

## STATEMENT OF EMERGENCY

907 KAR 1:170E

(1) This emergency administrative regulation is being promulgated to amend reimbursement for home and community based (HCB) waiver services provided by local health departments and to increase the HCB assessment and reassessment rates. Local health department reimbursement shall be cost-based in addition to the already established fee-for-service basis. Local health departments serve as a critical safety net for HCB recipients in the commonwealth and this initiative is necessary to maintain the viability of that safety net. HCB assessment and reassessment reimbursement must be increased in order to ensure an adequate supply of providers to serve the HCB community.

(2) This action must be taken on an emergency basis to protect the health, safety and welfare of HCB recipients by ensuring access to necessary care.

(3) This emergency administrative regulation shall be replaced by an ordinary administrative regulation filed with the Regulations Compiler.

(4) The ordinary administrative regulation is identical to this emergency administrative regulation.

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Ernie Fletcher  
Governor

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Mark D. Birdwhistell, Secretary

1 CABINET FOR HEALTH AND FAMILY SERVICES

2 Department for Medicaid Services

3 Division of Long Term Care and Community Alternatives

4 (Emergency Amendment)

5 907 KAR 1:170E. Reimbursement for home and community based waiver services.

6 RELATES TO: 42 C.F.R. 441 Subparts B, G, 42 U.S.C. 1396a, b, d, n

7 STATUTORY AUTHORITY: KRS 194A.030(2), 194A.050(1), 205.520(3)

8 NECESSITY, FUNCTION, AND CONFORMITY: The Cabinet for Health and Family  
9 Services, Department for Medicaid Services, is required to administer the Medicaid  
10 Program. KRS 205.520(3) authorizes the cabinet, by administrative regulation, to com-  
11 ply with any requirement that may be imposed, or opportunity presented, by federal law  
12 for the provision of medical assistance to Kentucky's indigent citizenry. This administra-  
13 tive regulation establishes the method for determining amounts payable by the Medicaid  
14 Program for services provided by home and community based waiver service providers  
15 to an eligible recipient as an alternative to nursing facility care.

16 Section 1. Definitions. (1) "ADHC" means adult day health care.

17 (2) "ADHC center" means an adult day health care center that is:

18 (a) Licensed in accordance with 902 KAR 20:066, Section 4; and

19 (b) Certified for Medicaid participation by the department.

20 (3) "Cost report" means the Home Health and Home and Community Based Cost  
21 Report and the Home Health and Home and Community Based Cost Report

1 Instructions.

2 (4) "DD" means developmentally disabled.

3 (5) "Department" means the Department for Medicaid Services or its designee.

4 (6) "Fixed upper limit" means the maximum amount the department shall reimburse  
5 for a unit of service.

6 (7) "HCB" means home and community based waiver.

7 (8) "HCB recipient" means an individual who:

8 (a) Meets the criteria for a recipient as defined in KRS 205.8451; and

9 (b) Meets the criteria for HCB ~~[waiver]~~ services as established in 907 KAR 1:160.

10 ~~[(8) "Home and community based waiver" or "HCB waiver" means home and com-  
11 munity based waiver services.]~~

12 (9) "Level I" means a reimbursement rate of up to two (2) dollars and fifty-seven (57)  
13 cents ~~[thirty (30) dollars and eighty (80) cents]~~ paid to an ADHC center for a basic unit  
14 of service provided by the ADHC center to an individual designated as an HCB recipient  
15 ~~[HCB waiver].~~

16 (10) "Level II" means a reimbursement rate of up to three (3) dollars and twelve (12)  
17 cents ~~[thirty-seven (37) dollars and forty (40) cents]~~ paid to an ADHC center for a basic  
18 unit of service provided by the ADHC center to an individual designated as an HCB re-  
19 ipient ~~[HCB waiver]~~, if the ADHC center meets the criteria established in Sections 5  
20 and 6 of this administrative regulation.

21 (11) "Medically necessary" or "medical necessity" means that a covered benefit is de-  
22 termined to be needed in accordance with 907 KAR 3:130.

23 (12) "Occupational therapist" is defined by KRS 319A.010(3).

1 (13) “Physical therapist” is defined by KRS 327.010(2).

