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State/Territory Name: KS

State Plan Amendment (SPA) #: 19-0011

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Summary Form (with 179-like data)
- 3) Approved SPA Pages

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



Financial Management Group

October 28, 2019

Adam Proffitt, State Medicaid Director
Kansas Department of Health and Environment
Division of Health Care Finance
Landon State Office Building
900 SW Jackson, Room 900-N
Topeka, KS 66612-1220

RE: Kansas SPA 19-0011


Dear Mr. Proffitt:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 19-0011. Effective July 1, 2019, this amendment updates and clarifies cost reporting instructions for Psychiatric Residential Treatment Facilities.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 19-0011 is approved effective July 1, 2019. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tim Weidler at (816) 426-6429.

Sincerely,

 Kristin Fan
Director

cc:

Heather Juhring
Tim Weidler

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

1. TRANSMITTAL NUMBER:
KS 19-0011

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 §441 Subpart B (and §441.150 - §441.184)

7. FEDERAL BUDGET IMPACT
a. FFY 2019 \$0
b. FFY 2020 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19A Page 39 and Page 42
Attachment 1 to Attachment 4.19A Page 1 and Page 2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)
Attachment 4.19A Page 39 and Page 42
Attachment 1 to Attachment 4.19A Page 1 and Page 2

10. SUBJECT OF AMENDMENT
Psychiatric Residential Treatment Facilities (PRTFs) allowable costs are determined in accordance with the Principles of Reimbursement as outlined in the Provider Reimbursement Manual CMS Publication 15-1 and OMB Super Circular 2 CFR §200 Uniform Guidance for Administrative Requirements, Cost Principles, and Audit Requirements.

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Adam Proffitt is the
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Governor's Designee

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME
Adam Proffitt

14. TITLE
State Medicaid Director

15. DATE SUBMITTED
August 21, 2019

16. RETURN TO
Adam Proffitt, State 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

18. DATE APPROVED
OCT 28 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
JUL 01 2019

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME
Kristin Fan

22. TITLE
Director, FMG

23. REMARKS

KANSAS MEDICAID STATE PLAN

Attachment 4.19-A
Page 39

Methods and Standards for Establishing Payment Rates Psychiatric Residential Treatment Facilities

Narrative Explanation of Reimbursement Formula

Mid-Period Reports

To accommodate a mid-period treatment cost adjustment, a report of costs incurred during the six-month period starting immediately after the end of the cost report period described above. The mid-period report will be for costs incurred July 1st through December 31st. Mid-period cost reports are to be submitted by March 31st, using the same form and format as the annual cost report.

Allowable Costs

Allowable costs are determined in accordance with the Principles of Reimbursement as outlined in the Provider Reimbursement Manual CMS Publication 15-1 and OMB Super Circular 2 CFR §200 Uniform Guidance for Administrative Requirements, Cost Principles, and Audit Requirements.

All cost reports, including mid-period reports, are desk reviewed by the Department or its designee auditors. Adjustments are made, when necessary, to the reported costs in arriving at the allowable historic costs for the rate computations.

Change of Owner/Provider

When a non-arms length change of provider takes place or when an owner of real estate assumes the operations from the leasee, the PRTF will be treated as an on-going operation. In this situation, the related provider or owner shall be required to file the appropriate year end cost report or mid-period report in conformance with the schedule described above. The new operator or owner is responsible for obtaining historical cost information from the prior operator for the months needed to submit accurate and complete reports that includes costs incurred when the new operator was not involved in running the PRTF. The cost report information from the old and new operators shall be combined to prepare a 12-month cost report or a 6-month mid-period report in conformance to the schedule described above.

When an arms-length change in provider takes place, the new owner assumes the reimbursement rate of the old owner until the new owner can submit a full year or mid-period cost report in conformance with the schedule described above.

New Provider

The per diem rate for a new Class I PRTF will be based on a projected cost report reviewed by the Department for reasonableness. The Department will determine reasonableness by comparing projected costs with other similar PRTFs. In making these comparisons, the

**Methods and Standards for Establishing Payment Rates
Psychiatric Residential Treatment Facilities**

Narrative Explanation of Reimbursement Formula

Narrative Explanation of Reimbursement Formula for Class II

1) Historical Cost

Cost Reports

Providers are required to submit information on all costs incurred during the fiscal period from July 1st through June 30th on a uniform cost report, the PRTF Financial and Statistical Report. It organizes the commonly incurred business expenses of PRTFs into five reimbursable cost centers (Administration; Facility Operating; Property; Room, Board, and Support; and Treatment) and one non-reimbursable/non-resident related cost center. Reporting of non-reimbursable/non-resident related costs allows total operating expenses to be reconciled to the PRTFs' accounting records. Cost reports are to be submitted by September 30th.

The cost report and cost report instructions are provided in Attachment 1.

Mid-Period Reports

To accommodate a mid-period treatment cost adjustment, a report of costs incurred during the six-month period starting immediately after the end of the cost report period described above will be required. The mid-period report will be for costs incurred July 1st through December 31st. Mid-period cost reports are to be submitted by March 31st, using the same form and format as the annual cost report.

Allowable Costs

Allowable costs are determined in accordance with the Principles of Reimbursement as outlined in the Provider Reimbursement Manual CMS Publication 15-1 and OMB Super Circular 2 CFR §200 Uniform Guidance for Administrative Requirements, Cost Principles, and Audit Requirements.

