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CERTIFIED PUBLIC ACCOUNTANTS

Provider Update

Kentucky Ambulance Provider Assessment Program

March 2021

AGENDA

- Introduction and Background
- Overview of Components
- Timeline of Events
- Q&A

Introduction and Background

INTRODUCTION AND BACKGROUND

Federal Reimbursement Changes

- **Directed Payment Opportunities**
  - The May 2016 Managed Care Final Rule allows states to make directed payments, which can take the form of uniform payment increases or value-based purchasing for a class of providers. In general, directed payments must be:
    - Submitted to CMS for approval annually.
    - Based on the utilization and delivery of services.
    - Designed to advance at least one goal within the state's quality strategy.
    - Evaluated at the end of each program year to measure progress on achieving outlined goals.

INTRODUCTION AND BACKGROUND

KY Ambulance Provider Assessment Program (APAP)

- **KY House Bill 8**
  - Passed in the 2020 legislative session.
  - Authorizes enhanced payment programs for FFS and MCO ground ambulance services.
  - Ground ambulance provider is defined as Classes I – III by KRS 142.301.
  - Reimburses up to available provider tax funding.

- **Goals of APAP Program**
  - As a result of the new directed payment financing mechanism, KY stakeholders elected to leverage this opportunity to achieve the following goals:
    - Provide enhanced reimbursement for qualifying ground transports.
    - Promote access to high quality care and reduce unnecessary spending.

INTRODUCTION AND BACKGROUND

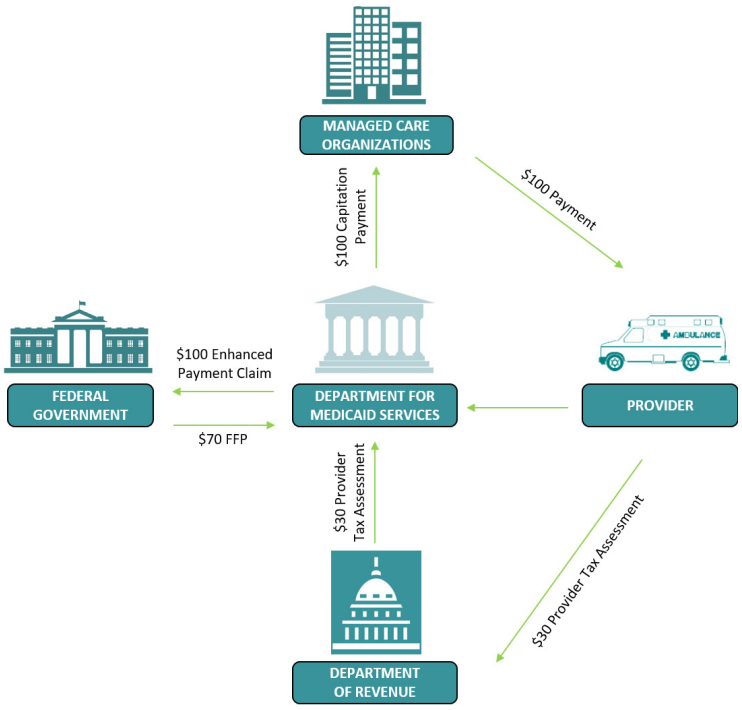
KY Ambulance Provider Assessment Program

- **Provider Tax Funding**
  - State share of payments funded by new provider tax.
  - Tax will be a flat 5.5% of cash collections for emergency ground transports from all payors (tax is on all payors and enhancements are paid on Medicaid only).
  - Gross revenues should be reported only for transports originating in KY, as defined in KRS 142.301 and the draft regulation 907 KAR 3:060.
  - All Class I – III ground ambulance providers will be taxed regardless of Medicaid utilization.

- **Statewide Impact**
  - All KY ground ambulance providers Medicaid-licensed as Class I through III are eligible to receive payments on Medicaid transports only.

INTRODUCTION AND BACKGROUND

Program Financing



INTRODUCTION AND BACKGROUND

Ensuring Payment to Providers

- **Fee For Service**
  - Each participating provider must register for a Vendor Customer Number in order to receive a FFS payment.
  - This number is different than a provider's Medicaid Provider ID and allows monthly payment directly through eMARS.
  - EFT or paper check option may be selected when enrolling.
  - This may be performed at the following URL: https://finance.ky.gov/services/eprocurement/Pages/doingbusiness.aspx
- **Managed Care**
  - MCOs are developing their own forms and processes to ensure providers are set up to receive monthly MCO payments.

Overview of KY Ambulance Provider Assessment Program Components

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Regulatory Guidance
One time approval of regulation. Annual approval of FFS State Plan Amendment and MCO preprint by CMS.

Annual Provider Tax and Add-on Determinations
Provider tax is required annually to determine available room for program funding and add-ons for FFS and MCO services. This will be based on cash collections for ground Medicaid transports reported on the surveys, filed annually.