2 (14) “Quality improvement organization” or “(QIO)” is defined in 42 C.F.R. 475.101.

3 (15) “Speech-language pathologist” is defined by KRS 334A.020(3).

4 Section 2. HCBS Service Reimbursement. (1) Except as provided in Section 3 or 4 of  
5 this administrative regulation, the department shall reimburse for a home and commu-  
6 nity based waiver service provided in accordance with 907 KAR 1:160 at the lesser of  
7 billed charges or the fixed upper payment rate for each unit of service. The following  
8 rates shall be the fixed upper payment rate limits:

<u>Home and Community Based Waiver Service</u>	<u>Fixed Upper Payment Rate Limit</u>	<u>Unit of Service</u>
<u>Assessment</u>	<u>\$100.00</u>	<u>Entire assessment proc- ess</u>
<u>Reassessment</u>	<u>\$100.00</u>	<u>Entire reassessment process</u>
<u>Case Manage- ment</u>	<u>\$15.00</u>	<u>15 minutes</u>
<u>Homemaking</u>	<u>\$13.00</u>	<u>30 minutes</u>
<u>Personal Care</u>	<u>\$15.00</u>	<u>30 minutes</u>
<u>Attendant Care</u>	<u>\$11.50</u>	<u>1 hour (not to exceed 45 hours per week)</u>
<u>Respite</u>	<u>\$2,000 per 6 months</u>	<u>1 hour</u>

	<u>(January 1 through June 30 and July 1 through December 31, not to exceed \$4,000 per calendar year)</u>	
<u>Minor Home Ad- aptation</u>	<u>\$500 per calendar year</u>	

1 (2) A service listed in subsection (1) of this section shall not be subject to cost set-  
2 tlement by the department unless provided by a local health department.

3 (3) A homemaking service shall be limited to no more than four (4) units per week per  
4 HCB recipient.

5 Section 3. Local Health Department HCB Service Reimbursement. (1) The depart-  
6 ment shall reimburse a local health department for HCB services:

7 (a) Pursuant to Section 2 of this administrative regulation; and

8 (b) Equivalent to the local health department's HCB services cost for a fiscal year.

9 (2) A local health department shall submit a cost report to the department at fiscal  
10 year's end.

11 (3) The department shall determine, based on a local health department's most re-  
12 cently submitted annual cost report, the local health department's estimated costs of  
13 providing HCB services by multiplying the cost per unit by the number of units provided  
14 during the period.

15 (4) If a local health department HCB service reimbursement for a fiscal year is less  
16 than its cost, the department shall make supplemental payment to the local health de-

1 partment equal to the difference between:

2 (a) Payments received for HCB services provided during a fiscal year; and

3 (b) The estimated cost of providing HCB services during the same time period.

4 (5) If a local health department's HCB service cost as estimated from its most re-  
5 cently submitted annual cost report is less than the payments received pursuant to Sec-  
6 tion 2 of this administrative regulation, the department shall recoup any excess pay-  
7 ments.

8 (6) The department shall audit a local health department's cost report if it determines  
9 an audit is necessary. [~~Payment Amounts for HCB Waiver Covered Services Prior to~~  
10 ~~July 1, 2001. (1) An HCB waiver provider providing services to an HCB recipient shall~~  
11 ~~comply with the provisions established in 907 KAR 1:031 and 907 KAR 1:160.~~

12 ~~(2) An HCB waiver provider shall be reimbursed in accordance with the reimburse-~~  
13 ~~ment methodology established in 907 KAR 1:031 for the following HCB waiver services:~~

14 ~~(a) Assessment;~~

15 ~~(b) Reassessment;~~

16 ~~(c) Case management;~~

17 ~~(d) Homemaker; or~~

18 ~~(e) Personal care.~~

19 ~~(3) For a rate determined in accordance with the reimbursement methodology estab-~~  
20 ~~lished in 907 KAR 1:031, the department shall apply a fixed upper limit which shall apply~~  
21 ~~regardless of the length of time a provider has participated in the Medicaid Program.~~

22 ~~(4) The fixed upper limit for an HCB waiver service shall be set:~~

23 ~~(a) Using each HCB waiver provider's average unit cost per service which shall be:~~