All cost reports, including mid-period reports, are desk reviewed by the Department or its designee auditors. Adjustments are made, when necessary, to the reported costs in arriving at the allowable historic costs for the rate computations.

Change of Owner/Provider

When a non-arms length change of provider takes place or when an owner of real estate assumes the operations from the leasee, the PRTF will be treated as an on-going operation. In this situation, the related provider or owner shall be required to file the appropriate year end cost

KANSAS MEDICAID STATE PLAN

Attachment 1 to Attachment 4.19-A

Page 1

Attachment 1 to Instructions Regarding
Methods and Standards for Establishing Payment Rates
Psychiatric Residential Treatment Facilities

**State of Kansas
Department for Aging and Disability Services (KDADS)**

**INSTRUCTIONS FOR COMPLETING
THE PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY
FINANCIAL AND STATISTICAL REPORT
(Cost Report - FORM KDADS-PRTF-01)**

PURPOSE

The purpose of this report is to obtain the resident-related costs incurred by psychiatric residential treatment facilities (PRTF) in providing services according to applicable state and federal laws, and quality and safety standards.

SUBMITTAL INSTRUCTIONS

Blank KDADS-PRTF-01 (Financial and Statistical Report) and KDADS-PRTF-09 (Census) forms can be requested from the facilities reimbursement manager at costreports@ks.gov.

Send the completed form KDADS-PRTF-01 and form KDADS-PRTF-09 (applicable to the reporting period) for each month of the reporting period, along with a signed copy of the declaration page of the KDADS-PRTF-01 to costreports@ks.gov. If sent on CD-Rom or flash drive, send to the following address:

Kansas Department for Aging and Disability Services
Attn: Facilities Reimbursement Manager
503 Kansas Avenue
Topeka, KS 66603

All inquiries on completion of these forms should be directed to the KDADS Audit Manager at (785) 296-6457.

GENERAL

The cost report is organized by the following sections. Not all expense lines are within each section. A separate cost report must be completed for each PRTF.

General Information
Schedule A, Facility Administrative Cost Center
Schedule A, Treatment Facility Operating Cost Center
Schedule A, Facility Property Cost Center
Schedule A, Room, Board, and Support Cost Center
Schedule A, Treatment Cost Center
Schedule A, Non-Reimbursable/Non-Resident Related Expense Items
Schedule B, Expense Reconciliation
Schedule C, Statement of Owners and Related Parties
Schedule D, Statement Related to Interest on All Bonds, Loans, Notes and Mortgages Payable
Schedule E, Revenue Statement
Schedule F, Fixed Asset, Depreciation & Amortization Questionnaire
Declaration of Preparer and Declaration of Owner, Partner, or Office of Corporation

1. Complete the forms accurately and legibly. Any report that is incomplete or is not legible shall be promptly returned to the provider. Failure to submit a complete cost report shall result in penalties as described in #8.

KANSAS MEDICAID STATE PLAN

Attachment 1 to Attachment 4.19-A

Page 2

Attachment 1 to Instructions Regarding
Methods and Standards for Establishing Payment Rates
Psychiatric Residential Treatment Facilities

2. **All amounts must be rounded to the nearest dollar, prior to cost report entry.**
3. **DO NOT** add lines to the forms. Use "OTHER" lines for resident-related expenses not designated on the Expense Statement, Schedule A. Attach a schedule if necessary.
4. **DO NOT** cross out or re-title lines on the forms. **DO NOT** include more than one amount per line. If more than one amount or journal entry is combined, submit an attachment with explanation. The attachment should be **sorted by cost report expense lines** and should include subtotals.
5. Use the accrual method of accounting in reporting financial data. Revenues are reported in the period when **earned**, and not when received, and expenses are reported when **incurred**.
6. Estimates of revenues and expenses are not acceptable. Uniform Guidance in OMB Super Circular 2 CFR 200 and CMS Provider Reimbursement Manual Publication 15-1 govern allowable costs.
7. A twelve month Cost Report for all costs incurred during the state's fiscal year, July 1st through June 30th, must be submitted by September 30th. A mid-period cost report for costs incurred July 1st through December 31st must be submitted by March 31st.
8. The provider may request a one-month extension of the due date by submitting the request, in writing to the address in the submittal instructions, within the time period allowed for filing the original cost report.

A one-month extension of the due date for the filing of a cost report may be granted by the agency when the cause for delay is beyond the control of the provider. Delays beyond the control of the provider that may be considered by the agency in granting an extension shall include:

- a. disasters that significantly impair the routine operations of the facility or business
- b. destruction of records as a result of a fire, flood, tornado, or another accident that is not reasonable foreseeable
- c. computer viruses that impair the accurate completion of cost report information

The provider shall make the request in writing and it shall be received by the agency on or before the due date of the cost report. Requests received after the due date shall not be accepted.

The extension will be granted if the agency determines that the provider has shown good cause.

NOTE: IF A COST REPORT IS RECEIVED AFTER THE DUE DATE WITHOUT AN APPROVED TIME EXTENSION, THE PROVIDER IS SUBJECT TO THE PENALTIES.

Each provider filing a cost report after the due date shall(may) be subject to the following penalties:

- a. All further payments to the provider shall be suspended until the complete cost report has been received. A complete cost report shall include all the required documents listed in the cost report.
 - b. Failure to submit the cost report within one year after the end of the cost report period shall be cause for termination from the Kansas medical assistance program
9. Each PRTF must maintain adequate accounting and/or statistical records. Inadequate record keeping is cause for suspension of payments. If PRTF program expenses have been co-mingled with the