

SESSION OF 2017

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 186**

As Amended by Senate Committee on Ways  
and Means

**Brief\***

SB 186, as amended, would create law to allow supplemental Medicaid reimbursement for certain providers of ground emergency medical transportation services and would create an intergovernmental transfer program relating to Medicaid managed care, ground emergency medical transport services, and those services provided by certain emergency medical services personnel in prestabilization and preparation for transport.

***Supplemental Medicaid Reimbursements***

In addition to the rate of payment that a provider would otherwise receive for Medicaid ground emergency medical transportation services, a provider would be eligible for supplemental Medicaid reimbursement to the extent provided by law, if a provider meets the following conditions during the reporting period:

- Provides ground emergency medical transportation services to Medicaid beneficiaries;
- Is enrolled as a Medicaid provider for the period being claimed; and
- Is owned or operated by the state, a political subdivision or local government, that employs or contracts with persons or providers who are licensed or permitted to provide emergency

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

medical services in the state of Kansas, including hospitals and private entities to the extent permissible under federal law.

An eligible provider's supplemental Medicaid reimbursement would be required to be calculated and paid as follows:

- Must be equal to the amount of federal financial participation received as a result of the claims submitted pursuant to federal law;
- The amount certified in conformity with federal regulations and eligible for federal financial participation, when combined with the amount received from all other sources of reimbursement from the Medicaid program, could not exceed or be less than 100.0 percent of actual costs for ground emergency medical transportation services, as determined pursuant to the Medicaid state plan; and
- Must be distributed exclusively to eligible providers under a payment methodology based on ground emergency medical transportation services provided to Medicaid beneficiaries by eligible providers on a per-transport basis or other federally permissible basis.

The Kansas Department of Health and Environment (KDHE) would be required to obtain approval from the federal Centers for Medicare and Medicaid Services (CMS) for the payment methodology to be utilized prior to making any supplement Medicaid reimbursement payments.

The bill would state the Legislature's intent to enact the provisions of the bill without any State General Fund expenditures.

An eligible provider, as a precondition to receiving the supplemental Medicaid reimbursements, would be required to

enter into and maintain an agreement with KDHE for the purposes of implementing the payments and reimbursing KDHE for the costs of administering the payments.

The non-federal share of the supplemental Medicaid reimbursement submitted to CMS for purposes of claiming federal financial participation would be paid only with funds from governmental entities owned and operated by the state, a political subdivision or local government, that employs or contracts with persons or providers who are licensed or permitted to provide emergency medical services in the state of Kansas, including hospitals and private entities to the extent permissible under federal law and who are certified as described below.

Participation in the supplemental Medicaid reimbursement program by an eligible provider would be voluntary. In order to seek supplemental Medicaid reimbursement, an applicable governmental entity would be required to do the following:

- Certify, in conformity with federal regulations, the claimed expenditures for the ground emergency medical transportation services are eligible for federal financial participation;
- Provide evidence supporting the certification as specified by KDHE;
- Submit data, as specified by KDHE, to determine the appropriate amounts to claim as expenditures qualifying for federal financial participation; and
- Keep, maintain, and have readily retrievable any records specified by KDHE to fully disclose reimbursement amounts to which the eligible provider is entitled, and any other records required by CMS.

KDHE would be required to promptly seek any necessary federal approvals for the implementation of supplemental Medicaid reimbursements and would be

allowed to limit the reimbursements to those costs allowable under Title XIX of the federal Social Security Act. If federal approval is not obtained for implementation of the supplemental Medicaid reimbursements, the section of the bill related to the reimbursements would not be implemented.

KDHE would be required to submit claims for federal financial participation for the expenditures allowable under federal law for the services related to requirements for participation in the reimbursements. KDHE would also be required to submit any necessary materials to the federal government to provide assurances that claims for federal financial participation would include only those expenditures allowable under federal law.

KDHE would be able to utilize intergovernmental transfers or certified public expenditures to implement the supplemental Medicaid reimbursement subject to provisions and requirements of the bill.

