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**State/Territory Name: KS**

**State Plan Amendment (SPA) #: 19-0010**

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 355
Kansas City, Missouri 64106-2898

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

**Kansas City Regional Operations Group**

September 13, 2019

Christiane Swartz, Deputy Medicaid Director
Kansas Department of Health and Environment
Division of Healthcare Finance
Landon State Office Building
900 SW Jackson, Room 900N
Topeka, KS 66612-1220

Dear Ms. Swartz:

On August 14, the Centers for Medicare & Medicaid Services (CMS) received Kansas' State Plan Amendment (SPA) transmittal #19-0010. This SPA is amending the amount that would otherwise be paid methodology for the KS' Program of All-Inclusive Care for the Elderly (PACE).

SPA #19-0010 was approved September 13, 2019, with an effective date of July 1, 2019, as requested by the state. Enclosed is a copy of the CMS-179 summary form, as well as the approved pages for incorporation into the Kansas State Plan.

If you have any questions regarding this amendment, please contact Karen Hatcher or Michala Walker at (816) 426-5925.

Sincerely,

James G. Scott, Director
Division of Medicaid Field Operations - North

Enclosure

cc:
Adam Proffitt, Medicaid Director
Bobbie Graff-Hendrixson
William Stelzner
Kim Tjelmeland

Revised Submission 9.11.19

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**
**FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER: KS 19-0010

2. STATE: Kansas

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2019

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 §460 (Subchapter E)

7. FEDERAL BUDGET IMPACT
a. FFY 2019 $1,099,687.50
b. FFY 2020 $4,398,750.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 3 to Attachment 3 1-A Pages 6-7-8

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*

Supplement 3 to Attachment 3 1-A Pages 6-7-8

10. SUBJECT OF AMENDMENT
The Amount that Would Otherwise be Paid (AWOP) Methodology for the State's Program of All-Inclusive Care for the Elderly (PACE).

11. GOVERNOR'S REVIEW *(Check One)*
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
Christiane Swartz is the Governor's Designee

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME
Christiane Swartz

14. TITLE
Deputy Medicaid Director

15. DATE SUBMITTED
August 14, 2019

16. RETURN TO
Christiane Swartz, Deputy Medicaid Director
KDHE, Division of Health Care Finance
Landon State Office Building
900 SW Jackson, Room 900-N
Topeka, KS 66612-1220

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED
August 14, 2019

18. DATE APPROVED
September 13, 2019

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME
James G. Scott

22. TITLE
Director
Division of Medicaid Field Operations - North, Kansas City

23. REMARKS

## II. Rates and Payments

**A. The State assures CMS that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service.**

1.__ Rates are set at a percent of fee-for-service costs
2.___ Experience-based (contractors/State's cost experience or encounter date( (please describe)
3.___ Adjusted Community Rate (please describe)
4._X Other (please describe) Rates are set at a percent of the Amount that Would Otherwise be Paid. The development is based on KanCare encounter data since in the absence of joining the PACE program these members would be enrolled in managed care.

**B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.**

Actuarial Firm: The state contracts with an actuarial firm to develop the AWOP.

The PACE rates for Medicaid are established based upon services rendered to the SSI and Medically Needy populations residing in the service area. The Amount that Would Otherwise be Paid (AWOP) include the aged, blind, and disabled populations that are age 55 and older, meet the state's criteria for nursing home level of care, live in an area that offers PACE, and have the ability to live safely in the community. The most recent encounter claims data is used for all services including targeted case management, with the exception of Medicare Part A and Part B premiums (Medicare buy-in). Data for persons in an ICF/IDD, HCBS/IDD, NF-MH, or state hospital setting are excluded. Only data for persons in a Nursing Facility (NF) or in the Physically Disabled (PD) or Frail Elderly (FE) waivers are included. The costs in the base period are inflated to the present for rate setting purposes and adjusted for any applicable program changes. Inflation is based on state historical costs.

Beneficiary eligibility data for the same time period as the encounter claims data and with the same exclusions as above is used. This data was analyzed in a manner similar to that used for capitated managed care rate setting. AWOPs on a per member per month basis are computed by several dimensions: Dual vs. Non-Dual, age groups 55-74 vs. 75+, and the four regions Johnson County Region (JO), Northeast Region (NE), Southeast Region (SE), and Sedgwick County (SG).

Actual encounter data expenditures by Medicaid are used to calculate the AWOP with the exceptions noted below. The claims completion factor was completed for Incurred But Not Reported (IBNR) and Underreporting. The PACE provider shall be responsible for collection of and reporting of third party liability. No adjustment is necessary to payments because claims do not reflect any receipts of third party liability by Medicaid. Adjustments to expenditures are made equal to the amount of average MCO pharmacy rebates received. The percentage is based upon the aggregate receipt of pharmacy rebates versus aggregate pharmacy payments as rebates cannot readily be identified to a particular population or county of residence. In the absence of being in the PACE program, members would be in the KanCare managed care program which does not have any co-payment requirements for members. Medicare Part D medication drugs were deducted from the AWOP, along with any other Medicare payments. In addition, an administrative cost consistent with existing administrative levels in KanCare, along with applicable taxes and fees, was included in the AWOP development.

Disproportionate share payments are not included in any claims data as they cannot be identified to a particular beneficiary, nor will they be the responsibility of the PACE provider.

For those individuals who have client participation for cost of care requirements, the actual rate paid will be the applicable rate less the client participation for that particular person.

In order to set AWOPs for a future time period, trend factors will be completed at least every 3 years. Separate trends for the following are computed using the same methodology that is used for the Medicaid budget process:

- SSI Aged regular medical expenditures (all expenditures except for long term care and HCBS related),
- SSI Blind and Disabled regular medical expenditures,
- Medically Needy Aged regular medical expenditures,
- Medically Needy Blind and Disabled regular medical expenditures,
- HCBS/FE expenditures,
- HCBS/PD expenditures, and
- Nursing facility expenditures.

The rates are made prospectively to the PACE organization and are less than what would have been paid under the State Plan if the participants were not enrolled in PACE.

The AWOP will be discounted by a budget savings factor determined by the state to arrive at the final rates paid. The budget savings factor will be based upon: negotiations with the provider, efficient operation of the PACE site, savings to be accrued to the State Agency, and the experience of the PACE site. The State will document its rationale for choosing the specific budget percentage factor in its submittal to the CMS RO with the annual rates.

**C. The State will submit all capitated rates to the CMS Regional Office for prior approval.**

**III. Enrollment and Disenrollment**

**The state assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administrating Agency. The state assures that it has developed and will implement procedures for the enrollment and disenrollment of a participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective month payment was based and the actual number of participants in that month.**