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REGULATIONS COMPILER

1 CABINET FOR HEALTH AND FAMILY SERVICES

2 Department for Medicaid Services

3 Division of Fiscal Management

4 (Amended After Comments)

5 907 KAR 1:065. Payments for price-based nursing facility services.

6 RELATES TO: KRS 142.361, 142.363, 216.380, 42 C.F.R. Parts 430, 431, 432, 433, 435, 440,

7 441, 442, 447, 455, 456, 482.58, 483.10, 42 U.S.C. 1395tt, 1396, 1396a, 1396b, 1396c, 1396d,

8 1396g, 1396l, 1396n, 1396o, 1396p, 1396r, 1396r-2, 1396r-5

9 STATUTORY AUTHORITY: KRS 142.361(5), 142.363(3), 194A.030(2), 194A.050(1),

10 205.520(3)

11 NECESSITY, FUNCTION, AND CONFORMITY: The Cabinet for Health and Family Services,

12 Department for Medicaid Services, has responsibility to administer the Medicaid program. KRS

13 205.520(3) authorizes the cabinet, by administrative regulation, to comply with any requirement

14 that may be imposed, or opportunity presented, by federal law for the provision of medical

15 assistance to Kentucky's indigent citizenry. This administrative regulation establishes the method

16 for determining amounts payable by the Medicaid program for services provided by a price-based

17 nursing facility.

18 Section 1. Definitions.

19 (1) "Ancillary service" means a direct service for which a charge is customarily billed separately

20 from the per diem rate including:

21 (a) Ancillary services pursuant to 907 KAR 1:023; or

- 1 (b) If ordered by a physician:
- 2 1. Laboratory procedures; or
- 3 2. X-rays.
- 4 (2) "Appraisal" means an evaluation of a price-based nursing facility building, excluding
- 5 equipment and land, conducted by the department in accordance with Section 4 of this
- 6 administrative regulation for the purpose of calculating the depreciated replacement cost of a price-
- 7 based nursing facility.
- 8 (3) "Appraisal base year" means a year in which the department conducts an appraisal of each
- 9 price-based NF.
- 10 (4) "Auxiliary building" means a roofed and walled structure:
- 11 (a) Serviced by electricity, heating, and cooling;
- 12 (b) Independent of an NF;
- 13 (c) Used for administrative or business purposes related to an NF; and
- 14 (d) Constructed on the same tract of ground as an NF.
- 15 (5) "Capital rate component" means a calculated per diem amount for an NF based on:
- 16 (a) The NF's appraised depreciated replacement cost;
- 17 (b) A value for land;
- 18 (c) A value for equipment;
- 19 (d) A rate of return;
- 20 (e) A risk factor;
- 21 (f) The number of calendar days in the NF's cost report year;
- 22 (g) The number of licensed NF beds in the NF; and
- 23 (h) The NF's bed occupancy percentage.

1 (6) "Case-mix" means the time-weighted average price-based NF acuity for Medicaid-eligible
2 and dual-eligible Medicare and Medicaid residents under a Medicare Part A reimbursed stay in a
3 price-based nursing facility, and is based on Minimum Data Set (MDS) 3.0 data classified through
4 the RUG III, M3 p1, (version 5.20) thirty-four (34) group model resident classification system or
5 equivalent.

6 (7) "Core based statistical area" or "CBSA" means the designation of metropolitan and
7 micropolitan population centers based on the national census, as published by the Federal Office
8 of Management and Budget.

9 (8) "Department" means the Department for Medicaid Services or its designee.

10 (9) "Equipment" means a depreciable tangible asset, other than land or a building, which is used
11 in the provision of care for a resident by an NF staff person.

12 (10) "Governmental entity" means a unit of government for the purposes of 42 U.S.C.
13 1396b(w)(6)(A).

14 (11) "Hospital-based NF" means an NF that:

15 (a) Is separately identifiable as a distinct part of the hospital; and

16 (b) If separated into multiple but distinct parts of a single hospital, is combined under one (1)
17 provider number.

18 (12) "Land" means a surveyed tract or tracts of ground that share a common boundary:

19 (a) As recorded in a county government office;

20 (b) Upon which a building licensed as an NF is constructed; and

21 (c) Including site preparation and improvements.

22 (13) "Local unit of government" means a city, county, special purpose district, or other
23 governmental unit in the state.

1 (14) "NF" or "nursing facility" means:

2 (a) A facility:

3 1. To which the state survey agency has granted an NF license;

4 2. For which the state survey agency has recommended to the department certification as a
5 Medicaid provider; and

6 3. To which the department has granted certification for Medicaid participation; or

7 (b) A hospital swing bed that provides services in accordance with 42 U.S.C. 1395tt and 1396l,
8 if the swing bed is certified to the department as meeting requirements for the provision of swing
9 bed services in accordance with 42 U.S.C. 1396r(b), (c), (d), 42 C.F.R. 447.280, and 482.58.

10 (15) "NF building" means a roofed and walled structure serviced by electricity, heating, and
11 cooling and that is also an NF.

12 (16) "Nursing facility with Medicaid waiver" or "NF-W" means an NF to which the state survey
13 agency has granted a waiver of the nursing staff requirement.

14 (17) "Provider assessment" means the assessment imposed by KRS 142.361 and 142.363.

15 (18) "Routine services" means the services covered by the Medicaid program pursuant to 42
16 C.F.R. 483.10(f)(11)(i).

17 (19) "Site improvement" means a depreciable asset element, other than an NF building or
18 auxiliary building, on NF land extending beyond an NF's foundation if used for NF-related
19 purposes.

20 (20) "Standard price" means a facility-specific reimbursement that includes a case-mix adjusted
21 component, noncase-mix adjusted component including an allowance to offset a provider
22 assessment, noncapital-facility related component, and capital rate component.

1 (21) "State survey agency" means the Cabinet for Health and Family Services, Office of
2 Inspector General, Division of Health Care.

3 (22) "Time-weighted" means a method of calculating case-mix by determining the number of
4 days that a minimum data set (MDS) record is active over a calendar quarter rather than captured
5 from a single day during the calendar quarter.

