CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES

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TO: Community Mental Health Centers
(30) - Provider Letter #A-105

FROM: David Dennis, Branch Manager
Rate Settings Branch
Division of Fiscal Management

DATE: March 24, 2017

RE: CMHC Reimbursement Update

Effective for claims on or after November 1, 2016, Community Mental Health Centers (CMHCs) will be reimbursed for Medicaid fee-for-service claims based on the CMHC's Medicaid allowable costs. In accordance with 907 KAR 1:045E and amendments to 907 KAR 1:045, the Department for Medicaid Services (Department) will reimburse providers on an interim basis during the course of the cost report period and shall provide a final cost settlement which reconciles the interim reimbursement amount paid to the CMHC compared to the CMHC's Medicaid allowable cost for the cost report period.

Each year an annual cost report will be due on the basis of the state fiscal year ending June 30. Therefore, the first cost report will be for the short-period from November 1, 2016, to June 30, 2017. A desk review will be performed by our contractor (currently Myers and Stauffer LC) to determine the appropriate cost settlement for each provider.

A timeline is attached with this letter to outline the process of cost reporting. Some of the important dates include:

- December 2017 – First cost reports due for the period 11/1/16 – 6/30/17 (independent audit required prior to submission)
- July 2018 – Interim rates effective 7/1/18 set using 6/30/17 cost reports
- September 2018 – Final settlement amount determined for FYE 6/30/17 based on contractor review and 14 month PCL
- October 2018 – Final settlement for FYE 6/30/17 mailed to providers
- December 2018 – Cost reports due for the period 7/1/17 – 6/30/18 (independent audit required prior to submission)

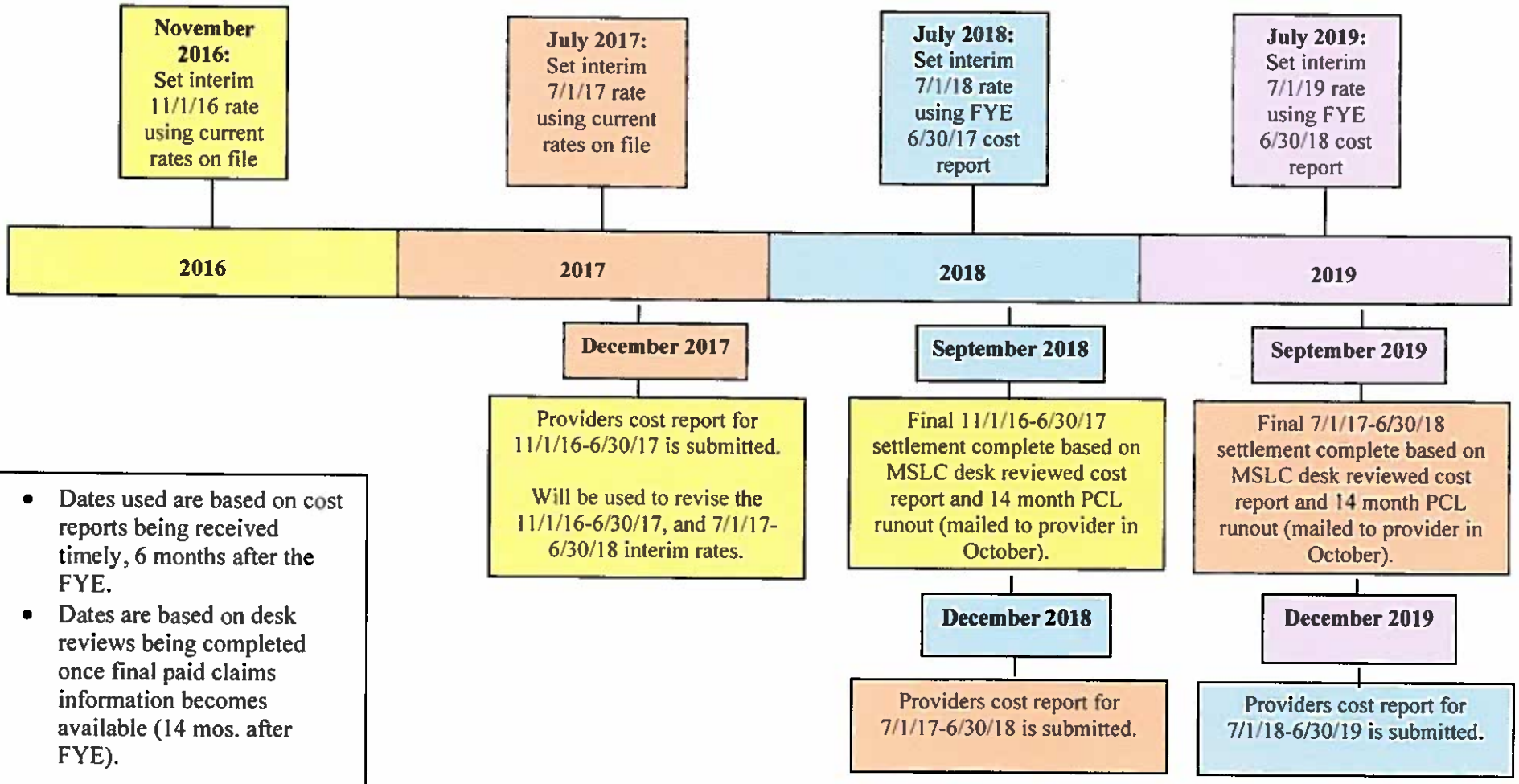
In the near future, we will be reaching out to you with possible dates for a provider cost report training to be scheduled in April 2017. In the meantime, there are several resources available to familiarize yourself with the regulation and cost report. These resources include:

- Reimbursement regulation (907 KAR 1:045E): http://www.lrc.state.ky.us/kar/907/001/045E.htm
- Behavioral health services regulation (907 KAR 1:044): http://www.lrc.state.ky.us/kar/907/001/044.htm
- Primary care services regulation (907 KAR 1:047E): http://www.lrc.state.ky.us/kar/907/001/047E.htm
- Cost report and instructions can be found at http://www.chfs.ky.gov/dms/forms.htm

Please direct any Department questions to David Dennis, Administrative Branch Manager, at (502) 564-8196, extension 2140, or Brian McFarland at (502) 564-8196, extension 2141, and any Myers and Stauffer questions to Tara Clark at (502) 695-6870 or tclark@mslc.com.

Enclosure

Kentucky Medicaid
CMHC Cost Report/Settlement Timeline
Multiple Rate Years



- Dates used are based on cost reports being received timely, 6 months after the FYE.
- Dates are based on desk reviews being completed once final paid claims information becomes available (14 mos. after FYE).

Revised by Myers and Stauffer LC, 11/1/16