- 1     ~~1. Grouped by service; and~~
- 2     ~~2. Arrayed from lowest to highest;~~
- 3     ~~(b) Using the median per unit cost for each service array based on the median num-~~  
4 ~~ber of Medicaid units; and~~
- 5     ~~(c) At 130 percent of the median cost per unit.~~
- 6     ~~(5) The department shall:~~
- 7         ~~(a) Use an HCB waiver provider's most recent cost report data available as of May 31~~  
8 ~~to determine the provider's rate for the next state fiscal year, which begins July 1;~~
- 9         ~~(b) Update upper limits each July 1; and~~
- 10        ~~(c) Except as provided in subsection (3) of this section, not apply upper limits until a~~  
11 ~~provider has participated in the program for two (2) full agency fiscal years.~~
- 12        ~~(6) If a provider fails to submit a cost report to the department before May 31, that~~  
13 ~~provider's rates for HCB waiver services shall remain the same as those of the previous~~  
14 ~~fiscal year, until receipt of an acceptable cost report.~~
- 15        ~~(7) Payment for a covered respite service shall:~~
- 16           ~~(a) Be limited to \$2,000 per six (6) month period within a calendar year beginning~~  
17 ~~January 1 through June 30 and July 1 through December 31;~~
- 18           ~~(b) Not exceed \$4,000 per calendar year for a period beginning January 1 through~~  
19 ~~December 31;~~
- 20           ~~(c) Be subject to a year-end cost settlement by the department:~~
- 21                ~~1. To actual cost up to \$4,000; or~~
- 22                ~~2. To charges, if lower; and~~
- 23           ~~(d) Be made upon receipt of a claim to the department by an HCB waiver provider~~

1 pursuant to 907 KAR 1:673.

2 ~~(8) Payment for a minor home adaptation to an HCB recipient's home shall:~~

3 ~~(a) Be made on the basis of actual billed charges;~~

4 ~~(b) Be for the actual cost of the minor home adaptation, including actual overhead~~  
5 ~~cost which shall not exceed twenty (20) percent of actual cost;~~

6 ~~(c) Not exceed a maximum of \$500 per calendar year per HCB recipient beginning~~  
7 ~~January 1; and~~

8 ~~(d) Be subject to a year-end cost settlement by the department:~~

9 ~~1. To actual cost up to \$500; or~~

10 ~~2. To charges, if lower.~~

11 ~~(9) An attendant care service shall:~~

12 ~~(a) Be reimbursed on a fee for service basis at the lower of reasonable cost or~~  
13 ~~charge not to exceed the Medicaid upper limit of eleven (11) dollars and fifty (50) cents~~  
14 ~~per unit of service;~~

15 ~~(b) Be reported as nonreimbursable cost in an HCB waiver provider's cost report; and~~

16 ~~(c) Not be subject to year-end cost settlement.~~

17 ~~(10) Attendant care shall be limited to forty-five (45) hours per week and travel time~~  
18 ~~for an attendant shall not be included in a unit of service.~~

19 ~~Section 3. Audits of HCB Waiver Providers. HCB waiver cost reports shall be audited:~~

20 ~~(1) As deemed necessary by the department; and~~

21 ~~(2) To ensure that final payment to a provider is made in accordance with 907 KAR~~  
22 ~~1:031.]~~

23 Section 4. Reimbursement for an ADHC Service. (1) Reimbursement shall:

1 (a) Be made:

2 1. Directly to an ADHC center; and

3 2. For a service only if the service was provided on site and during an ADHC center's  
4 posted hours of operation;

5 (b) If made to an ADHC center for a service not provided during the center's posted  
6 hours of operation, be recouped by the department; and

7 (c) Be limited to 120 [~~ten (10)~~] units per calendar week at each HCB recipient's initial  
8 review or recertification.

9 (2) Level I reimbursement shall be the lesser of the provider's usual and customary  
10 charges or two (2) dollars and fifty-seven (57) cents [~~thirty (30) dollars and eighty (80)~~  
11 ~~cents~~] per unit of service.