Program Financing
State share funded by provider tax based on total emergency revenues from historical revenue surveys. Annual revenue surveys will be used to calculate tax assessments while tax will be due to DOR monthly.

Monthly Payments and Final Reconciliation
Annual add-ons will be applied to historical MMIS utilization to determine interim payments. A final reconciliation to actual utilization will be performed after appropriate claims adjudication has occurred.

MCO Payments to Providers
MCOs will be required to make payments within 10 days of receiving monthly supplemental payments from KY Medicaid.

Provider Payment of Tax Assessments
In accordance with KRS 142.323, providers are required to pay monthly tax assessments by the 20th day of each month. For example, May's payment is due by June 20th.

Provider Appeals
Providers will have 30 days from receiving the **final** reconciliation to appeal discrepancies.

Quality Improvement Section
Directed payments required to link to state's quality strategy. Additional FFS/MCO components. Quality benchmarks will be established with goals of improving access and other determined measures.

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Regulatory Guidance

- **2020 House Bill 8 (KRS 205.5601-5603)**
  - The Kentucky statute that authorizes the program passed in the 2020 legislative session and became effective July 15, 2020.
- **State Plan Amendment**
  - FFS portion requires annual CMS approval of state plan amendment.
  - SPA 20-013 filed November 2020 and CMS approval is pending.
  - Effective January 1, 2021.
- **Administrative Regulation 907 KAR 3:060 (tentative)**
  - Regulation is under Cabinet review.
  - Regulation will require public comment and ARRS legislative review.

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Regulatory Guidance

- **CMS Section 438.6(c) Preprint**
  - MCO portion requires annual CMS approval of a preprint modification to the state's managed care waiver.
  - Year 1 preprint for CY 2021 submitted to CMS in December 2020.
  - CMS approval is pending.

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Annual Provider Tax and Add-on Determinations

Add-on Determination	Fee-for-Service/ Managed Care
Type of Demonstration	Utilization
Provider Classes	I - III
Total Funds Used in CY 2021 Add-on	$47 million
Transports Used in CY 2021 Add-on	Emergency: 128,487 Non-Emergency: 16,174
CY 2021 Add-on	Emergency: $358.22 Non-Emergency: $88.01

- **Impact of Utilization Variation**
  - The add-ons are designed to result in payments equal to the total funding if utilization remains constant. Reconciliations will be completed in order to monitor utilization and the risk of over and under payments.

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Program Financing

- **Provider Tax Assessment**
  - State share funded through new provider tax.
  - Reminder - per KRS 142.323 providers must remit the tax to DOR by the 20th of the month of the next succeeding calendar month.
  - Based on cash collections for emergency ground transports from all payors (tax is on all payors and enhancements are paid on Medicaid only).
  - Approximately $1 million will be allocated to non-emergency enhancement.

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Program Financing

- **Tax Assessment Calculation Example**

Kentucky Ambulance Emergency Medical Services
HB8 Ambulance Provider Listing with Revenues and Tax Due

Provider ID	Provider Name	Emergency Revenues	Tax Rate	Annual Tax Amount	Monthly Tax Amount Due
11111111	Ambulance A	$ 15,000	5.5%	$ 825	$ 69
22222222	Ambulance B	$ 2,570,000	5.5%	$ 141,350	$ 11,779
33333333	Ambulance C	$ 303,000	5.5%	$ 16,665	$ 1,389
44444444	Ambulance D	$ 126,000	5.5%	$ 6,930	$ 578
55555555	Ambulance E	$ 959,000	5.5%	$ 52,745	$ 4,395
66666666	Ambulance F	$ 1,258,000	5.5%	$ 69,190	$ 5,766
77777777	Ambulance G	$ 58,000	5.5%	$ 3,190	$ 266
88888888	Ambulance H	$ 75,000	5.5%	$ 4,125	$ 344

  - In the above example, the tax rate will remain at 5.5% for all ambulance providers.
  - If a provider has a short period in a given program year, the emergency revenue survey data will be annualized to a 12-month period in order to be consistent across all providers.

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Monthly Payment Calculations and Final Reconciliation

- **Historical Claims Utilized**
  - MMIS claims data for 7/1/2018 – 6/30/2019 is utilized to divide funds by transports to calculate emergency transport add-on.
  - Survey data for the same period is used to calculate non-emergency add-on.
- **Final Reconciliation**
  - Medicaid is working with a sample provider population to determine when a sufficient time has passed for claims adjudication.
  - After claims for a program calendar year have sufficient time to adjudicate, encounter data submitted by Medicaid health plans will be used to reconcile interim payments to actual utilization.

