

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-13-15  
Baltimore, Maryland 21244-1850



**Center for Medicaid and State Operations, CMSO**

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Mr. Jerry Phillips, Director  
Bureau of Health Services Financing  
Department of Health and Hospitals  
Post Office Box 91030  
Baton Rouge, Louisiana 70821-9030

SEP 24 2009

Attention: Sandra Victor

RE: Louisiana 09-23

Dear Mr. Phillips:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 09-23. The purpose of this amendment is to issue supplemental payments to hospitals that demonstrated substantial financial and operational challenges in the aftermath of Hurricanes Katrina, Rita, Gustav, and Ike in compliance with HB 879 of the 2009 Regular Session of the Legislature. Medicaid supplemental payments will be made to qualifying non-rural non-state public and private hospitals for dates of service from July 1, 2009 through December 31, 2010.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. As part of the review process the State was asked to provide information regarding funding of the State share of expenditures under Attachment 4.19-A. Based upon your assurances we are pleased to inform you that Medicaid State plan amendment 09-23 is approved effective July 1, 2009. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,

o

 Cindy Mann  
Director  
Center for Medicaid and State Operations (CMSO)

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER: <b>09-23</b>	2. STATE <b>Louisiana</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <b>July 1, 2009</b>	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: <b>42 CFR 447 Subpart C</b>		7. FEDERAL BUDGET IMPACT: a. FFY <u>2009</u> <b>\$35,204.40</b> b. FFY <u>2010</u> <b>\$105,613.20</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-A, Item 1, Page 8b(1)</b> <b>Attachment 4.19-A, Item 1, Pages 8b(2) and 8b(3);</b> <b>Attachment 4.19-A, Item 14a, Page 2</b> <b>Attachment 4.19-A, Item 14a, Pages 3 and 4;</b> <b>Attachment 4.19-A, Item 16, Page 2</b> <b>Attachment 4.19-A, Item 16, Pages 3 and 4</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <b>Same (TN 09-12)</b> <b>None (New Page)</b> <b>Same (TN 09-12)</b> <b>None (New Page)</b> <b>Same (TN 09-12)</b> <b>None (New Page)</b>	
10. SUBJECT OF AMENDMENT: <b>The purpose of this amendment is to issue a supplemental payment to hospitals that demonstrated substantial financial and operational challenges in the aftermath of Hurricanes Katrina, Rita, Gustav, and Ike in compliance with HB 879 of the 2009 Regular Session of the Legislature.</b>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <b>The Governor does not review state plan material.</b> <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  <i>fw</i>		16. RETURN TO:  <b>State of Louisiana</b> <b>Department of Health and Hospitals</b> <b>628 N. 4<sup>th</sup> Street</b> <b>PO Box 91030</b> <b>Baton Rouge, LA 70821-9030</b>	
13. TYPED NAME: <b>Alan Levine</b>		FOR REGIONAL OFFICE USE ONLY 17. DATE RECEIVED:  18. DATE APPROVED: <b>9-29-09</b>	
14. TITLE: <b>Secretary</b>			
15. DATE SUBMITTED: <b>June 29, 2009</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>JUL - 1 2009</b>		20. SIGNATURE OF REGIONAL OFFICIAL:  <i>[Signature]</i>	
21. TYPED NAME: <b>William Lasowski</b>		22. TITLE: <b>Deputy Director, CMSO</b>	
23. REMARKS:			

STATE OF LOUISIANA  
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - IN-PATIENT HOSPITAL CARE**

**b. Non-Rural Non-State Hospital Supplemental Payments**

Effective for dates of service on or after July 1, 2009, Medicaid Supplemental payments will be made to qualifying non-rural non-state public and private hospitals for dates of service from July 1, 2009 through December 31, 2010 as follows.

