MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

URGENT – IMMEDIATE ACTION REQUIRED

September 24, 2025

Re: Kansas Medicaid DSH Calculation – State Fiscal Year 2026

Surveys Due: November 7, 2025

Myers and Stauffer LC has been engaged by the Kansas Department of Health and Environment (KDHE) to determine hospital eligibility for receiving Medicaid Disproportionate Share Hospital (DSH) payments.

Medicaid FFS Primary claims data, Medicaid Managed Care excluding Medicare Crossover claims data, and Traditional Medicare Primary with Traditional Medicaid or Managed Care Medicaid Secondary claims data for your facility can now be downloaded from the Myers and Stauffer web portal using your secure login. Please refer to the Myers and Stauffer single sign-on file for instructions on how to access the web portal (Myers and Stauffer Portal Account Set up Instructions.docx). The hospital will be responsible for completing the survey data elements from their own records and the detailed claims data provided on the web portal.

The survey format is similar to prior year; please see the "Instructions" tab for information regarding how to complete the survey. Please refer to the example template (DSH Survey Exhibits A-C Hospital-Provided Claims Data - CAA.xlsx) for the data elements which are required.

Survey data is used to calculate the federal fiscal year DSH allotment and quarterly payment for each provider. For a checklist of items required to be submitted, please refer to Attachment A.

If a hospital wishes to waive their Kansas Medicaid DSH payment for SFY 2026, they only need to complete the DSH Waiver and MIUR Data tab of the survey.

To be considered for 2026 DSH payment eligibility, the hospital must fully complete the survey. **Please ensure the survey data is reported as accurately as possible. Submitted data will be subject to examination.** It is the obligation of each hospital to maintain detailed auditable records used in the reporting or correction of any data included in this DSH computation for up to five years after submission.

The completed DSH and UCC Survey and supporting documentation must be submitted to Myers and Stauffer no later than **5:00 P.M. Central Time, November 7, 2025,** to be considered for 2026 DSH payment eligibility.

PLEASE submit the data even if it is assumed the facility is not eligible, as potential statewide calculation changes not yet in effect may impact eligibility.

DEDICATED TO GOVERNMENT HEALTH PROGRAMS

700 W 47th Street, Suite 1100 | Kansas City, MO 64112
PH 816.945.5300 | PH 800.374.6858 | FX 816.945.5301
www.myersandstauffer.com

Overview for SFY 2026:

- In December 2020, Congress passed the Consolidated Appropriations Act which only allows the inclusion of costs and payments for services for which the Medicaid state plan or waiver is the primary payor for dually-enrolled (Medicare and Medicaid or private insurance and Medicaid) individuals. Therefore, the act entirely excludes both the costs and payments for services related to dually-enrolled individuals from the uncompensated care costs.

  Some hospitals may still qualify for an exception to continue to include the dually-enrolled individuals (costs and payments) in their uncompensated care costs, if it results in a higher DSH limit. To qualify for the exception, the hospital must be in the 97th percentile of all hospitals in the number of Medicare supplemental security income (SSI) days or percentage of Medicare SSI days to total inpatient days. The amendments took effect October 1, 2021, and apply to DSH payments made during fiscal years beginning on or after such date.

  All hospitals will continue to report dually-enrolled individuals (crossover and OME) on the survey. However, hospitals will need to classify claims per the guidance below on the SFY 2026 DSH and UCC survey in order for the UCC to be properly calculated. The following bullets detail the data to include in the specified columns on the survey.

  - In-State FFS Medicaid Primary should include Medicaid primary claims as well as Medicare or private insurance primary with Medicaid FFS secondary if the primary payor benefits (Medicare or private insurance) were exhausted or non-covered.
  - In-state Managed Care Medicaid excluding Medicare Crossovers should include managed care Medicaid primary as well as Medicare or private insurance primary with managed care Medicaid secondary if the primary payor benefits (Medicare or private insurance) were exhausted or non-covered.
  - In-State Traditional Medicare Primary with Traditional Medicaid or Managed Care Medicaid Secondary should include Medicare primary claims with either FFS Medicaid or managed care Medicaid secondary, consistent with prior years.
  - In-State Other Medicaid Eligible should include commercial insurance or Medicare HMO primary with Medicaid or Managed Care Medicaid secondary. Based upon the guidance provided in the 2014 Final DSH rule, providers must include claims with commercial insurance primary and Medicaid secondary, even if Medicaid made no payment on the claim.

  NOTE: These classifications also apply to the Out-of-State columns with the same names.

  - Medicaid FFS and Medicaid MCO Exhausted and Non-Covered should include claims for Medicaid-eligible patients where payment was denied, due to exhausted benefits prior to obtaining service or patient belonging to a limited Medicaid benefit plan that does not cover an otherwise Medicaid-covered service, for the specific hospital service provided. This population should include both in-state and out-of-state claims.

Items to make note of when preparing your data:

- The survey and Exhibit A-C Hospital-Provided Claims Data template files have been included with the initial data request and are available for download on the web portal under the event, "Initial DSH Data Request (Please Download)."
    - **Reminder:** As a result of the Consolidated Appropriations Act (described above), two additional columns were added to the Exhibit C tabs of the Exhibit A-C Hospital-Provided Claims Data template. For each claim, providers must indicate if the claim has any coverage other than Medicaid FFS or Medicaid Managed Care with a "Y" or "N" response.

- Provider Relief Fund General and Targeted Distribution payments should not be included in the determination of total inpatient and outpatient hospital payments for Medicaid beneficiaries. However, reimbursement for testing and treatment of uninsured individuals must be included.