6 Section 2. NF Reimbursement Classifications and Criteria.

7 (1) An NF or a hospital-based NF shall be reimbursed as a price-based NF pursuant to this
8 administrative regulation if:

9 (a) It provides NF services to an individual who:

- 10 1. Is a Medicaid recipient;
- 11 2. Meets the NF patient status criteria pursuant to 907 KAR 1:022; and
- 12 3. Occupies a Medicaid-certified bed; and

13 (b)1. It has more than ten (10) NF beds and the greater of:

- 14 a. Ten (10) of its Medicaid-certified beds participate in the Medicare program; or
- 15 b. Twenty (20) percent of its Medicaid certified beds participate in the Medicare program; or
- 16 2. It has less than ten (10) NF beds and all of its NF beds participate in the Medicare program.

17 (2) An NF-W shall be reimbursed as a price-based NF pursuant to this administrative regulation
18 if it meets the criteria established in subsection (1)(a) of this section.

19 (3) The following shall not be reimbursed as a price-based NF and shall be reimbursed pursuant
20 to 907 KAR 1:025:

- 21 (a) An NF with a certified brain injury unit;
- 22 (b) An NF with a distinct part ventilator unit;
- 23 (c) An NF designated as an institution for mental disease;

1 (d) A dually-licensed pediatric facility; or

2 (e) An intermediate care facility for individuals with an intellectual disability.

3 Section 3. Reimbursement for Federally-Defined Swing Beds and for Skilled Nursing Facility
4 Services in Critical Access Hospital Swing Beds.

5 (1) The reimbursement rate for a federally-defined swing bed shall be:

6 (a) The average rate per patient day paid to freestanding price-based NFs for routine services
7 furnished during the preceding calendar year, excluding any payment made pursuant to Section 14
8 of this administrative regulation; and

9 (b) Established effective January 1 of each year.

10 (2)(a) The department shall reimburse a critical access hospital for skilled nursing facility
11 services in a swing bed at the same rate as established by the Centers for Medicare and Medicaid
12 Services for Medicare.

13 (b) The department shall pay an interim per diem rate as established by CMS for the Medicare
14 program.

15 (c) The effective date of a rate shall be the same as used by the Medicare program.

16 (d) A critical access hospital's final reimbursement for skilled nursing facility services in a
17 swing bed shall reflect any adjustment made by the Centers for Medicare and Medicaid Services.

18 (e) Total payments made to a critical access hospital for skilled nursing facility services
19 provided in a swing bed under this section shall be subject to the payment limitation established
20 in 42 C.F.R. 447.271.

21 (f) The provisions established in this subsection shall apply to a critical access hospital that
22 complies with all requirements established in KRS 216.380.

23 Section 4. Price-based NF Appraisal. (1) The department shall appraise a price-based NF to

1 determine the facility specific capital component in 2009, and every fifth year, in order to calculate
2 the NF's depreciated replacement cost.

3 (2) The department shall not appraise equipment or land. A provider shall be given the
4 following values for land and equipment:

5 (a) Ten (10) percent of an NF's average licensed bed value for land; and

6 (b) \$2,000 per licensed NF bed for equipment.

7 (3) The department shall utilize the following variables and fields of the nursing home or
8 convalescent center #5200 model of the Marshall & Swift Boeckh Building Valuation System
9 (BVS) to appraise an NF identified in Section 2(1) of this administrative regulation:

10 (a) Provider number;

11 (b) Property owner - NF name;

12 (c) Address;

13 (d) Zip code;

14 (e) Section number - the lowest number shall be assigned to the oldest section and a basement,
15 appraised as a separate section, immediately follows the section it is beneath;

16 (f) Occupancy code - nursing home or substructure;

17 (g) Average story height;

18 (h) Construction type;

19 (i) Number of stories;

20 (j) Gross floor area (which shall be the determination of the exterior dimensions of all interior
21 areas including stairwells of each floor, specifically excluding outdoor patios, covered walkways,
22 carports, and similar areas). In addition, interior square footage measurements shall be reported
23 for:

- 1 1. A non-NF area;
- 2 2. A shared service area by type of service; and
- 3 3. A revenue-generating area;
- 4 (k) Gross perimeter (common walls between sections shall be excluded from both sections);
- 5 (l) Construction quality;
- 6 (m) Year built;
- 7 (n) Building effective age;
- 8 (o) Building condition;
- 9 (p) Depreciation percent;
- 10 (q) Exterior wall material;
- 11 (r) Roof covering material and roof pitch;
- 12 (s) Heating system;
- 13 (t) Cooling system;
- 14 (u) Floor finish;
- 15 (v) Ceiling finish;
- 16 (w) Partition wall structure and finish;
- 17 (x) Passenger and freight elevators - actual number;
- 18 (y) Fire protection system (sprinklers, manual fire alarms, and automatic fire detection) -
- 19 percent of gross area served. If both the floor and attic areas are protected by a sprinkler system or
- 20 automatic detection, the percent of gross area served shall be twice the floor area; and
- 21 (z) Miscellaneous additional features, which shall be limited to:
- 22 1. Canopies;
- 23 2. Entry foyers (sheltered entry ways):

- 1 a. The glass and aluminum standard allowance shall be thirty (30) dollars per square foot;
- 2 b. Bulkhead standard allowance shall be:
 - 3 (i) Seven (7) dollars per square foot for a wood frame;
 - 4 (ii) Eight (8) dollars per square foot for a steel frame; or
 - 5 (iii) Twenty (20) dollars per square foot for brick masonry;
- 6 3. Loading docks;
- 7 4. Code alerts, Wanderguards, or other special electronically-secured doorways, except for a
- 8 door with a sound detector or sensing unit (the standard allowance shall be \$1,500 for each fully-
- 9 functioning door at the time of appraisal);
- 10 5. A door with a sound detector or sensing unit shall have a standard allowance of \$500 per
- 11 door;
- 12 6. Automatic sliding doors (the standard allowance shall be \$17,000 per doorway);
- 13 7. An automatic door opener shall have a standard allowance of \$6,500 per door;
- 14 8. Detached garages or storage sheds (which shall have an attached reinforced concrete floor
- 15 and a minimum of 200 square feet);
- 16 9. Modular buildings or trailers, if the structure has a minimum of 200 square feet, electrical
- 17 service, and heating or cooling services (the standard allowance shall be fifty-six (56) dollars per
- 18 square foot);
- 19 10. Walk-in coolers or freezers;
- 20 11. Laundry chutes (the standard allowance shall be \$2,100 per floor serviced);
- 21 12. Dumb waiters (which shall have a minimum speed of fifty (50) feet per minute. The standard
- 22 allowance shall be \$8,000 for the initial two (2) stops for a manual door or \$21,000 for the initial
- 23 two (2) stops for an electric door and \$7,000 per additional stop);