12 (3) Level II reimbursement shall be the lesser of the provider's usual and customary  
13 charges or three (3) dollars and twelve (12) cents [~~thirty-seven dollars and forty (40)~~  
14 ~~cents~~] per unit of service.

15 (4) The department shall not reimburse an ADHC center for more than twenty-four  
16 [~~two (2)~~] basic units of service per day per HCB recipient.

17 (5) An ADHC basic daily service shall:

18 (a) Constitute care for one (1) HCB recipient; and

19 (b) Not exceed twenty-four (24) units per day.

20 (6) One (1) unit of ADHC basic daily service shall equal fifteen (15) minutes.

21 (7)[(~~b~~) Be a minimum of:

22 1. ~~Three (3) hours per day for one (1) unit; or~~

23 2. ~~Two (2) hours for one (1) unit if the HCB recipient has occupied the ADHC center~~

1 for two (2) hours prior to leaving the center due to a documented illness or emergency;

2 (c) Be a minimum of six (6) hours for two (2) units; and

3 (d) Not exceed two (2) units per day.

4 (6)] An ADHC center may request a Level II reimbursement rate for an HCB recipient  
5 if the ADHC center meets the following criteria:

6 (a) The ADHC center has an average daily census limited to individuals designated

7 as:

8 1. HCB recipients [waiver];

9 2. Private pay; or

10 3. Covered by insurance; and

11 (b) The ADHC center has a minimum of eighty (80) percent of its individuals meeting  
12 the requirements for DD as established in Section 5(2) of this administrative regulation.

13 (8)[(7)] If an ADHC center does not meet the Level II requirements established in  
14 Section 5 of this administrative regulation, the ADHC center shall be reimbursed at a  
15 Level I payment rate for the quarter for which the ADHC center requested Level II reim-  
16 bursement.

17 (9)[(8)] To qualify for Level II reimbursement, an ADHC center that was not a Medi-  
18 caid provider before July 1, 2000 shall:

19 (a) Have an average daily census of at least twenty (20) individuals who meet the cri-  
20 teria established in subsection (7)(a)[(6)(a)] of this section; and

21 (b) Have a minimum of eighty (80) percent of its individuals meet the definition of DD  
22 as established in Section 5(2) of this administrative regulation.

23 (10)[(9)] To qualify for reimbursement as an ancillary therapy, a service shall be:

1 (a) Medically necessary;

2 (b) Ordered by a physician; and

3 (c) Limited to:

4 1. Physical therapy provided by a physical therapist [~~as defined in 907 KAR 1:160,~~  
5 ~~Section 1(18)~~];

6 2. Occupational therapy provided by an occupational therapist [~~as defined in 907~~  
7 ~~KAR 1:160, Section 1(17)~~]; or

8 3. Speech therapy provided by a speech-language [~~speech~~] pathologist [~~as defined in~~  
9 ~~907 KAR 1:160, Section 1(23)~~].

10 ~~(11)~~[(10)] Ancillary therapy service reimbursement shall be:

11 (a) Per HCB recipient per encounter; and

12 (b) The usual and customary charges not to exceed the Medicaid upper limit of sev-  
13 enty-five (75) dollars per encounter per HCB recipient.

14 ~~(12)~~[(11)] A respite service shall:

15 (a) Be provided on site in an ADHC center; and

16 (b) Be provided pursuant to 907 KAR 1:160.

17 ~~(13)~~[(12)] One (1) respite service unit shall equal one (1) hour to one (1) hour and  
18 fifty-nine (59) minutes.

19 ~~(14)~~[(13)] The length of time an HCB recipient receives a respite service shall be  
20 documented.

21 ~~(15)~~[(14)] A covered respite service shall be reimbursed as established in Section 7  
22 of this administrative regulation.