1) Hospitals impacted by Hurricane Katrina

Maximum aggregate payments to all qualifying hospitals in this group (which includes outpatient supplemental payments described in Attachment 4.19-B, Item 2.a.) will not exceed \$170,000,000.

a) Qualifying criteria – Non-rural non-state public or private hospital which is located in DHH Administrative Region 1 and identified in the July 17, 2008 United States Governmental Accountability Office report as a hospital that has demonstrated substantial financial and operational challenges in the aftermath of Hurricane Katrina.

b) Payment Methodology – Each eligible qualifying hospital shall receive quarterly supplemental payments which in total do not exceed a specified individualized hospital limit. Each hospital's limit shall be calculated by multiplying their Medicaid paid days for SFY 2008 dates of service weighted by 1.5 (to cover the 18 month payment period) and then multiplied by 90% by the following rates:

East Jefferson	\$1,083.57
Ochsner Baptist Medical Center	\$4,607.06
Ochsner Foundation Hospital	\$850.75
Ochsner Medical Center Kenner	\$1,486.24
Touro Infirmary	\$927.06
Tulane University Hospital and Clinic	\$1,267.40
West Jefferson Medical Center	\$406.67

If a hospital's number of licensed beds at the end of SFY 2008 were less than 50% of the number of licensed beds at the end of SFY 2009, Medicaid paid days for SFY 2009 dates of service shall be multiplied by the above rates to determine the limit. If two qualifying hospitals merged under a single Medicaid provider number subsequent to the end of SFY 2008, the paid days of the two hospitals will be combined under the surviving hospital provider number.

Effective for dates of service on or after July 1, 2009, supplemental payments will be made quarterly for the inpatient services provided during that quarter. Quarterly payment distribution shall be calculated using the Medicaid paid days for SFY 2008 (or SFY 2009 as applicable) serving as a proxy for SFYs 2010 and 2011 service days and multiplying by the above hospital specific rate. Payments are applicable to Medicaid service dates provided during each quarter and will end when the hospital specific cap is reached or December 31, 2010 whichever occurs first.

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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - IN-PATIENT HOSPITAL CARE**

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2) Other Hospitals impacted by Hurricanes Katrina and Rita.

Maximum aggregate payments to all qualifying hospitals in this group (which includes inpatient psychiatric hospital supplemental payments described in Attachment 4.19-A, Item 14a and Item 16) will not exceed \$10 million.

- a) Qualifying criteria – Non- rural non-state public or private general acute care or freestanding inpatient psychiatric hospital which did not qualify for inclusion in Group 1) above, which is located in either the New Orleans or Lake Charles metropolitan statistical area (MSA), and had at least 1,000 paid Medicaid days for SFY 2008 dates of service and is currently operational.
- b) Payment Methodology – Effective for dates of service on or after July 1, 2009, each eligible qualifying hospital shall receive quarterly supplemental payments which in total do not exceed \$1,200,000 per hospital for the 18 month period. Payments are applicable to Medicaid service dates provided during each quarter and will end on December 31, 2010 or when the \$1,200,000 limit is reached, whichever occurs first. Payments distributed in the qualifying quarters will be calculated as follows using Medicaid paid days for state fiscal year 2008 service dates serving as a proxy for state fiscal years 2010 and 2011 service dates.
  - i. Qualifying hospitals with greater than 7,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$60 per Medicaid paid day.
  - ii. Qualifying hospitals with greater than 1,000, but less than or equal to 7,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$130 per Medicaid paid day.

3) Hospitals Impacted by Hurricanes Gustav and Ike.

Maximum aggregate payments to all qualifying hospitals in this group (which includes inpatient psychiatric hospital supplemental payments described in Attachment 4.19-A, Item 14a and Item 16) will not exceed \$7,500,000.

- a) Qualifying Criteria – Non- rural non-state public or private general acute care or freestanding inpatient psychiatric hospital which did not qualify for inclusion in either Group 1) or Group 2) above may receive a supplemental payment if the hospital is located in either DHH Administrative Region 2 (Baton Rouge) or 3 (Thibodaux), had at least 1,000 paid Medicaid days for state fiscal year 2008 service dates and is currently operational.
- b) Payment Methodology – Effective for dates of service on or after July 1, 2009, each eligible hospital shall receive quarterly supplemental payments which in total do not exceed \$1,200,000 per hospital for the 18 month period. Payments are applicable to Medicaid service dates provided during each quarter and will end on December 31, 2010 or when the \$1,200,000 limit is reached, whichever

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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - IN-PATIENT HOSPITAL CARE**

occurs first. Payments distributed in the qualifying quarters will be calculated as follows using Medicaid paid days for state fiscal year 2008 service dates serving as a proxy for state fiscal years 2010 and 2011 service dates.

- i. Qualifying hospitals with greater than 20,000 paid Medicaid days for state fiscal year 2008 service dates will be paid \$60 per Medicaid paid day.
- ii. Qualifying hospitals with greater than 2,500, but less than or equal to 20,000 paid Medicaid days for state fiscal year 2008 service dates will be paid \$105 per Medicaid paid day.
- iii. Qualifying hospitals with greater than 1,000, but less than or equal to 2,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$225 per Medicaid paid day.