- 1 13. Skylights (the standard allowance shall be forty (40) dollars per square foot);
- 2 14. Operable built-in oxygen delivery systems (valued at \$300 per serviced bed);
- 3 15. Carpeted wainscoting (the standard allowance shall be sixty (60) dollars per licensed bed);
- 4 16. Balconies;
- 5 17. Ceiling fans for which the standard allowance shall be \$250 for each ceiling fan without a
- 6 light and \$400 for each ceiling fan with a light;
- 7 18. Cupolas for which the standard allowance shall be \$720 each;
- 8 19. Fireplaces;
- 9 20. Concrete-lined utility tunnels for which the standard allowance shall be twenty-five (25)
- 10 dollars per cubic foot; and
- 11 21. Mechanical penthouses.

12 (4) An item listed in subsection (3)(z) of this section shall be subject to the Marshall & Swift
13 Boeckh BVS model #5200 monetary limit unless a monetary limit is provided for that item in
14 subsection (3)(z) of this section.

15 (5) The department shall use the corresponding Marshall & Swift Boeckh BVS default value
16 for any variable listed in subsection (3) of this section if no other value is stated for that variable
17 in subsection (3) of this section.

18 (6)(a) Values from the most recent Marshall & Swift Boeckh BVS tables shall be used during
19 an appraisal.

20 (b) An adjustment calculation shall be performed if the most recent Marshall & Swift Boeckh
21 BVS tables do not correspond to an appraisal base year.

22 (7) In addition to an appraisal cited in subsection (1) of this section, the department shall
23 appraise an NF identified in Section 2(1) of this administrative regulation if:

1 (a) The NF submits written proof of construction costs to the department; and

2 (b)1. The NF undergoes renovations or additions costing a minimum of \$150,000 and the NF
3 has more than sixty (60) licensed beds; or

4 2. The NF undergoes renovations or additions costing a minimum of \$75,000 and the NF has
5 sixty (60) or fewer licensed beds.

6 (8) An auxiliary building shall be:

7 (a) Appraised if it rests on land, as defined in Section 1(12) of this administrative regulation;
8 and

9 (b) Appraised separately from an NF building.

10 (9) To appraise an auxiliary building, the department shall utilize a Marshall & Swift Boeckh
11 BVS model other than the nursing home or convalescent center #5200 model, if the model better
12 fits the auxiliary building's use and type.

13 (10) If an NF building has beds licensed for non-NF purposes or a provider conducts business
14 activities not related to the NF, the appraisal shall be adjusted between NF and non-NF activity.
15 The appraiser shall determine if the adjustment shall be made by dividing the number of licensed
16 NF beds by the total number of beds, or through the use of an adjustment factor determined in
17 accordance with appraisal industry standards by the appraiser, regardless of the occupancy factor.
18 For example, an adjustment factor may be used to apportion the appraisal by the percent of NF
19 square footage relative to the square footage on non-NF-related business activities.

20 (11) Cost of an appraisal shall be the responsibility of the NF being appraised.

21 (12) A building held for investment, future expansion, or speculation shall not be considered
22 for appraisal purposes.

23 (13) The department shall not consider the following location factors in rendering an appraisal:

- 1 (a) Climate;
- 2 (b) High-wind zone;
- 3 (c) Degree of slope;
- 4 (d) Position;
- 5 (e) Accessibility; or
- 6 (f) Soil condition.

7 Section 5. Standard Price Overview.

8 (1) Rates shall reflect the differential in wages, property values, and cost of doing business in
9 rural and urban designated areas.

10 (2)(a) Except as provided by paragraph (b) of this subsection, and beginning in 2018, on July 1
11 of each year, the department shall utilize the most recent Federal Office of Management and
12 Budget's core based statistical area (CBSA) designations to classify an NF as being in an urban or
13 rural area, with metropolitan areas always being classified as urban. The urban and rural
14 designations shall be based on the location of the NF under the CBSA designation.

15 (b)1. On July 7, 2017, the department shall utilize the most recent Federal Office of
16 Management and Budget's core based statistical area (CBSA) designations to classify an NF as
17 being in an urban or rural area, with metropolitan areas classified as urban. The urban and rural
18 designations shall be based on the location of the NF under the CBSA designation.

- 19 2. On July 7, 2017, a change in designation from:
- 20 a. Rural to urban shall take effect on July 1, 2017; and
 - 21 b. Urban to rural shall take effect July 1, 2018.

22 (3) The department shall utilize an analysis of fair-market pricing and historical cost for the
23 following data:

- 1 (a) Staffing ratios;
- 2 (b) Wage rates;
- 3 (c) Cost of administration, food, professional support, consultation, and nonpersonnel operating
- 4 expenses as a percentage of total cost;
- 5 (d) Fringe benefit levels;
- 6 (e) Capital rate component; and
- 7 (f) Noncapital facility-related component.

8 (4) The following components shall comprise the case-mix adjustable portion of an NF's
9 standard price:

- 10 (a) The personnel cost of:
 - 11 1. A director of nursing;
 - 12 2. A registered nurse (RN);
 - 13 3. A licensed practical nurse (LPN);
 - 14 4. A nurse aide;
 - 15 5. An activities staff person; and
 - 16 6. A medical records staff person; and

- 17 (b) Nonpersonnel operating cost including:
 - 18 1. Medical supplies; and
 - 19 2. Activity supplies.

