

UNDERSTANDING THE KANSAS MEDICAID HOSPITAL PROVIDER ASSESSMENT



WHAT IS THE MEDICAID PROVIDER ASSESSMENT?

The Kansas Medicaid Hospital Provider Assessment also known as the Health Care Access Improvement Program, collects funds from hospitals to draw down federal Medicaid funds. The State of Kansas then redistributes both the funds collected and the federal match to enhance Medicaid rates for hospitals and physicians. This redistribution to hospitals is called a state directed payment.



The provider assessment has been historically paid by Prospective Payment Hospitals, but all hospitals receive enhanced Medicaid rates. Beginning on Jan. 1, 2026, Critical Access Hospitals and Rural Emergency Hospitals above a specific revenue threshold will contribute to the provider assessment if the Centers for Medicare & Medicaid Services approves the Kansas 2026 preprint.

REVENUE COLLECTION AND DETAILS

The assessment payment is based on each hospital's net inpatient and outpatient revenue, as reported in their third prior year Medicare cost report. Example: 2025 assessment is based on the 2022 cost report.

- Paid to the state on May 30 and Nov. 30 each year.
- The assessment rate changes with the state fiscal year, which runs from July to June. We are currently in SFY 2026 because the fiscal year will end on June 30, 2026.
- The state provides 80 percent of the assessment funds to be collected on July 1 of each SFY, and the first payment during the SFY is not due until Nov. 30.



Hospital Assessment from PPS Only

\$397.3 Million

Federal Match

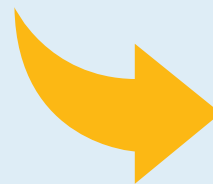
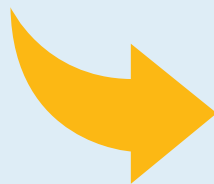
\$644.1 Million



Total Available to be Paid to Kansas Hospitals

\$1 BILLION

HOW ARE THE PAYMENTS MADE, CALCULATED AND DISTRIBUTED?



The payments are made through the Medicaid (KanCare) managed care organizations each quarter, based on Medicaid claims. The Managed Care Organizations receive funds from Kansas Department Health and Environment each quarter and distribute them to hospitals separately from their Medicaid claims.

The quarterly enhancement payments are estimated based on Medicaid dates of service and discharge from the quarter six months before the payment quarter.

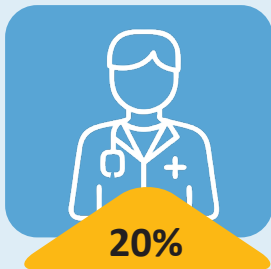
Payments are reconciled annually, six months after the end of the calendar year.

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HOW ARE THE FUNDS EXPENDED?



80%



20%

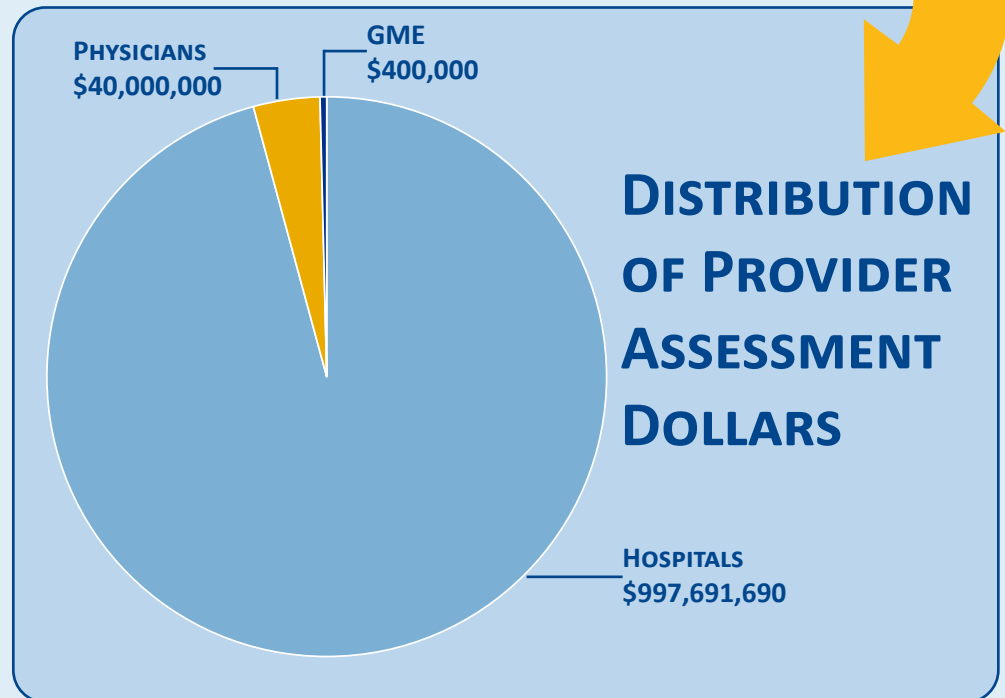


3.2%

By statute, expenditure of the funds is determined by the Health Care Access Improvement Panel and the state statute.

State statute breakdown:

- Not less than 80 percent to hospitals.
- Not more than 20 percent to physicians.
- Not more than 3.2 percent to Graduate Medical Education.



WHO OVERSEES THE FUND?

The Kansas Medicaid Hospital Provider Assessment is overseen by a 13-member Health Care Access Improvement Panel. The following is a breakdown of the panel.

- 3 individuals appointed by KHA – the Chairman is always one of these three members.
- 2 individuals appointed by the Kansas Medical Society.
- 3 Medicaid MCO representatives – one from each MCO.
- 1 individual appointed by the Community Care Network of Kansas.
- 1 individual appointed by the Speaker of the House.
- 1 individual appointed by the President of the Senate.
- 1 individual appointed by the Attorney General from the Office of the Inspector General.
- 1 individual appointed by the Governor from KDHE (KDHE Secretary).

WHAT ROLE DOES KHA PLAY IN THE PROCESS?

KHA serves as a liaison between KHA hospital members and KDHE, assists the hospital members of the panel, validates the calculation of the taxes and payments by KHA's contractor, Health Management Associates, and provides reports and support to members regarding the program.

PROGRESS REPORTS

KHA provides updates to hospital chief executive officers, chief financial officers, government relations executives and other staff designated by the hospitals via email, as well as through quarterly reports and historical dashboards for each hospital.

KHA CONTACT

Audrey Dunkel, Vice President Medicaid and Legal Affairs

Office: (785) 276-3116

Cell: (785) 221-8789

Email: adunkel@kha-net.org