

State of Kansas  
Kansas Department of Health and Environment  
Division of Health Care Finance  
Public Notice

The Kansas Department of Health and Environment, Division of Health Care Finance (KDHE-DHCF) is amending the Kansas Medicaid State Plan to update the Medicaid Indirect Medical Education (IME) Factor. Methodology for the IME Factor now includes Large Public Kansas Teaching Hospitals.

The proposed effective date for the State Plan Amendment (SPA) is January 1, 2025.

Fee-For-Service Only	Estimated Federal Financial Participation
FFY 2025	\$ 0
FFY 2026	\$ 0

To request a copy of the proposed SPA, to submit a comment, or to review comments, please contact William C. Stelzner by email at [william.stelzner@ks.gov](mailto:william.stelzner@ks.gov) , or by mail:

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Division of Health Care Finance  
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Topeka, KS 66612.

The last day for public comment is January 6, 2025

Draft copies of the proposed SPA may also be found at a Local Health Department (LHD).

Christine Osterlund  
Medicaid Director  
Deputy Secretary of Agency Integration and Medicaid  
Division of Health Care Finance  
Kansas Department of Health and Environment

## KANSAS MEDICAID STATE PLAN

Attachment 4.19-A  
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### 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.

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 MSDRG 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 MSDRG 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.
- For Large Public Teaching Hospitals, this will be applied prior to the Academic Base Rate adjustment.