20 (5) The following components shall comprise the noncase-mix adjustable portion of an NF's
21 standard price:

- 22 (a) Administration to include an allowance to offset a provider assessment;
- 23 (b) Nondirect care personnel;

1 (c) Food;

2 (d) Professional support; and

3 (e) Consultation.

4 (6) The following components shall comprise the facility and capital component of an NF's
5 standard price:

6 (a) The noncapital facility-related component, which shall be a fixed, uniform amount for all
7 price-based NFs; and

8 (b) The NF's capital rate component, which shall be facility specific.

9 (7) Excluding capital rate components, the following is an example of an urban and a rural
10 price-based NF's standard price based on rebased wages at the 2008 level:

CBSA Designation	Case-Mix Adjustable Portion of Standard Price	Noncase-Mix Portion Without Capital Component	Adjustable Standard Price Excluding Capital Rate	Total Standard Price
Urban	\$88.05	\$62.80		\$150.85
Rural	\$74.62	\$55.63		\$130.25

11 (8) A price-based NF's standard price ~~may~~**shall** be:

12 **(a)** Adjusted for inflation every July 1; and

13 **(b)** Rebased:

14 **1. Effective July 1, 2024; and**

15 **2. At least once every four (4) years thereafter**~~[in 2008].~~

16 (9) Effective July 1, 2004, an NF shall not receive a rate less than its standard price.

17 (10) Effective July 1, 2022:

1 (a) A nursing home relief reimbursement increase of twenty-nine dollars (\$29) shall be included
2 in the noncase-mix adjustable portion of the per diem rate.

3 (b) The nursing home relief reimbursement increase shall be included in the administration line
4 of the calculation and shall not receive annual inflationary adjustments.

5 (c) The nursing home relief reimbursement increase of twenty-nine dollars (\$29) shall continue
6 until the standard price is rebased.

7 (11) The department shall adjust an NF's standard price if:

8 (a) A governmental entity imposes a mandatory minimum wage or staffing ratio increase and
9 the increase was not included in the inflation adjustment; or

10 (b) A new licensure requirement or new interpretation of an existing requirement by the state
11 survey agency results in changes that affect all facilities within the class. The provider shall
12 document that a cost increase occurred as a result of a licensure requirement or policy
13 interpretation.

14 Section 6. Standard Price Calculation. (1) Based on the classification of urban or rural, the
15 department shall calculate an individual NF's standard price to be the sum of:

16 (a) The case-mix adjustable portion of the NF's standard price, adjusted by the NF's current
17 case-mix index pursuant to Section 7 of this administrative regulation;

18 (b) The noncase-mix adjustable portion of the NF's standard price, which shall include:

- 19 1. An allowance to offset a provider assessment; and
20 2. The nursing home relief reimbursement increase of twenty-nine dollars (\$29);

21 (c) The noncapital facility-related component; and

22 (d) Pursuant to subsection (2) of this section, the capital rate component.

23 (2) An NF's capital rate component shall be calculated as follows:

- 1 (a) The department shall add the total of:
- 2 1. The NF's average licensed bed value, which shall:
- 3 a. Be determined by dividing the NF's depreciated replacement cost, as determined from an
- 4 appraisal conducted in accordance with Section 4 of this administrative regulation, by the NF's
- 5 total licensed NF beds; and
- 6 b. Not exceed \$56,003 effective July 1, 2016, which shall be adjusted every July 1 thereafter
- 7 by the same factor applied to the NF's depreciated replacement cost;
- 8 2. A value for land, which shall be ten (10) percent of the NF's average licensed NF bed value,
- 9 established in accordance with subparagraph 1. of this paragraph; and
- 10 3. A value for equipment, which shall be \$2,000 per licensed NF bed;
- 11 (b) The department shall multiply the sum of paragraph (a) of this subsection by a rate of return
- 12 factor, which shall:
- 13 1. Be equal to the sum of:
- 14 a. The yield on a twenty (20) year treasury bond as of the first business day on or after May 31
- 15 of the most recent year; and
- 16 b. A risk factor of two (2) percent; and
- 17 2. Not be less than nine (9) percent nor exceed twelve (12) percent;
- 18 (c) The department shall determine the NF's capital cost-per-bed day by:
- 19 1. Dividing the NF's total patient days by the NF's available bed days to determine the NF's
- 20 occupancy percentage;
- 21 2. If the NF's occupancy percentage is less than ninety (90) percent, multiplying ninety (90)
- 22 percent by 365 days; and

1 3. If the NF's occupancy percentage exceeds ninety (90) percent, multiplying the NF's
2 occupancy percentage by 365 days; and

3 (d) The department shall divide the sum of paragraphs (a) and (b) of this subsection by the NF's
4 capital cost-per-bed day established in paragraph (c) of this subsection to determine an NF's capital
5 rate component.

6 (3) If a change of ownership occurs pursuant to 42 C.F.R. 447.253(d), the new owner shall:

7 (a) Receive the capital cost rate of the previous owner unless the NF is eligible for a reappraisal
8 pursuant to Section 4(7) of this administrative regulation; and

9 (b) File an updated provider application with the Medicaid program pursuant to 907 KAR
10 1:672, Section 3(4).

11 (4) A new facility shall be:

12 (a) Classified as a new facility if the facility does not have a July 1, of the current state fiscal
13 year, Medicaid rate;

14 (b) Determined to be urban or rural; and

15 (c) Reimbursed at its standard price, which shall:

16 1. Be based on a case-mix of 1.0;

17 2. Be adjusted prospectively based upon no less than one (1) complete calendar quarter of
18 available MDS 3.0 data following the facility's Medicaid certification;

19 3. Utilize \$56,003 effective July 1, 2016, as adjusted through the current state fiscal year as the
20 facility's average licensed NF bed value until the facility is appraised in accordance with Section
21 4 of this administrative regulation; and

1 4. Be adjusted, if necessary, following the facility's appraisal if the appraisal determines the
2 facility's average licensed NF bed value to be less than \$56,003 effective July 1, 2016, as adjusted
3 through the current state fiscal year.

