

MAC Binder Section 1 – Letters From CMS

Table of Contents with Document Summary

Located online at <http://chfs.ky.gov/dms/mac.htm>

1 – CMS-Waiver-Ltr to LK from JG re Mcd Waiver Mgmt Trng_dte012815:

CMS approval for the contract with Eastern Kentucky University to provide training instruction on the use of Medicaid Waiver Management Application of the replacement MMIS.

2 – CMS-Waiver-Ltr to LK from AMD re 1915b extension_dte012915:

Temporary 90 day extension of the KY-07 waiver to operate the managed care program under section 1915(b) of the Social Security Act.

3 – CMS-SPA14-007-Ltr to LK from JG re NF Reimb_dte021015:

CMS approval of amendment to Medicaid stat plan which proposes to revise the nursing facility reimbursement methodology for determining payment rates.

4 – CMS-SPA15-0001-Ltr to LL from JG re app designee_dte022615:

CMS approval of amendment to Medicaid stat plan which authorizes Commissioner Lisa Lee to submit state plan amendments for the Department.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

January 28, 2015

KY-15-011

Mr. Lawrence Kissner, Commissioner
Department for Medicaid Services
275 East Main Street, 6WA
Frankfort, KY 40621-0001



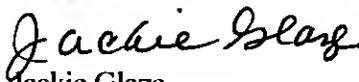
Dear Mr. Kissner:

The Centers for Medicare & Medicaid Services has approved the contract with Eastern Kentucky University, P02 746 1500009711, to provide training instruction on the use of the Medicaid Waiver Management Application of the replacement Medicaid Management Information System (MMIS) in accordance with 45 CFR Part 95, Subpart F, and the State Medicaid Manual (SMM), Part 11. You are hereby authorized to execute this contract.

Please be advised that onsite reviews will be conducted to determine whether or not the objectives for which federal financial participation was approved are being accomplished, and whether or not the automatic data processing equipment or services are being efficiently and effectively utilized in support of approved programs or projects as provided for at 45 CFR Part 95, Subpart F, Section 621 and the SMM. Allowable costs are determined by 45 CFR Part 95, Subpart F, Section 631 and the SMM, Part 11. Only actual costs incurred are reimbursable. The State must provide adequate support for all costs claimed in addition to providing detailed records and proper audit trails.

If you have any questions regarding this notice, please contact L. David Hinson at (334) 791-7826 or via email at Lawrence.hinson@cms.hhs.gov.

Sincerely,



Jackie Glaze

Associate Regional Administrator
Division of Medicaid & Children's Health Operations

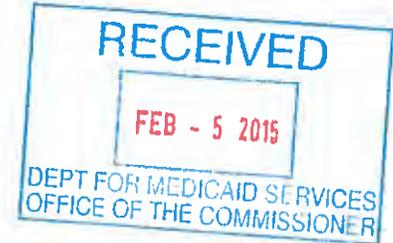
DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Disabled & Elderly Health Programs Group

JAN 29 2015

Mr. Lawrence Kissner, Commissioner
Cabinet for Health and Family Services
Department for Medicaid Services
275 East Main Street, 6W-A
Frankfort, KY 40621



Dear Mr. Kissner:

The Centers for Medicare & Medicaid Services (CMS) received your request, dated January 13, 2015, for a temporary extension of Kentucky's Medicaid Managed Care 1915(b) waiver program under CMS control number KY-07. The current temporary waiver authority expires on January 31, 2015.

You have requested this extension to ensure the Kentucky Department for Medicaid Services has adequate time to obtain CMS approval of MCO capitation rates for use in the cost-effectiveness analysis in the waiver.

The CMS is granting a ninety (90) day extension of the KY-07 waiver to operate the managed care program under section 1915(b) of the Social Security Act (the Act). This temporary extension will expire on April 30, 2015. Prior to the expiration of the temporary extension, please submit a complete managed care renewal waiver application, including the cost effectiveness spreadsheets, the Section D description of the cost effectiveness test, data from the state's monitoring activities, and incorporate the recommendations for improvement from the Independent Assessment into the waiver application.