- Zero paid claims will be included in the summary and detail reports of each payor type. There will not be a separate file listing the zero paid claims. The summary file for each payor type includes the zero paid days and charges included in the claims. In the detail paid claims report, column (AE) includes a 0/1 indicator with 1 indicating a zero paid claim. **Hospitals should still review all zero paid claims in order to determine if any payments were received for those claims. Include all payments received for zero paid claims on the DSH survey in the appropriate payor category.**

- MediKan and Title XXI charges and payments need to be **excluded** from the Survey. MediKan claims are not allowed as Medicaid since it is not a Title XIX program. In addition, MediKan is considered to be a public third party insurer and therefore, cannot be included as uninsured either. Please refer to the Excel files uploaded, which include separate listings for both the MediKan claims and the Title XXI claims. There is an exception for MediKan claims; if a claim retroactively becomes Title XIX, it may be included on the survey. The provider will be responsible for researching such claims and submitting a separate log for those added to the survey. Separate Excel files including the details for these claims are included for your reference.

- Providers may self-report Medicaid managed care and Medicare crossover claims. An Exhibit C must be submitted to be eligible for inclusion in the DSH UCC. Providers will be expected to provide a reconciliation between their self-reported data and the data provided by the state. If a reconciliation is not possible, Myers and Stauffer would expect to receive a detailed revenue working trial balance by payor/contract. The schedule should show charges, contractual adjustments, and revenues by payor plan and contract (e.g. Medicare, each Medicaid agency payor, each Medicaid managed care contract).

- Hospital cost should be reduced by total routine and ancillary swing bed costs and ancillary skilled nursing facility costs, if applicable.

700 W 47th Street, Suite 1100 | Kansas City, MO 64112
PH 816.945.5300 | PH 800.374.6858 | FX 816.945.5301
www.myersandstauffer.com

- When recording the routine per diem cost per day and ancillary cost-to-charge ratios be sure to add back the intern & resident costs removed on the cost report (Worksheet B part 1, column 25), as well as any RCE disallowance from the cost report (Worksheet C, column 4), if applicable.

- Any non-hospital charges and associated payments should be **excluded** from the survey.

- TPL payment fields *may* be incorrect for all payor types based on how the claim was submitted by the provider (or 3rd party payor) and/or how it was entered into the state's system. Providers should review the TPL, co-pay and spenddown payment amounts using their own records. The payment logs need to be submitted with the survey if the hospital's internal payments are utilized.

If you have any questions, please contact us at (800) 374–6858 or by email at KSDSH@mslc.com.

Sincerely,

Jack Burns

Jack Burns

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

Attachment A - DSH Survey Checklist

Please refer to instructions included in the DSH survey for further guidance.

1. Survey completed, signed and dated. Scanned copies of certificates are preferred.
2. KS DSH and UCC Survey in .xlsx or .xlsm format.
3. Electronic copy of Exhibit A – Uninsured Charges / Days
    a. Must be in Excel (.xlsx or .xlsm) or CSV (.csv) using either TAB or | (pipe symbol above the ENTER key).
    b. Description of logic used to compile Exhibit A. Include a copy of all financial classes and payor plan codes utilized during the cost report period and description of which codes were included or excluded if applicable.
4. Electronic copy of Exhibit B – Self Pay Payments.
    a. Must be in Excel (.xlsx or .xlsm) or CSV (.csv) using either TAB or | (pipe symbol above the ENTER key).
    b. Description of logic used to compile Exhibit B. Include a copy of all transaction codes utilized to post payments during the cost report period and a description of which codes were included or excluded, if applicable.
5. Electronic copy of Exhibit C for hospital-generated data (includes MCO, Medicare crossover, "Other" Medicaid eligible, Medicaid FFS & MCO Exhausted and Non-Covered, and/or out-of-state Medicaid data that is not supported by a state-provided or MCO-provided report).
    a. Must be in Excel (.xlsx or .xlsm) or CSV (.csv) using either TAB or | (pipe symbol above the ENTER key).
    b. Description of logic used to compile Exhibit C. Include a copy of all financial classes and payor plan codes utilized during the cost report period and description of which codes were included or excluded, if applicable.
6. Copies of all out-of-state Medicaid fee-for-service PS&Rs (Remittance Advice Summary or Paid Claims Summary including crossovers).
7. Copies of all out-of-state Medicaid managed care PS&Rs (Remittance Advice Summary or Paid Claims Summary including crossovers).
8. Support for Section 1011 (Undocumented Alien) payments if not applied at patient level in Exhibit B.
9. Documentation supporting out-of-state DSH payments received.
10. Financial statements to support total charity care charges and state/local government cash subsidies reported.
11. Revenue code cross-walk used to prepare cost report.

700 W 47th Street, Suite 1100 | Kansas City, MO 64112
PH 816.945.5300 | PH 800.374.6858 | FX 816.945.5301
www.myersandstauffer.com

12. Working trial balances
    a. A detailed working trial balance used to prepare each cost report (including revenues).
    b. A detailed revenue working trial balance by payor/contract. The schedule should show charges, contractual adjustments, and revenues by payor plan and contract (e.g. Medicare, each Medicaid agency payor, each Medicaid managed care contract).
13. Electronic copy of all cost reports used to prepare the DSH survey.
14. Documentation supporting cost report payments calculated for Medicaid/Medicare crossovers (dual eligible cost report payments).
15. Documentation supporting Medicaid managed care quality incentive payments, or any other Medicaid managed care lump sum payments.

700 W 47th Street, Suite 1100 | Kansas City, MO 64112
PH 816.945.5300 | PH 800.374.6858 | FX 816.945.5301
www.myersandstauffer.com