4 (5) The amounts calculated pursuant to subsection (4)(c)3. and 4. of this section shall be
5 adjusted annually consistent with the adjustments made to the depreciated replacement cost, as
6 described in subsection (2)(a)1.b. of this section for the capital component calculation.

7 Section 7. Minimum Data Set (MDS) 3.0, Resource Utilization Group (RUG) III, and
8 Validation.

9 (1) A price-based NF's Medicaid MDS data shall be utilized to determine its case-mix index
10 each quarter.

11 (2) A price-based NF's case-mix index shall be applied to its case-mix adjustable portion of its
12 standard price.

13 (3) To determine a price-based NF's case-mix index, the department shall:

14 (a) Calculate case-mix on a time-weighted basis using MDS data:

15 1. Extracted on the last date of each calendar quarter from the NF's MDS item sets:

16 a. Included in Minimum Data Set (MDS) - Version 3.0, Resident Assessment and Care
17 Screening; and

18 b. Transmitted by the NF to the Centers for Medicare and Medicaid Services; and

19 2. Which, if revised, shall be revised no later than the last date of the quarter following the date
20 on which MDS data was extracted. For example, MDS data submitted after September 30, 2016,
21 for the purpose of revision to MDS data extracted June 30, 2016, shall not be utilized;

1 (b) Classify the data cited in paragraph (a) of this subsection through the RUG III, (M3 p1),
2 version five point twenty (5.20) thirty-four (34) group or equivalent model resident classification
3 system; and

4 (c) Validate the data cited in paragraph (a) of this subsection as follows:

5 1. The department shall generate a stratified random sample of twenty-five (25) percent of the
6 Medicaid residents in a price-based NF;

7 2. The department shall review one (1) MDS assessment from each resident in the sample
8 referenced in subparagraph 1. of this paragraph;

9 3. The department shall review medical records corresponding to the individuals included in
10 the sample identified in subparagraphs 1. and 2. of this paragraph to determine if the medical
11 records accurately support the MDS assessments submitted for the sample residents; and

12 4. If a review of records cited in subparagraph 3. of this paragraph reveals that the price-based
13 NF fails to meet the minimum accuracy threshold, the department shall determine if the NF fails
14 to meet the minimum accuracy threshold by reviewing 100 percent of the price-based NF's
15 Medicaid MDS assessments:

16 a. Extracted in accordance with paragraph (a) of this subsection; and

17 b. Selecting one (1) MDS assessment per resident.

18 (4) If the department's review, in accordance with subsection (3)(c)3. and 4. of this section, of
19 a price-based NF's MDS assessment data reveals that the NF fails to meet the MDS data minimum
20 accuracy threshold, the department shall conduct another review of the same data utilizing an
21 individual or individuals not involved in the initial validation process if the price-based NF
22 requests a reconsideration within ten (10) business days of being notified of the findings of the
23 review cited in subsection (3)(c)4. of this section.

1 (5) Only MDS data extracted in accordance with subsection (3)(a)2. of this section shall be
2 allowed during a review or reconsideration.

3 (6) If a reconsideration of a price-based NF's MDS assessment data, in accordance with
4 subsection (4) of this section, confirms that the NF fails to meet the minimum accuracy threshold,
5 the department shall:

6 (a) Conduct a conference with the NF to review preliminary findings of the reconsideration;
7 and

8 (b) Send the final results of the reconsideration to the NF within ten (10) business days of the
9 conference.

10 (7) In performing validation reviews on MDS data, the department shall:

11 (a) Notify the NF at the time of the MDS assessment review of any assessment that is not
12 validated and allow the NF to provide supporting documentation that had been utilized to support
13 the assessment;

14 (b) Consider all MDS supporting documentation provided by the NF prior to the exit
15 conference; and

16 (c) Not consider MDS supporting documentation provided by the NF after the exit conference
17 has occurred.

18 (8)(a) Reconsideration of a price-based NF's MDS assessment data validation shall be provided
19 if the NF:

20 1. Requests a reconsideration and clearly identifies each specific resident's review and MDS
21 elements that are being disputed;

22 2. States the basis on which the department's decision on each issue is believed to be erroneous;
23 and

1 3. Provides a summary supporting the NF's position.

2 (b) After a reconsideration of a price-based NF's MDS assessment data has been completed, the
3 NF may appeal the department decision regarding the data in accordance with 907 KAR 1:671,
4 Section 9.

5 (9)(a) The department shall refer any suspected intentional alteration of clinical documentation
6 or creation of documentation after an MDS assessment has been transmitted to the Office of
7 Inspector General (OIG) for investigation of possible fraud.

8 (b) A fraud investigation may result in a felony or misdemeanor criminal conviction.

9 (10) An NF's rate shall be effective beginning on the first date of the second quarter following
10 the MDS extraction date.

11 (11) An MDS validation review, if conducted, shall be initiated in the month containing the
12 corresponding rate effective date.

13 (12) A rate sanction shall be applied on the rate effective date following the validation review
14 initiation date.

15 (13) MDS assessment accuracy thresholds and corresponding rate sanctions shall be established
16 in accordance with this subsection.

17 (a) If a price-based NF's percentage of accurate MDS assessments is between sixty-five (65)
18 and seventy-nine (79) percent, the price-based NF's rate shall be sanctioned by fifty (50) cents per
19 patient day.

20 (b) If a price-based NF's percentage of accurate MDS assessments is between forty (40) and
21 sixty-four (64) percent, the price-based NF's rate shall be sanctioned by sixty (60) cents per patient
22 day.

1 (c) If a price-based NF's percentage of accurate MDS assessments is below forty (40) percent,
2 the price-based NF's rate shall be sanctioned by seventy (70) cents per patient day.

3 Section 8. Limitation on Charges to Residents. (1) Except for applicable deductible and
4 coinsurance amounts, an NF that receives reimbursement for a resident pursuant to Section 6 of
5 this administrative regulation shall not charge a resident or his representative for the cost of routine
6 or ancillary services.

7 (2) An NF may charge a resident or his representative for an item pursuant to 42 C.F.R.
8 483.10(f)(11)(ii) if:

9 (a) The item is requested by the resident;

10 (b) The NF informs the resident in writing that there will be a charge; and

11 (c) Medicare, Medicaid, or another third party does not pay for the item.