The CMS will continue to work with your staff during the extension period. If you have any questions, please contact Cheryl Brimage, in the Atlanta Regional Office, at (404) 562-7116, or Lovie Davis, of my staff, at (410) 786-1533.

Sincerely,

Alissa Mooney DeBoy
Acting Director

cc: Cheryl Brimage, Atlanta Regional Office
Shantrina Roberts, Atlanta Regional Office
Jackie Glaze, Atlanta Regional Office



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

Steven L. Beshear
Governor

275 East Main Street, 6W-A
Frankfort, KY 40621
P: (502) 564-4321
F: (502) 564-0509
www.chfs.ky.gov

Audrey Tayse Haynes
Secretary

Lawrence Kissner
Commissioner

January 13, 2015

Alissa Mooney DeBoy, Acting Director
Disabled and Elderly Health Programs Group
Centers for Medicare and Medicaid Services
7500 Security Blvd
Mail Stop S2-01-16
Baltimore, MD 21244-1850

Dear Ms. Edwards,

Please consider this letter as an official request for a temporary 90 day extension to Kentucky's Medicaid Managed Care 1915(b) waiver denoted as KY 07.0. The temporary extension is necessary for Kentucky Medicaid to continue to work with CMCS regarding approval of the current MCO Contract Rates. The Department has submitted the additional rate certifications required and answered additional questions from CMS regarding our contracted rates. We are currently awaiting the CMS response. The rate issue must be resolved so that Kentucky can finalize the financial demonstration required to be submitted with the waiver renewal. This extension would allow Kentucky to continue to work with CMS on any additional information or steps we may need to take to achieve MCO rate approval; and then allow the state time to complete the financial section of the waiver renewal. This extension request would run through April, 2015.

This waiver is the most vital part of Kentucky's on-going plan to control costs, while enhancing the coordination of quality care provided to our members. Your favorable consideration of this temporary extension is greatly appreciated. If you have additional questions please contact Neville Wise or Lisa Lee at 502-564-4321.

Sincerely,


Lawrence Kissner, Commissioner

c: Edward Smith, Atlanta Regional Office
Shantrina Roberts, Atlanta Regional Office
Jackie L. Glaze, Atlanta Regional Office

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

FEB 10 2015

Mr. Lawrence Kissner
Commissioner
Commonwealth of Kentucky
Cabinet for Health and Family Services
Department of Medicaid Services
275 East Main Street, 6 W-A
Frankfort, KY 40621



RE: State Plan Amendment (SPA) 14-007

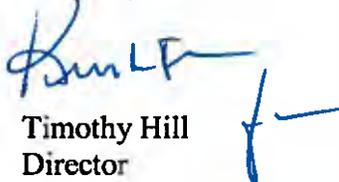
Dear Mr. Kissner:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 14-007. Effective August 1, 2014 this amendment proposes to revise the nursing facility reimbursement methodology for determining payment rates. Specifically, this revision will allow Veteran's Affairs nursing facilities to include the cost of prescription drugs in the annual cost report as an ancillary service cost.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of August 1, 2014. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely,


Timothy Hill
Director

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
14-007

2. STATE
Kentucky

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
August 1, 2014

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:

7. FEDERAL BUDGET IMPACT:
a. FFY 2014 Budget Neutral
b. FFY 2015 Budget Neutral

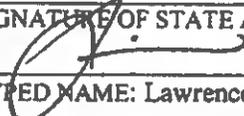
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-D, Page 22-23

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Same

10. SUBJECT OF AMENDMENT:
The purpose of this SPA is allow State operated and controlled Veteran's Affairs (VA) nursing facilities to include prescription drugs cost in their cost report as routine costs.

