

KENTUCKY MEDICAID PROGRAM
PUBLIC NOTICE

June 28, 2019

The Cabinet for Health and Family Services, Department for Medicaid Services (the Department) in accordance with 42 CFR 447.205, hereby provides public notice of changes to the Hospital Supplemental Payment language in its State Plan effective July 1, 2019.

The State Plan language will be changed to align with KRS 205.6405 to 205.6408 to reflect the methodology for increasing Medicaid reimbursement for inpatient hospital services as described below:

- (1) The Department shall develop the following program to increase Medicaid reimbursement for inpatient hospital services provided by a qualifying hospital to Medicaid recipients:
 - (a) A program to increase inpatient reimbursement to qualifying hospitals within the Medicaid fee-for-service program in an aggregate amount equivalent to the Upper Payment Limit (UPL) gap.
- (2) On an annual basis prior to the start of each program year, the Department shall determine the following items for privately-owned and non-state government-owned hospital classes respectively:
 - (a) The maximum allowable UPL for inpatient services provided in the Kentucky Medicaid fee-for-service program;
 - (b) The fee-for-service UPL gap for applicable ownership groups;
 - (c) A per discharge uniform add-on amount to be applied to Medicaid fee-for-service discharges at qualifying hospitals for that program year, determined by dividing the UPL gap for the applicable ownership group by total fee-for-service hospital inpatient discharges at qualifying hospitals in the data used to calculate the UPL gap. Claims for discharges that already receive an enhanced rate at qualifying hospitals that also are classified as a pediatric teaching hospital or as a psychiatric access hospital shall be excluded from the calculation of the per discharge uniform add-on.
- (3) On a quarterly basis in the program year, the Department shall determine the following items for privately-owned and non-state government-owned hospital classes respectively:
 - (a) Calculate a fee-for-service quarterly supplemental payment for each qualifying hospital using fee-for-service claims for inpatient discharges paid in the quarter to the qualifying hospital multiplied by the uniform add-on amount determined in section (2)(c) of this Notice;
 - (b) Make the quarterly supplemental payment calculated under paragraph (a) of this section;

- (c) Provide each qualifying hospital with a notice of the qualifying hospital's quarterly payment, that shall state the total number of paid claims for inpatient discharges used to calculate the qualifying hospital's quarterly supplemental payments, and the amount of quarterly supplemental payments due to be received by the qualifying hospital from the Department.
- (4) In calculating the quarterly supplemental payments under section (3)(a) of this Notice for qualifying hospitals that are also classified as a pediatric teaching hospital or as a psychiatric access hospital, no add-on shall be applied to the paid claims for the services for which that hospital also receives supplemental payments pursuant to state plan methodologies in effect on January 1, 2019.
- (5) Each qualifying hospital shall receive four (4) quarterly supplemental payments in the program year; as determined under section (3) of this Notice.

Fiscal Impact:

The Department for Medicaid Services estimates that the total fiscal impact will be \$5,000,000.

Public Comments

Copies of this notice are available at each county's Department for Community Based Services (DCBS) office and at <https://chfs.ky.gov/agencies/dms/Pages/default.aspx> and <https://chfs.ky.gov/agencies/dms/Pages/publicnotices.aspx>. For the address of the local office, please see https://prdweb.chfs.ky.gov/Office_Phone/index.aspx.

A copy of this notice is available for public review at the Department for Medicaid Services at the address listed below. Comments or inquiries may be submitted in writing within thirty (30) days to:

Commissioner's Office
Department for Medicaid Services, 6W-A
275 E. Main Street
Frankfort, Kentucky 40621