

Table of Contents

State/Territory Name: Kentucky

State Plan Amendment (SPA) #: 17-0006

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

March 8, 2018

Stephen P. Miller, Commissioner
Department for Medicaid Services
275 East Main Street, 6WA
Frankfort, KY 40621-0001

Re: Kentucky State Plan Amendment 17-0006

Dear Mr. Miller:

We have reviewed the proposed Kentucky state plan amendment (SPA) KY 17-0006, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on December 21, 2017. This amendment, submitted as a technical correction, revises the reimbursement methodology for critical access hospitals (CAHs). Specifically, this SPA allows reimbursement of 101% of cost for outpatient clinical laboratory services.

Based on the information provided, Medicaid state plan amendment KY 17-0006 was approved on March 8, 2018. The effective date of this amendment is October 1, 2017. We are enclosing the approved HCFA-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Lynda Bennett at (404) 562-7352 or Lynda.Bennett@cms.hhs.gov.

Sincerely,

//s//

Charles A. Friedrich
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 17-006	2. STATE Kentucky
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

4. PROPOSED EFFECTIVE DATE
October 1, 2017

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:

7. FEDERAL BUDGET IMPACT:
a. FFY 2017 – \$0
b. FFY 2018 – \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page Att. 4.19-B, Page 20.12(f)(1)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Same

10. SUBJECT OF AMENDMENT:
The purpose of this SPA is to make a technical change to reimbursement for laboratory services performed at a critical access hospital.

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: Review delegated
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED to Commissioner, Department for Medicaid
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:
//s//

16. RETURN TO:

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

13. TYPED NAME: Stephen P. Miller

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED: 12/15//17

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
12/21/17

18. DATE APPROVED: 03/08/18

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
10/01/17

20. SIGNATURE OF REGIONAL OFFICIAL:
//s//

21. TYPED NAME: Charles A. Friedrich

22. TITLE: Acting Associate Regional Administrator
Division of Medicaid and Children's Health Operations

23. REMARKS: Approved with the following changes to blocks 6 and 7 as authorized by state agency on email dated 03/01/18.

Block # 6 changed to read: 42 CFR 413.70.

Block #7a and 7b changed to read: 7a FFY 18 \$104,262 and 7b FFY19 \$104,262.

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6. In accordance with 1903(i)(7), Outpatient laboratory services will be paid at the Medicare technical component rate. A laboratory service with no established Medicare rate will be reimbursed by multiplying the facility-specific outpatient cost-to-charge ratio by billed charges with no year-end settlement. Laboratory services provided to a recipient on the same day as services listed in A.1 through 5 will be bundled with the fixed rate payment and not reimbursed separately.
- B. Out-of-State Outpatient Hospital Service Reimbursement. Excluding services provided in a critical access hospital and laboratory services, reimbursement for an outpatient hospital service provided by an out-of-state hospital shall be ninety-five (95) percent of the average in-state outpatient hospital cost-to-charge ratio times the Medicaid covered charges billed by the out-of-state hospital.
- C. Critical Access Hospital Outpatient Service Reimbursement.
1. The department shall reimburse for outpatient hospital services in a critical access hospital as established in 42 CFR 413.70(b) through (d).
 2. A critical access hospital shall comply with the cost reporting requirements established in subsection E of the Outpatient Reimbursement section of the state plan.
- D. Outpatient Hospital Laboratory Service Reimbursement.
1. Except for Critical Access Hospitals, in accordance with 1903(i)(7), Outpatient laboratory services will be paid at the Medicare technical component rate. A laboratory service with no established Medicare rate will be reimbursed by multiplying the facility-specific outpatient cost-to-charge ratio by billed charges with no year-end settlement. Laboratory services provided to a recipient on the same day as services listed in A.1 through 5 will be bundled with the fixed rate payment and not reimbursed separately.
 2. Laboratory service reimbursement, in accordance with item 1 in the Outpatient Hospital Laboratory Service Reimbursement section, shall be:
 - a. Final; and
 - b. Not settled to cost.
 3. An outpatient hospital laboratory service shall be reimbursed in accordance with item D.2 of the Outpatient reimbursement section of the state plan regardless of whether the service is performed in an emergency room setting or in a non-emergency room setting.