11. GOVERNOR'S REVIEW (Check One):
 GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: Review delegated to Commissioner, Department for Medicaid Services
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:


13. TYPED NAME: Lawrence Kissner

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED: 6/25/14

16. RETURN TO:
Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, Kentucky 40621

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: **FEB 10 2015**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
AUG 01 2014

20. SIGNATURE OF REGIONAL OFFICIAL:


21. TYPED NAME: *Kristen FAN*

22. TITLE: *Deputy Director FMG*

23. REMARKS:

SECTION 220. INTRODUCTION TO COST-BASED REIMBURSEMENT SYSTEM

- A. The Department for Medicaid Services has established a prospective reimbursement system for cost-based facilities. Cost based facilities include the following:
1. Institutions for Mental Diseases (IMD's);
 2. Pediatric Nursing Facilities; and
 3. Intermediate Care facilities for individuals with an intellectual disability (ICF-IID).
 4. Veteran's Affairs (VA) state operated and controlled nursing facility.

The reimbursement methodology for the facilities listed is outlined here. Also included in this section are the facilities that are reimbursed by all-inclusive rates. The payment method is designed to achieve two major objectives: 1) To assure that needed facility care is available for all eligible recipients including those with higher care needs and, 2) To assure Department for Medicaid Services control and cost containment consistent with the public interest and the required level of care.

- B.
1. This cost-based system is designed to provide a reasonable return in relation to cost but also contains factors to encourage cost containment. Under this system, payment shall be made to state owned or operated, non-state but government owned or operated, and non-governmental ICF-IIDs on a prospectively determined basis for routine cost of care with no year-end adjustment required other than adjustments which result from either desk reviews or field audits.
 2. Effective with the eight month period ending June 30, 2006, and continuing annually thereafter on a state fiscal year basis, a year-end cost settlement will be required for state owned or operated ICF-IID. Total reimbursement to state owned or operated ICF-IID in aggregate shall be limited to the lesser of actual costs or the amount the state reasonably estimates would have been paid under Medicare Payment Principles. The determination will be in conformance with the standards and methods as expressed in 42 CFR 447.257 and 447.272. Cost associated with prescription drugs should be removed from the routine cost. Central Office Overhead costs for facilities that are state owned, but not state operated should be adjusted to remove costs that are determined in accordance with Medicare reimbursement principles to duplicate costs incurred by the operating entity.
 3. Effective with the period ending June 30, 2014, and continuing annually thereafter on a state fiscal year basis, a year-end cost settlement will be required for state owned or operated VA facilities. Total reimbursement to VA's in aggregate shall be limited to the lesser of actual costs or the amount the state reasonably estimates would have been paid under Medicare Payment Principles. The determination will be in conformance with the standards and methods as expressed in 42 CFR 447.257 and 447.272. Effective for dates of service on or after August 1, 2014, cost associated with prescription drugs will be included as an ancillary cost. Both routine and ancillary cost shall be determined in accordance with Medicare reimbursement principles. Central Office Overhead costs for facilities that are state owned, but not state operated should be adjusted to remove costs that are determined in accordance with Medicare reimbursement principles to duplicate costs incurred by the operating entity. An interim per diem inclusive of routine, capital, and ancillary costs will be established based on the most recently submitted Medicare cost report for the July 1 rate-setting period. Costs, excluding capital, will be trended and indexed utilizing Global Insight inflation

factors. A pro-forma cost report will be used for the initial rate-setting period if the Medicare cost report is not available. Once a desk review has been completed to review for allowable costs, and allow for Medicaid claims to process and paid through the MMIS for the period, a final cost settlement will be completed.

- C. Ancillary services as defined, shall be reimbursed on a cost basis with a year-end retroactive settlement. As with routine cost, ancillary services are subject to both desk reviews and field audits that may result in retroactive adjustments.
- D. The basis of the prospective payment for cost is the most recent annual cost report data (available as of May 16) trended to the beginning of the rate year and indexed to the mid-point of the prospective rate year. The routine cost is divided into two major categories: Nursing Services Cost and All Other Cost.

SECTION 230. PARTICIPATION REQUIREMENTS

PARTICIPATION REQUIREMENTS. Except for ICF-IID's and VA's, cost-based facilities participating in the Department for Medicaid program shall be required to have at least ten (10) of its Medicaid certified beds participating in the Medicare Program or twenty (20) percent of its beds if greater, but not less than ten (10) beds; for a facility with less than ten (10) beds, all beds participate in the Medicare Program.