12 (3) An NF shall:

13 (a) Not require a resident, or responsible representative of the resident, to request any item or
14 services as a condition of admission or continued stay; and

15 (b) Inform a resident, or responsible representative of the resident, requesting an item or service
16 for which a charge will be made in writing that there will be a charge and the amount of the charge.

17 (4) Reserved bed days, per resident, for an NF or an NF-W shall be:

18 (a) Reimbursed for a maximum of fourteen (14) days per calendar year due to hospitalization.

19 Accumulated bed reserve days shall follow a resident if the resident relocates to another facility
20 within a calendar year rather than starting over at zero due to relocation;

21 (b) Reimbursed for a maximum of ten (10) days during a calendar year for leaves of absence
22 other than hospitalization. Accumulated bed reserve days shall follow a resident if the resident

1 relocates to another facility within a calendar year rather than starting over at zero due to the
2 relocation;

3 (c) Reimbursed at seventy-five (75) percent of a facility's rate if the facility's occupancy percent
4 is ninety-five (95) percent or greater for the calendar quarter preceding the bed reserve day; and

5 (d) Reimbursed at fifty (50) percent of a facility's rate if the facility's occupancy percent is less
6 than ninety-five (95) percent for the calendar quarter preceding the bed reserve day.

7 (5) Except for oxygen therapy, durable medical equipment (DME) and supplies shall:

8 (a) Be furnished by an NF; and

9 (b) Not be billed to the department under a separate DMS claim pursuant to 907 KAR 1:479,
10 Section 6(3).

11 (6) Dentures, lenses, frames, or hearing aids shall be paid for through the resident's patient
12 liability or spend down amounts and limited to one (1) replacement per item per calendar year.

13 Section 9. Reimbursement for Required Services Under the Preadmission Screening Resident
14 Review (PASRR). (1) Prior to an admission of an individual, a price-based NF shall conduct a
15 level I PASRR in accordance with 907 KAR 1:755, Section 4.

16 (2) The department shall reimburse an NF for services delivered to an individual if the NF
17 complies with the requirements of 907 KAR 1:755.

18 (3) Failure to comply with 907 KAR 1:755 may be grounds for termination of the NF's
19 participation in the Medicaid Program.

20 Section 10. Price-Based NF Protection Period and Budget Constraints. (1) A county-owned
21 hospital-based nursing facility shall not receive a rate that is less than the rate that was in effect on
22 June 30, 2002.

23 (2) For each year of the biennium, a price-based NF shall:

1 (a) Receive an adjustment pursuant to Section 5(8) and (11)~~(10)~~ of this administrative
2 regulation; or

3 (b) Except for a county-owned hospital-based nursing facility pursuant to subsection (1) of this
4 section, not receive an increase if the price-based NF's rate is greater than its standard price.

5 Section 11. Cost Report. (1) A Medicare cost report and the Supplemental Medicaid Schedules
6 shall be submitted pursuant to time frames established in the CMS Medicare Provider
7 Reimbursement Manual - Part 2 (Pub. 15-2) Sections 102, 102.1, 102.3, and 104, using the
8 Instructions for Completing the Medicaid Supplemental Schedules.

9 (2) A copy of a price-based NF's Medicare cost report shall be submitted for the most recent
10 fiscal year end.

11 Section 12. Ancillary Services. (1) Except for oxygen therapy and for ancillary services
12 provided to an individual in a critical access hospital swing bed, the department shall reimburse
13 for an ancillary service that meets the criteria established in 907 KAR 1:023 utilizing the
14 corresponding outpatient procedure code rate listed in the Medicaid Physician Fee Schedule
15 established in 907 KAR 3:010, Section 3.

16 (2) The department shall reimburse for an oxygen therapy utilizing the Medicaid DME Program
17 fee schedule established in 907 KAR 1:479.

18 (3) Respiratory therapy and respiratory therapy supplies shall be a routine service.

19 (4) Reimbursement for ancillary services provided to an individual in a critical access hospital
20 swing bed shall be included in the critical access hospital swing bed reimbursement established in
21 Section 3(2) of this administrative regulation.

22 Section 13. Appeal Rights. A price-based NF may appeal a department decision as to the
23 application of this administrative regulation in accordance with 907 KAR 1:671.

1 Section 14. Supplemental Payments to Nonstate Government-Owned or Operated Nursing
2 Facilities. (1) Beginning July 1, 2001, subject to state funding made available for this provision by
3 a transfer of funds from a governmental entity, the department shall make a supplemental payment
4 to a qualified nursing facility.

5 (2) To qualify for a supplemental payment under this section, a nursing facility shall:

6 (a) Be owned or operated by a local unit of government pursuant to 42 C.F.R. 447.272(a)(2);

7 (b) Have at least 140 or more Medicaid-certified beds; and

8 (c) Have a Medicaid occupancy rate at or above seventy-five (75) percent.

9 (3) For each state fiscal year, the department shall calculate the maximum supplemental
10 payment that it may make to qualifying nursing facilities in accordance with 42 C.F.R. 447.272.

11 (4) Using the data reported by a nursing facility on a Schedule NF-7 submitted to the department
12 as of December 31, 2000, the department shall identify each nursing facility that meets the criteria
13 established in subsection (2) of this section.

14 (5) The department shall determine a supplemental payment factor for a qualifying nursing
15 facility by dividing the qualifying nursing facility's total Medicaid days by the total Medicaid days
16 for all qualifying nursing facilities.

17 (6) The department shall determine a supplemental payment for a qualifying nursing facility by
18 applying the supplemental payment factor established in subsection (5) of this section to the total
19 amount available for funding under this section.

20 (7) Total payments made under this section shall not exceed the amount determined in
21 subsection (3) of this section.

22 (8) Payments made under this section shall:

23 (a) Apply to services provided on or after April 1, 2001; and

1 (b) Be made on a quarterly basis.

2 Section 15. Federal Approval and Federal Financial Participation. The department's coverage
3 of services pursuant to this administrative regulation shall be contingent upon:

4 (1) Receipt of federal financial participation for the coverage; and

5 (2) Centers for Medicare and Medicaid Services' approval for the coverage.