23 Section 5. Criteria for DD ADHC Level II Reimbursement. To qualify for Level II reim-

1 bursement:

2 (1) An ADHC center shall meet the requirements established in Section 4 of this ad-  
3 ministrative regulation; and

4 (2) Eighty (80) percent of its ADHC service individuals shall have:

5 (a) A substantial disability that shall have manifested itself before the individual  
6 reaches twenty-two (22) years of age;

7 (b) A disability that is attributable to mental retardation or a related condition which  
8 shall include:

9 1. Cerebral palsy;

10 2. Epilepsy;

11 3. Autism; or

12 4. A neurological condition that results in impairment of general intellectual function-  
13 ing or adaptive behavior, such as mental retardation, which significantly limits the indi-  
14 vidual in two (2) or more of the following skill areas:

15 a. Communication;

16 b. Self-care;

17 c. Home-living;

18 d. Social skills;

19 e. Community use;

20 f. Self direction;

21 g. Health and safety;

22 h. Functional academics;

23 i. Leisure; or

1 j. Work; and

2 (c) An adaptive behavior limitation similar to that of a person with mental retardation,  
3 including:

4 1. A limitation that directly results from or is significantly influenced by substantial  
5 cognitive deficits; and

6 2. A limitation that may not be attributable to only a physical or sensory impairment or  
7 mental illness.

8 Section 6. The Assessment Process for Level II ADHC Reimbursement. (1) To apply  
9 for Level II ADHC reimbursement, an ADHC center shall contact the QIO on the first of  
10 the month prior to the end of the current calendar quarter. If the first of the month is on a  
11 weekend or holiday, the ADHC center shall contact the QIO the next business day.

12 (2) The QIO shall be responsible for randomly determining the date each quarter for  
13 conducting a Level II assessment of an ADHC center.

14 (3) In order for an ADHC center to receive Level II reimbursement:

15 (a) An ADHC center shall:

16 1. Document on a MAP-1021 form that it meets the Level II reimbursement criteria  
17 established in Section 5 of this administrative regulation;

18 2. Submit the completed MAP-1021 form to the QIO via facsimile or mail no later  
19 than ten (10) working days prior to the end of the current calendar quarter in order to be  
20 approved for Level II reimbursement for the following calendar quarter; and

21 3. Attach to the MAP-1021 form a completed and signed copy of the "Adult Day  
22 Health Care Attending Physician Statement" for each individual listed on the MAP-1021  
23 form;

1 (b) The QIO shall review the MAP-1021 form submitted by the ADHC center and de-  
2 termine if the ADHC center qualifies for Level II reimbursement; and

3 (c) The department shall review a sample of the ADHC center's Level II assessments  
4 and validate the QIO's determination.

5 (4) If the department invalidates an ADHC center Level II reimbursement assess-  
6 ment, the department shall:

7 (a) Reduce the ADHC center's current rate to the Level I rate; and

8 (b) Recoup any overpayment made to the ADHC center.

9 (5) If an ADHC center disagrees with an invalidation of a Level II reimbursement de-  
10 termination, the ADHC center may appeal in accordance with 907 KAR 1:671, Sections  
11 8 and 9.

12 Section 7. ~~[Fixed Upper Payment Rate Limits. (1) Except as provided in Section 4 of~~  
13 ~~this administrative regulation, the payment rate for a home and community based~~  
14 ~~waiver service provided in accordance with 907 KAR 1:160 shall be the lessor of billed~~  
15 ~~charges or the fixed upper payment rate for each unit of service. The following rates~~  
16 ~~shall be the fixed upper payment rate limits:~~

<del>Home and Community Based Waiver Service</del>	<del>Fixed Upper Payment Rate Limit</del>	<del>Unit of Service</del>
<del>Assessment</del>	<del>\$75.00</del>	<del>Entire assessment pro- cess</del>
<del>Reassessment</del>	<del>\$75.00</del>	<del>Entire reassessment</del>

		process
Case Management	\$15.00	15 minutes
Homemaking	\$13.00	30 minutes
Personal Care	\$15.00	30 minutes
Attendant Care	\$11.50	1 hour (not to exceed 45 hours per week)
Respite	\$2,000 per 6 months (January 1 through June 30 and July 1 through December 31, not to exceed \$4,000 per calendar year)	1 hour
Minor Home Adaptation	\$500 per calendar year	

1       (2) The services listed in subsection (1) of this section shall not be subject to cost  
2 settlement by the department.

3       (3) A homemaking service shall be limited to no more than four (4) units per week per  
4 HCB recipient.