SECTION 240. REIMBURSEMENT FOR REQUIRED SERVICES UNDER THE PRE-ADMISSION SCREENING RESIDENT REVIEW (PASRR) FOR VENTILATOR UNITS, BRAIN INJURY UNITS, IMDS, AND PEDIATRIC FACILITIES.

- A. Prior to admission of an individual, a nursing facility shall conduct a level I PASRR in accordance with 907 KAR 1:755, Section 4.
- B. The department shall reimburse a nursing facility for services delivered to an individual if the facility complies with the requirements of 907 KAR 1:755
- C. Failure to comply with 907 KAR 1:755 may be grounds for termination of nursing the facility participation in the Medicaid Program.

SECTION 250. LIMITATION ON CHARGES TO RESIDENTS.

- F. Except for applicable deductible and coinsurance amounts, a NF that receives reimbursement for a Medicaid resident shall not charge a resident or his representative for the cost of routine or ancillary services.
- G. A NF may charge a resident or his representative for an item if the resident requests the item, the NF informs the resident in writing that there will be a charge. A NF shall not charge a resident for an item or service if Medicare or Medicaid pays for the item pursuant to 42 CFR 483.10(c)(8)(ii).
- H. A NF shall not require a resident or an interested party to request any item or services as a condition of admission or continued stay. A NF shall inform the resident or an interested party requesting an item or service that a charge will be made in writing that there will be a charge and the amount of the charge.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

February 26, 2015

Ms. Lisa Lee, Commissioner
Department for Medicaid Services
275 East Main Street, 6WA
Frankfort, KY 40621-0001

Re: Kentucky State Plan Amendment 15-0001

Dear Ms. Lee:

We have reviewed the proposed Kentucky state plan amendment, KY 15-0001, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on February 11, 2015. This amendment authorizes the Kentucky Medicaid Commissioner, Lisa Lee, to submit state plan amendments for the KY Department for Medicaid Services.

Based on the information provided, the Medicaid State Plan Amendment KY 15-0001 was approved on February 26, 2015. The effective date of this amendment is February 1, 2015. We are enclosing the approved HCFA-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Melanie Benning at (404) 562-7414 or Melanie.Benning@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink that reads "Jackie Glaze for". The signature is written in a cursive style.

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 15-001	2. STATE Kentucky
--	----------------------------------	----------------------

FOR: HEALTH CARE FINANCING ADMINISTRATION	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)
---	---

TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE February 1, 2015
---	--

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 430.12(b)	7. FEDERAL BUDGET IMPACT: a. FFY 2012 \$0 b. FFY 2013 \$0
---	---

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Page 89	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Same
--	--

10. SUBJECT OF AMENDMENT:

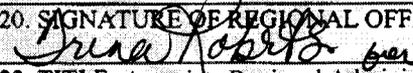
State Governor's Review appoint Lisa Lee

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: Review delegated
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED to Commissioner, Department for Medicaid
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Services

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO:
13. TYPED NAME: Lisa Lee	Department for Medicaid Services 275 East Main Street 6W-A Frankfort, Kentucky 40621
14. TITLE: Commissioner, Department for Medicaid Services	
15. DATE SUBMITTED: 2/3/2015	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: 02-11-15	18. DATE APPROVED: 02-26-15

PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 02-01-15	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Jackie Glaze	22. TITLE: Associate Regional Administrator Division of Medicaid & Children Health Opns

23. REMARKS:

State: Kentucky

Citation 7.4 State Governor's Review

42 CFR 430.12(b)

The Medicaid Agency will provide opportunity for the Office of Governor to review State plan amendments, long-range program planning projections, and other periodic reports thereon, excluding periodic statistical, budget and fiscal reports. Any comments made will be transmitted to the Centers for Medicare and Medicaid Services with such documents.

- Not Applicable. The Governor-
- Does not wish to review any plan material.
- Wishes to review only the plan materials specified in the enclosed document.

I hereby certify that I am authorized to submit this plan on behalf of

Department for Medicaid Services
(Designated Single State Agency)

Date: February 4, 2015

Lisa Lee, Commissioner
Department for Medicaid Services