6 Section 16. Incorporation by Reference. (1) The following material is incorporated by
7 reference:

8 (a) "Medicare Provider Reimbursement Manual - Part 2 (Pub. 15-2), Sections 102, 102.1, 102.3,
9 and 104", October 2007;

10 (b) The "Instructions for Completing the Medicaid Supplemental Schedules", April 2015;

11 (c) The "Supplemental Medicaid Schedules", April 2015; and

12 (d) "Minimum Data Set (MDS) - Version 3.0, Resident Assessment and Care Screening",
13 10/1/2016.

14 (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at
15 the:

16 (a) Department for Medicaid Services, 275 East Main Street, Frankfort, Kentucky 40621,
17 Monday through Friday, 8 a.m. to 4:30 p.m.; and

18 (b) Following location on the department's website:

19 <https://chfs.ky.gov/agencies/dms/dafm/Pages/default.aspx>.

907 KAR 1:065
REVIEWED:

11/10/2022

Date

DocuSigned by:
Lisa Lee
7CB973D215D941E

Lisa D. Lee, Commissioner
Department for Medicaid Services

APPROVED:

11/14/2022

Date

DocuSigned by:
Eric Friedlander
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Eric C. Friedlander, Secretary
Cabinet for Health and Family Services

REGULATORY IMPACT ANALYSIS
AND TIERING STATEMENT

Administrative Regulation #: 907 KAR 1:065

Agency Contact Persons: Jonathan Scott, (502) 564-4321, ext. 2015, jonathant.scott@ky.gov; and Krista Quarles, (502) 564-6746, CHFSregs@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation revises reimbursement for nursing facilities participating in Kentucky Department for Medicaid Services for all non-managed care recipients.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish price-based nursing facility reimbursement provisions.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the content of the authorizing statutes by establishing price-based nursing facility reimbursement provisions.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the authorizing statutes by establishing updated reimbursement rates for nursing facilities providing care to Kentucky Medicaid recipients.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment incorporates the \$29 pandemic related reimbursement increase into this administrative regulation. The regulation is also amended to ensure that the \$29 reimbursement increase will be included in nursing facility base rates in the future.

The Amended After Comments version of this administrative regulation amends the administrative regulation to require a rebasing of rates by July 2024 and a rebasing of rates to occur at least once every four years thereafter.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to reflect the permanent addition of a reimbursement increase that has been made in multiple state budgets and to clarify how this additional funding will be reflected in future nursing facility rates.

(c) How the amendment conforms to the content of the authorizing statutes: The amendment conforms to the content of the authorizing statutes by clarifying how a recent increase in funding will be incorporated into future nursing home rates.

(d) How the amendment will assist in the effective administration of the statutes: The amendment assists in the effective administration of the statutes by incorporating needed information about total nursing home facility rates into one administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local government affected by this administrative regulation: There are 290 nursing facilities

participating with Medicaid that may be affected.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Nursing facilities will not have to take any actions to comply with this amendment.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There will be no cost to the entities to comply with this administrative regulation.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Entities will receive a higher reimbursement from Medicaid, and the current reimbursement increase is now scheduled to be incorporated into the base rate for nursing facilities in the future.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: DMS anticipates that expenditures for nursing facilities will be consistent with appropriations in HB 1 from the 2022 Regular Session.

(b) On a continuing basis: DMS anticipates that expenditures for nursing facilities will be consistent with appropriations in HB 1 from the 2022 Regular Session.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Sources of funding to be used for the implementation and enforcement of this administrative regulation are federal funds authorized under Title XIX and Title XXI of the Social Security Act, and state matching funds of general and agency appropriations.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: DMS anticipates that current funding levels will not need to increase due to the \$29 reimbursement increase as this funding has been appropriated in multiple previous state budgets.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation neither establishes nor increases any fees.

(9) Tiering: Is tiering applied? Tiering was not applied in this administrative regulation because the administration regulation applies equally to all those individuals or entities regulated by it.

FEDERAL MANDATE ANALYSIS COMPARISON

Regulation Number: 907 KAR 1:065

Agency Contact Persons: Jonathan Scott, (502) 564-4321, ext. 2015, jonathant.scott@ky.gov;
and Krista Quarles, (502) 564-6746, CHFSregs@ky.gov

1. Federal statute or regulation constituting the federal mandate. 42 USC 1396r(f)(6) and 42 CFR 483.20.
2. State compliance standards. KRS 205.520(3) authorizes the cabinet, by administrative regulation, to comply with a requirement that may be imposed or opportunity presented by federal law for the provision of medical assistance to Kentucky's indigent citizenry.
3. Minimum or uniform standards contained in the federal mandate. 42 CFR 483.20 requires a nursing facility to conduct a resident assessment of each resident.
4. Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate?
This administrative regulation does not set stricter requirements.
5. Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. Neither stricter nor additional standards nor responsibilities are imposed

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Administrative Regulation #: 907 KAR 1:065

Agency Contact Persons: Jonathan Scott, (502) 564-4321, ext. 2015, jonathant.scott@ky.gov; and Krista Quarles, (502) 564-6746, CHFSregs@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department for Medicaid Services will be affected by this administrative regulation.

2. Identify each state or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 194A.030(2), 194A.050(1)

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? The Department for Medicaid Services (DMS) anticipates no revenue for state or local government will result from the amendment.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? DMS anticipates no revenue for state or local government will result from the amendment.

(c) How much will it cost to administer this program for the first year? DMS anticipates that expenditures for nursing facilities will be consistent with appropriations in HB 1 from the 2022 Regular Session.

(d) How much will it cost to administer this program for subsequent years? DMS anticipates that expenditures for nursing facilities will be consistent with appropriations in HB 1 from the 2022 Regular Session.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation:

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? DMS does not anticipate that cost savings will be generated for regulated entities as a result of the amendments to this administrative regulation in the first year. This administrative regulation will result in higher reimbursement for regulated entities.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? DMS does not anticipate that cost savings will be generated for regulated

entities as a result of the amendments to this administrative regulation in subsequent years. This administrative regulation will result in higher reimbursement for regulated entities.

