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**State/Territory Name: Kentucky**

**State Plan Amendment (SPA) #: 12-005**

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



**Center for Medicaid and CHIP Services**

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**JUN 06 2013**

Mr. Lawrence Kissner  
Commissioner  
Commonwealth of Kentucky  
Cabinet for Health and Family Services  
Department for Medicaid Services  
275 East Main Street, 6W-A  
Frankfort, KY 40621

RE: State Plan Amendment (SPA) KY 12-005

Dear Mr. Kissner:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 12-005. Effective September 4, 2012 this amendment proposes to revise the payment methodology for Psychiatric Residential Treatment Facilities. Specifically, the amendment proposes an increase in the level I rates for services provided to children with an emotional disability. In addition the amendment adds level II rates for services provided to children with severe emotional disabilities that recognize severity of illness and treatment requirements.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of September 4, 2012. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely,

//s//

Cindy Mann  
Director

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**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:  
12-005

2. STATE  
Kentucky

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

4. PROPOSED EFFECTIVE DATE  
September 4, 2012

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 D

7. FEDERAL BUDGET IMPACT:

a. FFY 2012  
b. FFY 2013

\$0 73,000 FY12  
\$0 879,000 FY13

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-A, Page 35  
Att. 4.19-A, Page 35.1 and 35.2

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Att. 4.19-A, Page 35  
New

10. SUBJECT OF AMENDMENT:

The purpose of this State Plan Amendment is to establish a Level I and Level II reimbursement for  
Psychiatric Residential Treatment Facilities.

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: Review delegated  
to Commissioner, Department for Medicaid  
Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:

//s//

13. TYPED NAME:

Lawrence Kissner

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED: 09-18-12

16. RETURN TO:

Department for Medicaid Services  
275 East Main Street 6W-A  
Frankfort, Kentucky 40621

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 09-21-12

18. DATE APPROVED: 06-06-13

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: 09-04-12

20. SIGNATURE OF REGIONAL OFFICIAL:

//s//

21. TYPED NAME:

Cindy Mann

22. TITLE: Director

23. REMARKS: Approved with the following changes to item 7a, 7b, 8.

Block # 7a and 7b Changed to read: FFY 12 \$73,000 and FFY 14 13 \$879,000; Block # 8 Changed to read: Add Attachment 4.19-A page 35.2.

to costs, volume, or proportion of services provided to patients eligible for medical assistance and to low income patients.

(9) Payments for Inpatient Psychiatric Facility Services for Individuals Under 22 Years of Age

- A. Covered inpatient psychiatric facility services for individuals under 22 years of age provided in psychiatric hospitals are paid in accordance with the provisions described in Attachment 4.19-A
- B. Covered inpatient psychiatric facility services for individuals under 22 years of age provided in licensed psychiatric resident treatment facilities (PRTFs) are paid in accordance with the following:

Level I PRTF

- 1 The department shall reimburse for Level I PRTF services and costs for a recipient not enrolled in a managed care organization at the lesser of a per diem rate of \$274.01; or the usual and customary charge
- 2 The per diem rate shall be increased each biennium by 2.22 percent.
- 3 The per diem or the usual and customary charge if less than the per diem rate, shall represent the total Medicaid reimbursement for Level I PRTF services and costs:
  - (a) Including all care and treatment costs;
  - (b) Including costs for all ancillary services;
  - (c) Including capital costs;
  - (d) Including room and board costs; and
  - (e) Excluding the costs of drugs as drugs shall be:
    1. Reimbursed via the department's pharmacy program in accordance with 907 KAR 1:018.

Level 2 PRTF

- 1 The department shall reimburse a per diem rate as follows for Level II PRTF services and costs for a recipient not enrolled in a managed care organization:
  - (a) \$345 for Level II PRTF services to a recipient who meets the rate group one (1) criteria described below;
  - (b) \$365 for Level II PRTF services to a recipient who meets the rate group two (2) criteria described below;
  - (c) \$385 for Level II PRTF services to a recipient who meets the rate group three (3) criteria described below; or
  - (d) \$405 for Level II PRTF services to a recipient who meets the rate group four (4) criteria described below.

## 2 Rate Groups

(a) Rate group one (1) criteria shall be for a recipient who:

1. Is twelve (12) years of age or younger;
2. Is male or female; and
3. Is sexually reactive; or
  - (i) Has a severe and persistent aggressive behavior;
  - (ii) Does not have mental retardation or a developmental disability; and
  - (iii) Has an intelligence quotient higher than seventy (70).

(b) Rate group two (2) criteria shall be for a recipient who:

1. Is twelve (12) years of age or younger;
2. Is male or female; and
3. Is sexually reactive; and
  - (i) Has a severe and persistent aggressive behavior;
  - (ii) Does not have mental retardation or a developmental disability; and
  - (iii) Has an intelligence quotient higher than seventy (70).

(c) Rate group three (3) criteria shall be for a recipient who:

1. Is thirteen (13) years of age or older;
2. Is male or female; and
3. Is sexually reactive; or
  - (i) Has a severe and persistent aggressive behavior;
  - (ii) Does not have mental retardation or a developmental disability; and
  - (iii) Has an intelligence quotient higher than seventy (70).

(d) Rate group four (4) criteria shall be for a recipient who:

1. Is thirteen (13) years of age or older;
2. Is male or female; and
3. Is sexually reactive; and
  - (i) Has a severe and persistent aggressive behavior;
  - (ii) Does not have mental retardation or a developmental disability; and
  - (iii) Has an intelligence quotient higher than seventy (70).

(e) Rate group four (4) criteria also includes the following for a recipient who:

1. Is under twenty-two (22) years of age;
2. Is male or female; and
3. Is sexually reactive; or
  - (i) Has a severe and persistent aggressive behavior;
  - (ii) Has mental retardation or a developmental disability; and
  - (iii) Has an intelligence quotient lower than seventy (70).

C. The per diem rates referenced in subsection (2) of this section, or the usual and customary charge if less than the per diem rate, shall represent the total Medicaid reimbursement for Level II PRTF services and costs:

- (a) Including all care and treatment costs;
- (b) Including costs for all ancillary services;
- (c) Including capital costs;
- (d) Including room and board costs; and
- (e) Excluding the costs of drugs as drugs shall be reimbursed via the department's pharmacy program:

- D. The department shall annually evaluate each per diem rate for Level II PRTF services and costs by reviewing the most recent, reliable claims data and cost report data to analyze treatment patterns, technology, and other factors that may alter the cost of efficiently providing Level II PRTF services.
- E. The department shall use the evaluation, review, and analysis to determine if an adjustment to the Level II PRTF reimbursement would be appropriate.

(10) Reimbursement for Out-of-state Hospitals.

- A. As of October 15, 2007, an acute care out-of-state hospital shall be reimbursed for an inpatient acute care service on a fully-prospective per discharge basis. The total per discharge reimbursement shall be the sum of a DRG operating and capital base payment amount, and, if applicable, a cost outlier payment amount.
  - 1. The all-inclusive DRG payment amount:
    - a. Shall be based on the patients diagnostic category; and
    - b. For each discharge by multiplying a hospital's DRG base rate by the Kentucky-specific DRG relative weight minus the adjustment mandated for in-state hospitals.
  - 2. Out-of-State base rates. The base rate for out-of-state hospitals shall be determined the same as an in-state base rate in accordance with section (2)A., subsections 5. through 11. of this attachment minus: