



ROBERT M. DAY, Ph.D, DIRECTOR

K A N S A S

KATHLEEN SEBELIUS, GOVERNOR

DIVISION OF HEALTH POLICY AND FINANCE

May 26, 2006

Dear Medical Provider:

I am pleased to announce that after June 1, 2006, the Division of Health Policy and Finance (DHPF) is increasing physician Medicaid payment rates.

Physician rates are being increased to approximately 83.0 percent of the comparable Medicare rate. Medicaid rates higher than that percentage are being kept the same. This will increase physician payments by \$32.0 million during state fiscal year 2007.

At the same time, we are increasing the payments to FirstGuard to correspond to the higher physician rates. When complete, rates paid to physicians across the Medicaid program will be increased due to the hospital assessment revenue.

The hospital provider assessment was enacted in state law in 2003 and the Division of Health Policy and Finance was successful in obtaining Centers for Medicare and Medicaid Services approval for the assessment in October 2005. This assessment on hospital revenues is being used to match Federal Medicaid funds for higher hospital and physician rates. Although it has taken some additional time to implement, physicians will see higher payments for services provided after June 1, 2006.

While I am happy to announce the rate changes, DHPF could not have made this progress without the support of the Health Care Access Improvement Panel, the Kansas Medical Society, the Kansas Hospital Association, the Governor's Office and the Kansas Legislature. Please consider the upcoming rate changes as an overdue payment for the critical services you provide to Medicaid beneficiaries across the state. Thank you for the work you do to improve the health of Kansans.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Day".

Robert Day
Director
Kansas Division of Health Policy and Finance

RMD:SCB:rjb

pc: Kansas Health Care Access Improvement Panel Members
Tom Bell, Kansas Hospital Association
Jerry Slaughter, Kansas Medical Society