(c) How much will it cost the regulated entities for the first year? DMS does not anticipate that regulated entities will incur costs as a result of this amendment in the first year.

(d) How much will it cost the regulated entities for subsequent years? DMS does not anticipate that regulated entities will incur costs as a result of this amendment in subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-):

Expenditures (+/-):

Other Explanation:

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)]*

The administrative regulation will not have a major economic impact – as defined by KRS 13A.010 – on regulated entities. DMS does anticipate that this amendment will result in a clear acknowledgement and continuing substantial additional reimbursement for nursing facilities.

STATEMENT OF CONSIDERATION RELATING TO
907 KAR 1:065.

CABINET FOR HEALTH AND FAMILY SERVICES
Department for Medicaid Services
Division of Fiscal Management

Amended After Comments

I. A public hearing on 907 KAR 1:065 was not requested, and therefore, not held. However, written comments were received during the public comment period.

II. The following individuals submitted comments during the public comment period:

<u>Name and Title</u>	<u>Agency/Organization/Entity/Other</u>
G. Wayne Johnson, Vice President of Finance	Kentucky Association of Health Care Facilities/Kentucky Center for Assisted Living
Lisa English Hinkle	McBrayer Law Firm on behalf of Rockcastle Regional Hospital and Respiratory Care Center
Jonas S. Bastien	McBrayer Law Firm on behalf of Rockcastle Regional Hospital and Respiratory Care Center

III. The following individuals from the promulgating agency responded to comments received regarding 907 KAR 1:065.

<u>Name and Title</u>	<u>Agency/Organization/Entity/Other</u>
Lisa Lee, Commissioner	Department for Medicaid Services, Commissioner's Office
Veronica Cecil, Senior Deputy Commissioner	Department for Medicaid Services, Commissioner's Office
Steve Bechtel, Chief Financial Officer	Department for Medicaid Services, Commissioner's Office
Amy Richardson, Director	Department for Medicaid Services, Division of Fiscal Management

John Hay, Assistant Director	Department for Medicaid Services, Division of Fiscal Management
Jacob Wilson, Assistant Director	Department for Medicaid Services, Division of Fiscal Management
Jonathan Scott, Regulatory and Legislative Advisor	Department for Medicaid Services, Commissioner's Office

IV. SUMMARY OF COMMENTS AND AGENCY'S RESPONSES

(1) Subject: Standard price to include annual full inflation and regular rebasing

(a) Comment: G. Wayne Johnson, Vice President of Finance, Kentucky Association of Health Care Facilities/Kentucky Center for Assisted Living, submitted comments requesting that DMS establish an annual full inflation requirement and set it to the most recently published version of the IHS Markit Skilled Nursing Facility Market and the R.S. Means Construction Index.

(b) Response: DMS needs to conduct additional research prior to establishing a full inflation requirement that is tied to external sources. The department will not be amending the administrative regulation in response to the comment.

(2) Subject: Regular rebasing of rates

(a) Comment: G. Wayne Johnson, Vice President of Finance, Kentucky Association of Health Care Facilities/Kentucky Center for Assisted Living, submitted comments requesting that DMS rebase current rates and establish a set period by which the standard price will be rebased within the administrative regulation.

(b) Response: DMS agrees with this request and will amend Section 5(8) of the administrative regulation to conform.

(3) Subject: Modify scope of 907 KAR 1:065

(a) Comment: Lisa English Hinkle and Jonas S. Bastien, attorneys for the McBrayer Law Firm on behalf of Rockcastle Regional Hospital and Respiratory Care Center, submitted comments suggesting that the scope of the administrative regulation should be expanded to include cost-settled nursing facilities and hospital swing beds.

(b) Response: The department has negotiated the parameters of the nursing home program with the federal government. As a result, the department has implemented separate methods of reimbursing for standalone nursing facilities and hospital-based nursing facilities. Price-based nursing homes are paid a set per diem fee that has been shifted by \$29.00 during the public health emergency and now by this administrative regulation. Facilities such as Rockcastle are paid via a more cost-sensitive process known as cost-settlement. This process is already capable of assessing and reimbursing for increases due to the factors that influenced the initial \$29.00 cost adjustment such as locating additional personal protective equipment or addressing staffing

shortages. The department is not prepared to amend that process at this time and is therefore not making the \$29.00 reimbursement available to these cost-settled facilities. The department will not be amending the administrative regulation in response to the comment.

(4) Subject: Legislative intent of \$29 add-on

(a) Comment: Lisa English Hinkle and Jonas S. Bastien, attorneys for the McBrayer Law Firm on behalf of Rockcastle Regional Hospital and Respiratory Care Center, submitted comments discussing the history of the \$29 add-on over the course of the COVID-19 pandemic. The commenters allege legislative intent that the \$29.00 should apply to every nursing home bed, including swing beds located in hospitals.

(b) Response: The department has accommodated Rockcastle and certain other cost-based facilities via the public health emergency SPA. This includes a comprehensive \$29.00 per diem payment that is issued through the entirety of the public health emergency. However, in a non-public health emergency setting, the department contends that the cost-settlement process that has been negotiated with the federal government should remain in place. This process is capable of including and assessing additional expenses – if any – that these facilities experience due to pandemic-related economic stresses. The department will not be amending the administrative regulation in response to the comment.

V. SUMMARY OF STATEMENT OF CONSIDERATION
AND
ACTION TAKEN BY PROMULGATING ADMINISTRATIVE BODY

The Department for Medicaid Services (DMS) has considered the comments received regarding 907 KAR 1:065. This administrative regulation is being amended after comments. DMS is amending the administrative regulations as follows:

Section 5(8)

Page 14

Lines 11-12

After “price”, insert “may”; delete “shall”.

After “be”, insert a colon and begin a new paragraph “(a)” on the next line before “adjusted for”.

After “every July 1” insert a semicolon.

After “and” insert a new paragraph “(b)”

After “rebased” insert the following:

:

1. Effective July 1, 2024; and

2. At least once every four (4) years thereafter

Delete “in 2008”.