5       Section 8.] Appeal Rights. An HCB service [waiver] provider may appeal a department  
6 decision [decisions] as to the application of this administrative regulation as it impacts  
7 the provider's reimbursement in accordance with 907 KAR 1:671, Sections 8 and 9.

8       Section 9. Incorporation by Reference. (1) The following material is incorporated by

1 reference:

2 (a) "Map-1021, ADHC Payment Determination Form", August 2000 Edition;

3 (b) "Adult Day Health Care Attending Physician Statement", August 2000 Edition;

4 (c) "The Home Health and Home and Community Based Cost Report", May 1991  
5 Edition; and

6 (d) "The Home Health and Home and Community Based Cost Report Instructions",  
7 October 1999 Edition.

8 (2) This material may be inspected, copied, or obtained, subject to applicable copy-  
9 right law, at the Department for Medicaid Services, 275 East Main Street, Frankfort,  
10 Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.

907 KAR 1:170E

REVIEWED:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Glenn Jennings, Commissioner  
Department for Medicaid Services

APPROVED:

\_\_\_\_\_  
Date

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Mark D. Birdwhistell, Secretary  
Cabinet for Health and Family Services

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation #: 907 KAR 1:170E

Cabinet for Health and Family Services

Department for Medicaid Services

Agency Contact Person: Stuart Owen or Stephanie Brammer-Barnes (502) 564-6204

- (1) Provide a brief summary of:
  - (a) What this administrative regulation does: This administrative regulation establishes provisions related to home and community based (HCB) waiver service reimbursement.
  - (b) The necessity of this administrative regulation: This administrative regulation is necessary to establish provisions related to home and community based (HCB) waiver service reimbursement.
  - (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 provisions related to home and community based (HCB) waiver service reimbursement.
  - (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 statutes by establishing provisions related to home and community based (HCB) waiver service reimbursement.
  
- (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 establishes that reimbursement for HCB providers who are local health departments shall be cost-based in addition to the already established fee-for-service basis as well as increases HCB assessment and reassessment reimbursement from seventy-five (75) dollars to 100 dollars. Local health department HCB providers shall receive a cost settlement if the fee schedule reimbursement resulted in payments equaling less than the entity's cost for the year. Conversely, if their reimbursement for the year exceeds cost, the Department for Medicaid Services (DMS) shall recoup any such excess. DMS employs this same practice with local health departments that provide home health care. Additionally, adult day health care (ADHC) unit length is revised to capture more accurate or detailed amounts of time.
  - (b) The necessity of the amendment to this administrative regulation: This amendment is necessary to ensure HCB recipient access to services by strengthening local health department participation. Currently the Department for Medicaid Services (DMS) employs this same practice with local health departments that provide home health care. HCB assessment and reassessment reimbursement must be increased in order to ensure an adequate supply of providers to serve the HCB community. Additionally, adult day health care (ADHC) unit length is revised to capture more accurate or detailed amounts

- of time.
- (c) How the amendment conforms to the content of the authorizing statutes: This amendment conforms to the content of the authorizing statutes by ensuring that local health department reimbursement for HCB services rendered shall equal cost and by ensuring an adequate supply of HCB providers.
  - (d) How the amendment will assist in the effective administration of the statutes: This amendment will assist in the effective administration of the authorizing statutes by ensuring that local health department reimbursement for HCB services rendered shall equal cost and by ensuring that local health department reimbursement for HCB services rendered shall equal cost and by ensuring an adequate supply of HCB providers.
- (3) List the type and number of individuals, businesses, organizations, or state and local government affected by this administrative regulation: This administrative regulation will affect local health departments providing HCB services and HCB providers who perform assessments or reassessments.
- (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. The amendment alters reimbursement for local health departments and for HCB providers who perform assessments or reassessments. Local health departments must submit a cost report in order to receive cost-based reimbursement; however, they already submit cost reports to identify home health care delivered as opposed to home and community based service care. Therefore, the department foresees no additional administrative burden. HCB providers who perform assessments or reassessments are not required to take any action to receive the increased reimbursement. ADHC service providers will be able to capture more accurate or detailed amounts of time when billing for services.
  - (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3). This amendment does not impose a cost on regulated entities. ADHC service providers will be able to capture more accurate or detailed amounts of time when billing for services.
  - (c) As a result of compliance, what benefits will accrue to the entities identified in question (3). Local health department reimbursement will equal cost as opposed to the current methodology which may result in reimbursement falling short of cost, and HCB providers who perform assessments or reassessments will receive an increased reimbursement for those services. ADHC service providers will be able to capture more accurate or detailed amounts of time when billing for services.
- (5) Provide an estimate of how much it will cost to implement this administrative regulation:

