

## **Table of Contents**

**State/Territory Name: KS**

**State Plan Amendment (SPA) #: 23-0009**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/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



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## Financial Management Group

March 27, 2023

Sarah Fertig, 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 23-0009

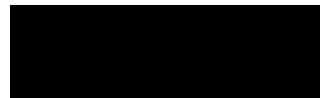
Dear Ms. Fertig:

We have reviewed the proposed amendment to Attachments 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 23-0009. This amendment is a biennial update of the Medicaid Indirect Medical Education Factor.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of January 1, 2023. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please contact Fredrick Sebree at [Fredrick.sebree@cms.hhs.gov](mailto:Fredrick.sebree@cms.hhs.gov).

Sincerely,



Rory Howe  
Director

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

1. TRANSMITTAL NUMBER  
23 — 0009

2. STATE  
KS

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

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**January 1, 2023**

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR 447, Subpart B

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2023 \$ 0  
b. FFY 2024 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
**Attachment 4.19-A, Page 37**


8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
**Attachment 4.19-A, Page 37**

9. SUBJECT OF AMENDMENT  
**Biennial update of the Medicaid Indirect Medical Education (IME) Factor**

10. 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:  
Sarah Fertig is the Governor's Designee

11. SIGNATURE OF STATE AGENCY OFFICIAL  


12. TYPED NAME  
**Sarah Fertig**

13. TITLE  
**State Medicaid Director**

14. DATE SUBMITTED  
**January 17, 2023**

15. RETURN TO  
Sarah Fertig, State Medicaid Director  
KDHE, Division of Health Care Finance  
Landon State Office Building  
900 SW Jackson, Room 900-N  
Topeka, KS 66612-1220

**FOR CMS USE ONLY**

16. DATE RECEIVED  
**1/17/2023**

17. DATE APPROVED  
**March 27, 2023**

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
**1/1/2023**

19. NAME OF APPROVING OFFICIAL  


20. TYPED NAME OF APPROVING OFFICIAL  
**Rory Howe**

21. TITLE OF APPROVING OFFICIAL  
**Director, FMG**

22. REMARKS

## KANSAS MEDICAID STATE PLAN

Attachment 4.19-A  
Page 37

### Methods and Standards for Establishing Payment Rates – Inpatient Hospital Care

9.0000 Public process for proposed changes in methods and standards for establishing payment rates – inpatient hospital care. The State has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

10.0000 Direct and Indirect Graduate Medical Education Payments

Effective with discharges on and after January 1, 2005, payments will be made for graduate medical education (GME) services for Kansas hospital inpatient claims. This payment is in addition to the standard DRG payment. This section only applies to hospitals being reimbursed using the DRG methodology. This section does not apply to hospitals being reimbursed under Section 4.0000.

The hospital-specific medical education rate has two components, the direct graduate medical education (DGME) rate and the indirect medical education (IME) rate. The sum of the two rates, or fractions, is the overall graduate medical education (GME) factor, or rate, for the hospital and for application to the DRG payment. These are computed as follows:

- Direct Medical Education (DGME): For discharges on and after January 1, 2005, the DGME factor: is the lesser of total direct medical education cost or aggregate approved costs divided by the total costs of the hospital. This data is from the most recent available Medicare cost report as of the start of each State fiscal year.
- For discharges on and after July 1, 2009, the DGME ratio will be similar to Medicare’s DGME formula. The DGME factor will be determined by dividing the hospital’s Medicaid patient days by the hospital’s total patient days, per worksheet E-3, Part IV, line 5 of the Medicare cost report. This fraction is multiplied by the hospital’s total DGME allowable amount as identified on worksheet E-3, Part IV, line 3.25 of the Medicare cost report form. The resulting amount is divided by the Medicaid DRG base amount, for each hospital from the State’s most recent fiscal year end. The data is from the Medicare cost report, for each hospital, used for the biennial update of the inpatient MS DRG peer group rates and weights.
- Indirect Medical Education (IME) Factor =  $2.1 \times ((1 + \text{ratio of full time equivalent interns and residents to hospital beds excluding nursery})^{0.405} - 1)$ . This data is from the Medicare cost report, for each hospital, used for the biennial update of the inpatient MS DRG peer group rates and weights.
  - Effective for discharges on and after January 1, 2023, the IME factor is 2.86.
- Hospital-Specific Medical Education Rate = Medicaid hospital DRG Group rate (peer group rate) X (DGME factor + IME factor).
- The hospital’s GME claim payment is determined by multiplying the hospital-specific medical education rate times the claim DRG base amount (hospital peer group amount multiplied by the DRG weight for the claim).
- Payments shall be made at least quarterly based upon the claims processed and paid during the previous quarter. This applies to claims that are applicable to this section of the State Plan that have not previously been reimbursed for medical education.