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

MCO Payments to Providers and Provider Payment of Tax Assessments

- **Timing of MCO Payments**
  - Once approved by CMS, the Department will issue directed payments to the MCOs approximately at the beginning of each month.
  - The MCOs will then have 10 days to issue payment to the providers.
- **Timing of Provider Tax Assessment Payments**
  - Providers will then have until the 20th of the following month to transfer the tax assessment funds to the DOR.
  - DMS may withhold future payments due to late payments.
  - Standard DOR penalties and interest apply, along with additional referral to KBEMS for potential licensure action.
- **Implementation Timing**
  - For the implementation year, if CMS approves of the program before April, the first payment will be sent to the MCOs around May 1 and will include 5 months (Jan – May) of enhancements.
  - By July 20, providers will pay tax assessments for January – June to DOR.

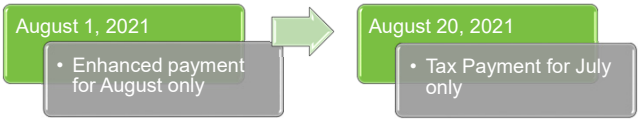
OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Timing of Payments Example

(pending CMS approval)

- **Initial Implementation Timing**

- **Post-Implementation Timing**



OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Provider Appeals

- **Provider Review and Appeals Process**
  - Providers will have 30 days to appeal discrepancies identified in the final reconciliation supporting data which will occur annually.
  - Providers will need to submit detailed support for missing claims. MSLC will work with DMS to draft a reporting template of necessary fields.
  - If DMS agrees that there is a discrepancy, the provider and DMS will work with the MCO plan to determine the cause of the issue and include the claim in a revised final reconciliation.
  - If a provider owes money back to DMS as a result of the final reconciliation, the provider will have 30 additional days to repay.
  - If DMS owes a provider money, they will make payments to the provider in a timely manner.

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Quality Improvement

- **Federal Quality Requirement**
  - MCO directed payments are federally required to advance at least one goal of the state's quality strategy. Year 1 of the program is generally slated for planning and stakeholder engagement. In future years, CMS will expect the state to provide baseline measures and performance targets to demonstrate the effectiveness of the directed payments within the state. An annual evaluation plan is also required to report on the achievements of the program.
  - At this time, the quality strategy goals under consideration are to:
    - Promote access to high-quality care by reducing ambulance response times, and
    - Increasing the number of certified EMS practitioners

OVERVIEW OF KY AMBULANCE PROVIDER ASSESSMENT COMPONENTS

Additional Considerations

- **Additional Considerations**
  - DMS is working with MCO representatives to determine monthly payment processes.
  - Large swings in utilization could impact interim to final reconciliations. Therefore, providers should monitor utilization throughout the year to gauge potential paybacks that may occur upon final reconciliation.
  - To help reduce potential overpayments to providers in the interim, DMS has implemented a 5% reserve for conservativeness that will be distributed at final reconciliation.

Timeline of Events

TIMELINE OF EVENTS

Q1 and Q2 - Draft

Date	Responsible Party	Event
January		
1/1	CMS/DMS	Program start date (pending CMS approval)
1/22	Workgroup	Review draft regulation as workgroup
February		
2/1	MSLC	Target to deliver draft regulation to DMS for review
March		
3/1	MSLC	Updated revenue survey will be made available (to file 6/30/20 data)
3/31	CMS/DMS	Estimated CMS approval (subject to change)
April		
4/15	Provider	6/30/20 GEMT revenue surveys due
May		
5/1	DMS/MCO	Estimated first enhanced payment due to providers (5 months of payments) (pending CMS approval)
June		
6/1	DMS/MCO	Enhanced payment due to providers
6/15	MSLC	Begin draft of 2022 preprint/SPA, interim per-transport add-ons, and fiscal impact modeling

Note: Timeline is subject to change.

TIMELINE OF EVENTS

Q3 and Q4 - Draft

Date	Responsible Party	Event
July		
7/1	DMS/MCO	Enhanced payment due to providers
7/15	Workgroup	Review draft of 2022 preprint/SPA, add-ons, and fiscal impact
7/20	Provider	Estimated first tax payment from provider will be due to the Department of Revenue (DOR) (6 months due / January - June)
August		
8/1	DMS/MCO	Enhanced payment due to providers
8/15	DMS	Target to deliver preprint/SPA CMS for review
8/20	Provider	Tax payment from providers will be due to the DOR
September		
TBD	MSLC	Send 2022 revenue/tax amounts to DOR
9/1	DMS/MCO	Enhanced payment due to providers
9/20	Provider	Tax payment from providers will be due to the DOR
October		
10/1	DMS/MCO	Enhanced payment due to providers
10/20	Provider	Tax payment from providers will be due to the DOR
November		
11/1	DMS/MCO	Enhanced payment due to providers
11/20	Provider	Tax payment from providers will be due to the DOR
December		
12/1	DMS/MCO	Enhanced payment due to providers
12/20	Provider	Tax payment from providers will be due to the DOR
January		
1/20/2022	Provider	Tax payment from providers will be due to the DOR (final payment for 2021)

Note: Timeline is subject to change.

Q&A

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