- (a) Initially: The Department for Medicaid Services (DMS) anticipates that the increased assessment and reassessment rates will cost approximately \$350,000 (\$245,000 federal funds and \$105,000 state funds) annually. DMS expects local health department cost settling will increase departmental expenditures; however, by what amount is indeterminable and contingent upon recipient utilization of local health department HCB service provision. DMS projects the unit length amendment to be budget neutral.
- (b) On a continuing basis: DMS anticipates that the increased assessment and reassessment rates will cost approximately \$350,000 (\$245,000 federal funds and \$105,000 state funds) annually. DMS expects local health department cost settling will increase departmental expenditures; however, by what amount is indeterminable and contingent upon recipient utilization of local health department HCB service provision. DMS projects the unit length amendment to be budget neutral.
- (6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The sources of revenue to be used for implementation and enforcement of this administrative regulation are federal funds authorized under Title XIX of the Social Security Act and matching funds from general fund 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: Neither an increase in fees or funding will be necessary to implement this administrative regulation.
- (8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This amendment establishes that reimbursement for HCB providers that are local health departments shall be cost-based in addition to the already established fee-for-service basis; thus, if at fiscal year end a local health department's cost has exceeded its HCB fee-for-service reimbursement the local health department shall reimburse the department for the difference.
- (9) Tiering: Is tiering applied? (Explain why tiering was or was not used) Tiering is applied in that only local health department HCB reimbursement shall be cost-based. Local health departments provide a critical safety net of HCB services and are reimbursed on a cost basis in the home health program as well. This action is necessary to ensure recipient access to HCB services.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Reg NO: 907 KAR 1:170E Contact Person: Stuart Owen or Stephanie Brammer-Barnes  
(502) 564-6204

1. Does this administrative regulation relate to any program, service, or requirements of a state or local government (including cities, counties, fire departments or school districts)?

Yes X No \_\_\_\_\_  
If yes, complete 2-4.

2. 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? This amendment will affect local health departments that provide HCB service and HCB providers who perform assessments or reassessments.

3. Identify each state or federal regulation that requires or authorizes the action taken by the administrative regulation. This amendment is authorized by KRS 194A.030(2), 194A.050(1) and 205.520(3).

4. 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? DMS anticipates that the amendment will increase local health department revenues; however, by what amount is indeterminable and contingent upon recipient utilization of local health department HCB service provision.

(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 that the amendment will increase local health department revenues; however, by what amount is indeterminable and contingent upon recipient utilization of local health department HCB service provision.

(c) How much will it cost to administer this program for the first year? The Department for Medicaid Services (DMS) anticipates that the increased assessment and reassessment rates will cost approximately \$350,000 (\$245,000 federal funds and \$105,000 state funds) annually. DMS expects local health department cost settling will increase departmental expenditures; however, by

what amount is indeterminable and contingent upon recipient utilization of local health department HCB service provision.

- (d) How much will it cost to administer this program for subsequent years? DMS anticipates that the increased assessment and reassessment rates will cost approximately \$350,000 (\$245,000 federal funds and \$105,000 state funds) annually. DMS expects local health department cost settling will increase departmental expenditures; however, by what amount is indeterminable and contingent upon recipient utilization of local health department HCB service provision.

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

Revenues (+/-): DMS anticipates that the amendment will increase local health department revenues; however, by what amount is indeterminable and contingent upon recipient utilization of local health department HCB service provision.

Expenditures (+/-): DMS anticipates that the increased assessment and reassessment rates will cost approximately \$350,000 (\$245,000 federal funds and \$105,000 state funds) annually. DMS expects local health department cost settling will increase departmental expenditures; however, by what amount is indeterminable and contingent upon recipient utilization of local health department HCB service provision.