflated Adjusted Costs:	\$913,723	\$793,188	\$969,059	
Total Combined Base Cost:				\$2,675,970
Days Used In Division IDHC:	10,463	12,933	14,277	37,673
				71.03 DHC Per Diem
				54.45 DHC Per Diem Cost Limitation
				54.45 IDHC Per Diem Rate (2)

Direct Health Care				
Total Reported Costs:	\$1,964,306	\$1,778,053	\$2,129,925	
Cost Report Adjustments:	\$0	(\$4,620)	\$0	
Total Adjusted Costs:	\$1,964,306	\$1,773,433	\$2,129,925	
Total Inflated Adjusted Costs:	\$2,101,650	\$1,844,441	\$2,153,056	
Total CMI Adjusted Costs:	\$1,996,968	\$1,932,414	\$2,287,691	
Total Combined Base Cost:				\$6,217,073
Days Used In Division DHC:	10,463	12,933	14,277	37,673
				165.03 Case Mix Adjusted DHC Per Diem
				129.95 DHC Per Diem Cost Limitation
				129.95 Allowable DHC Per Diem Cost [c]
				118.60 Medicaid Acuity Adjustment (3)
				[c]*(a)/(b)

Real and Personal Property Fee

12.97 Real and Personal Property Fee
0.00 Inflation (0.000%)
0.00 RPPF Rebase Add On
12.97 RPPF Before Limit
10.01 RPPF Limitation
10.01 Allowable RPPF (4)

Calculation of Medicaid Rate

Operating, DHC, And DHC Rates and RPPF (1) +(2) + (3) +(4):	222.19
Incentive Factor	3.00
PEAK 2.0	0.50
Bed Tax Adjustment	2.41
DME Adjustment	0.00
Minimum Wage Adjustment	0.00
Total Medicaid Rate Effective	07/01/2020 228.10

KANSAS MEDICAID
QUALITY AND EFFICIENCY OUTCOMES INCENTIVE FACTOR

Provider Number:
HP Enterprise Services Provider Number:

Facility Name:

Rate Effective Date: 07/01/20

	<u>Incentive Possible</u>	<u>Facility Stats</u>	<u>Incentive Awarded</u>
1. Case Mix Adjusted Nurse Staff Ratio			
Tier 1: At or Above the NF 75th Percentile (5.24)	\$ 3.00		\$ 3.00
Tier 2: Below the NF 75th Percentile but Improved At or Above 10%	\$ 0.50		\$ 0.00
Cost Report Year Data:		5.43 12/31/2019	
2 Staff Retention			
Tier 1: At or Above the NF 75th Percentile (72%)	\$ 2.50		\$ 2.50
Tier 2: Below the NF 75th Percentile but Improved At or Above 10%	\$ 0.50		\$ 0.00
And Contract Nursing Labor Less than 10% of Total DHC Labor Costs (Contract Labor 8%)			
Cost Report Year Data:		88% 12/31/2019	
3. Occupancy Rate			
Medicaid Occupancy At or Above 65%	\$ 0.75		\$ 0.00
Cost Report Year Data:		36% 12/31/2019	
4 Quality Measures			
Score At or Above 75th Percentile (670)	\$ 1.25		\$ 1.25
		700	
Total Incentive before Survey Adjustment			\$ 6.75
Survey Adjustment and Reduction		0%	\$ 0.00
Final Incentive Awarded			\$ 6.75
Peak 2.0 Incentive	\$ 3.00		\$ 0.00
Peak 2.0 Survey Adjustment and Reduction		0%	\$ 0.00
Final PEAK 2.0 Incentive Awarded			\$ 0.00

KANSAS MEDICAID
QUALITY AND EFFICIENCY OUTCOMES INCENTIVE FACTOR

Provider Number:
HP Enterprise Services Provider Number:

Facility Name:

Rate Effective Date: 07/01/2020

	Incentive Possible	Facility Stats	Incentive Awarded
1. Case Mix Adjusted Nurse Staff Ratio			
Tier 1: At or Above 120% of NF-MH Median (3.64)	2		0
Tier 2: At or Above 110% of NF-MH Median of (3.33) (NF-MH Median is 3.03 for an Average Statewide CMI of 1.0539)	1		0
Cost Report Year Data:		3.03 12/31/2019	
2. Operating Expense			
At or below 90% of NF-MH Median (\$27.88)	1		0
Cost Report Year Data:		\$29.51 12/31/2019	
3. Staff Turnover			
Tier 1: At or Below the NF-MH 75th Percentile (37%)	2		2
Tier 2: At or Below the NF-MH 50th Percentile (67%) And Contract Nursing Labor Less than 10% of Total DHC Labor Costs (0.0%)	1		0
Cost Report Year Data:		37% 12/31/2019	
4. Staff Retention			
Tier 1: At or Above the NF-MH 75th Percentile (64%)	2		2
Tier 2: At or Above the NF-MH 50th Percentile (48%)	1		0
Cost Report Year Data:		100% 12/31/2019	
5. Occupancy Rate			
Total Occupancy At or Below 90%	1		0
Cost Report Year Data:		99% 12/31/2019	
Total Points Awarded			4
Incentive Before Survey Adjustment			\$2.50
Survey Adjustment and Reduction		0%	\$0.00
Final Incentive			\$2.50

Scoring:

Points	Per Diem
6 - 8	\$7.50
5	\$5.00
4	\$2.50
0 - 3	\$0.00

PEAK 2.0 Incentive		\$ 1.50
Survey Adjustment and Reduction	0%	\$0.00
Total PEAK 2.0 Incentive		\$ 1.50