CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES

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Audrey Tayse Haynes
Secretary

Lawrence Kissner
Commissioner

July 22, 2014

Lawrence Kissner, Commissioner
Department for Medicaid Services
275 East Main Street
Frankfort, Kentucky 40621

Dear Commissioner:

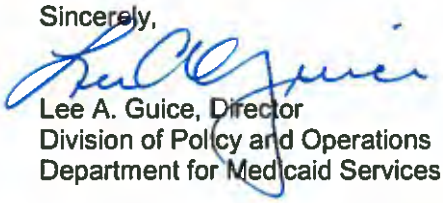
The Department for Medicaid Services (DMS) currently has 203 active Rural Health Care Clinics (RHCs) and Federally Qualified Health Centers (FQHCs). These provider types are reimbursed by a Prospective Payment System (PPS) rate. Initially the provider submits a projected cost report for DMS to set an interim PPS rate which is based on projected data. Once the facility has completed its first full fiscal year of operations a final cost report is submitted with actual data from this time period. This cost report must be submitted to DMS five months following the facility's fiscal year end (FYE). The cost report is desk reviewed and/or audited for accuracy and reasonableness. The providers have an opportunity to dispute any and all adjustments made to the final cost report by DMS during their draft Dispute Window. The facility can request an informal desk review of information or a Dispute Resolution Meeting (DRM) within 30 days of their draft adjustment letter. If they are still not satisfied with the outcome they can continue to an Administrative Hearing and finally an appeal to Franklin Circuit Court. Once the rate is considered final, mass adjustments are calculated based on the difference between the interim and final rates. This process either results in a recoupment of monies over-paid by DMS or a payout to the provider by DMS for underpayment of claims. As of this date 51 facilities have interim rates that are older than 1 year.

Below is a breakdown of the 51 facilities with interim rates older than 1 year and where they stand in the desk review and/or audit process (Attachment):

- 25 facilities are Primary Care Centers and are not considered in this report
- 1 facility had additional documentation requested on 3/6/14 and of this date DMS has not received a response
  - Caverna Memorial Hospital Physician Office
- 1 facility has the cost report in the desk review in process, additional documentation was requested on 5/19/14 and was received by DMS on 5/20/14
  - Rockcastle Family Wellnesss
- 2 facilities have cost reports in senior review and DMS anticipated the review to be completed by 7/15/14
  - Mercy Health Clinic I
  - Mercy Health Clinic II
- 1 facility has not submitted a final cost report to DMS – it was due 4/25/14
  - United Clinics of Kentucky Beattyville
- 1 facility has not submitted a final cost report to DMS, requests for documentation were unanswered and the facility was moved to Fee For Service Payment

    - Primary Care Centers of Eastern Kentucky – Hindman
- 4 facilities have recently submitted final cost reports to DMS and the desk review process has been initiated
    - Appalachia Health Services
    - Kentucky Care 21
    - Living Well Healthcare
    - Martin County Afterhours Clinic
- 2 facilities have had draft adjustments mailed and are in the 30 Day Draft Dispute Window
    - Kings Daughters Medical Center Sandy Hook Family Care
    - Winchester Patton Burgess
- 1 facility had draft adjustments mailed to them for review 6/30/14
    - Quantum Healthcare Associates, PSC
- 1 facility has draft adjustments completed and DMS is reviewing before mailing to the facility
    - Lafferty Medical Clinic
- 1 facility had draft adjustments mailed 6/20/14 and are currently in the 30 Day Draft Dispute Window
    - Martin County Community Health Center
- 1 facility is in the desk review process and had additional documentation requested in the last month
    - Elkton Clinic
- 2 facilities have the desk review in process
    - Casey County Family Practice
    - Greensburg Health Care
- 2 facilities had final rates approved and mailed to the facilities on 6/30/14
    - Appalachian Clinic – Wooton
    - Appalachian Physicians, PSC
- 1 facility disputed the draft adjustments and DMS is currently awaiting additional documentation
    - Westlake Family Practice
- 3 facilities disputed draft adjustments and are awaiting a decision from DMS on the dispute
    - Green County Primary Care
    - Jane Todd Primary Care
    - Premier Family Health
- 2 facilities disputed draft adjustments and a reflow of the cost report is in process
    - Primary Care Centers of Eastern Kentucky – Hyden
    - Primary Care Centers of Eastern Kentucky – Vicco

Sincerely,



Lee A. Guice, Director
Division of Policy and Operations
Department for Medicaid Services

cc: Medicaid Advisory Committee
Nevile Wise, Deputy Commissioner
Lisa Lee, Deputy Commissioner