



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

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April 25, 2014

TO: Medicaid Advisory Committee (MAC) Board Chairwoman Partin and MAC Board Members

RE: Response to Hospital Technical Advisory Committee (TAC) Testimony Presented at the March 27, 2014 MAC Meeting

Dear Chairwoman Partin and MAC:

We are writing to address testimony presented by the Hospital TAC at the MAC meeting on March 27, 2014.

- 1) Recommendation that the Department for Medicaid Services (DMS) establish a transition period to phase in changes to each hospital's Medicaid rate.

DMS does not have the administrative budget to implement a multi-phase transition period.

- 2) Recommendation that out-of-state hospitals be paid less than in-state facilities.

DMS agrees with this recommendation. The out-of-state reimbursement varies based on licensure type and inpatient/outpatient setting. The methodology for inpatient reimbursement to acute care hospitals is currently being changed through an amended regulation, 907 KAR 10:825. The regulation will become effective June 6, 2014, assuming no changes are made to it. This new methodology will pay 80% of the in-state rate to all providers. There are two exceptions – Vanderbilt and Cincinnati Children's which receive special rates based on the high acuity of many of the patients that they serve.

- 3) Recommendation that DMS defer implementation of the regulation necessary to be in compliance with ICD-10.

DMS is delaying the implementation of ICD-10.

Sincerely,

Erin Hoben
Chief Policy Advisor
Office of the Commissioner
Department for Medicaid Services

cc: Lawrence Kissner, Commissioner, Department for Medicaid Services
Neville Wise, Deputy Commissioner, Department for Medicaid Services
Lisa Lee, Deputy Commissioner, Department for Medicaid Services
Dr. John Langefeld, Medical Director, Department for Medicaid Services
Sharley Hughes, Internal Policy Analyst, Department for Medicaid Services