### ***Intergovernmental Transfer Program***

KDHE would be required to design, and implement, in consultation and coordination with providers eligible for the program, an intergovernmental transfer program (Program) relating to Medicaid managed care, ground emergency medical transport services and those services provided by emergency medical services personnel at the emergency medical responder, emergency medical technician, advanced emergency medical technician, and paramedic levels in the prestabilization and preparation for transport.

A provider would only be eligible to transfer public funds to the State pursuant to the Program in an applicable reporting period if a provider meets both of the following conditions:

- Provides ground emergency medical transport services to Medicaid managed care enrollees

pursuant to a contract or other arrangement with a Medicaid managed care plan; and

- Is owned or operated by the state, a political subdivision or local government that employs or contracts with persons or providers who are licensed or permitted to provide emergency medical services in the state of Kansas, including hospitals and private entities to the extent permissible under federal law.

To the extent intergovernmental transfers are voluntarily made by and accepted from, an eligible provider described above or a governmental entity affiliated with an eligible provider, KDHE would be required to make increased capitation payments to applicable Medicaid managed care plans. The increased capitation payments would be required to be at least actuarially determined amounts to the extent permissible under federal law. Funds associated with intergovernmental transfers would be required to be used to fund additional payments to Medicaid managed care plans.

Medicaid managed care plans would be required to enter into contracts or contract amendments with eligible providers for the disbursement of increased capitation payments related to intergovernmental transfers.

The Program developed would be implemented on the date federal approval is obtained, and only to the extent intergovernmental transfers from the eligible provider, or the governmental entity with which it is affiliated, are provided for that purpose.

KHDE would be required to implement the Program and increased capitation payments on a retroactive basis, as approved by CMS and to the extent permissible by federal law. Participation in the Program would be voluntary on the part of the transferring entities for purposes of all applicable federal laws.

The bill would specify the Program would be required to be implemented without any additional State General Fund expenditures. As a condition of participation in the Program, eligible providers or the governmental entity affiliated with an eligible provider, would be required to agree to reimburse KDHE for any costs associated with implementing the Program. Intergovernmental transfers would be subject to a fee of up to 20.0 percent of the non-federal share paid to KDHE and would not be allowed to count as a cost of providing the services not to exceed 120.0 percent of the total amount.

As a condition of participation in the Program, Medicaid managed care plans, eligible providers, and governmental entities affiliated with eligible providers would be required to comply with any requests for information or similar data requirements imposed by KDHE for purpose of obtaining supporting documentation necessary to claim federal funds or to obtain federal approvals.

The Program would be implemented only if and to the extent federal financial participation is available and would not otherwise be jeopardized and any necessary federal approvals had been obtained.

KDHE would be allowed to return or not accept intergovernmental transfers, or adjust payments as necessary to comply with federal Medicaid requirements.

The state and KDHE would be required to implement whatever program CMS approves for use under the act.

## **Background**

The bill was introduced by the Senate Committee on Ways and Means. In the Senate Committee hearing, proponent testimony was provided by a representative from the Kansas State Association of Fire Chiefs who stated the bill would provide financial relief at the local level for those who voluntarily elect to participate. Written-only proponent

testimony was provided by representatives of the Kansas Legislative Policy Group and the California Fire Service.

Neutral testimony was provided by a representative of the Kansas Emergency Medical Services Board who provided general information on the impact of the bill.

No opponent testimony was received.

The Senate Committee amended the bill to clarify several provisions, including specifying eligible providers under both sections further and adding language related to the consideration of federal law. The Senate Committee also amended the bill to clarify KDHE would be permitted to use intergovernmental transfers or certified public expenditures to implement the supplemental Medicaid reimbursements.

In addition, the Senate Committee amended language related to intergovernmental transfers and Medicaid managed care plan.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, enactment of the bill would increase expenditures for KDHE by \$577,925, including \$288,963 for FY 2018 for a contract to train staff and collect and analyze cost data. The revenue and expenditures of \$6.3 million for FY 2019 would net to no impact. KDHE also estimates an additional 0.5 FTE position would be necessary for both FY 2018 and FY 2019 to implement the provisions in the bill. Any fiscal effect associated with the bill is not reflected in *The FY 2018 Governor's Budget Report*.