4) Hurricane Impacted Freestanding Rehabilitation and Long Term Acute Care Hospitals

Maximum aggregate payments to all qualifying hospitals in this group will not exceed \$500,000.

- a) Qualifying Criteria – Medicare designated freestanding rehabilitation hospital or long term acute hospital that is located in DHH Administrative Region 1 (New Orleans), 2 (Baton Rouge), 3 (Thibodaux), 5 (Lake Charles), or 9 (Mandeville), and had at least 100 paid Medicaid days for SFY 2008 dates of service.
- b) Payment Methodology – Effective for dates of service on or after July 1, 2009, each eligible hospital shall receive quarterly supplemental payments. Payments distributed in the qualifying quarters will be calculated using Medicaid paid days for state fiscal year 2008 service dates serving as a proxy for state fiscal years 2010 and 2011 service dates multiplied by \$40 per Medicaid paid day. Payments are applicable to Medicaid service dates provided during each quarter and will end on December 31, 2010 or when the \$500,000 maximum payment limit for this group is reached, whichever occurs first.

**c. Teaching Hospitals**

**i. Definition of Qualifying Hospitals**

In order to qualify for the supplemental payment, an acute care hospital must meet the following criteria. The hospital must:

1. be a non-rural, non-state hospital;
2. have a documented affiliation agreement with a Louisiana medical school accredited by the liaison Committee on Medical Education (LCME);

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -- OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

- e. Effective for dates of service on or after February 20, 2009, the prospective per diem rate paid to non-rural, non-state free-standing psychiatric hospitals shall be reduced by 3.5 percent of the rate on file as of February 19, 2009.
2. Provisions for Disproportionate Share Payments
    - a. Effective for services provided on or after July 1, 1988, hospitals qualifying as disproportionate share providers shall have payment adjustment factors applied in accordance with the guidelines outlined in Attachment 4.19-A, Item 1, Section D.
    - b. Disproportionate share payments cumulative for all DSH payments under the pools or any other DSH payment methodology shall not exceed the federal disproportionate share state allotment for each federal fiscal year established under Public Law 102-234.

3. Supplemental Payments for Non-Rural, Non-State Hospitals

Effective for dates of service on or after July 1, 2009, Medicaid Supplemental payments will be made to qualifying non-rural non-state public and private hospitals for dates of service from July 1, 2009 through December 31, 2010 as follows.

- a. Other Hospitals impacted by Hurricanes Katrina and Rita.

Maximum aggregate payments to all qualifying hospitals in this group (which includes inpatient hospital supplemental payments described in Attachment 4.19-A, Item 1, Section I.B.9.b.2) will not exceed \$10 million.

- 1) Qualifying criteria -- Non-state freestanding psychiatric hospital which is located in either the New Orleans or Lake Charles metropolitan statistical area (MSA), and had at least 1,000 paid Medicaid days for SFY 2008 dates of service and is currently operational.

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- 2) Payment Methodology – Effective for dates of service on or after July 1, 2009, each eligible qualifying hospital shall receive quarterly supplemental payments which in total do not exceed \$1,200,000 per hospital for the 18 month period. Payments are applicable to Medicaid service dates provided during each quarter and will end on December 31, 2010 or when the \$1,200,000 limit is reached, whichever occurs first. Payments distributed in the qualifying quarters will be calculated as follows using Medicaid paid days for state fiscal year 2008 service dates serving as a proxy for state fiscal years 2010 and 2011 service dates.
  - i. Qualifying hospitals with greater than 7,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$60 per Medicaid paid day.
  - ii. Qualifying hospitals with greater than 1,000, but less than or equal to 7,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$130 per Medicaid paid day.
- b. Hospitals Impacted by Hurricanes Gustav and Ike.

Maximum aggregate payments to all qualifying hospitals in this group (which includes inpatient hospital supplemental payments described in Attachment 4.19-A, Item 1, Section I.B.9.b.3) will not exceed \$7,500,000.

  - 1) Qualifying Criteria – Non-state freestanding inpatient psychiatric hospital which did not qualify for inclusion in Group a. above may receive a supplemental payment if the hospital is located in either DHH Administrative Region 2 (Baton Rouge) or 3 (Thibodaux), had at least 1,000 paid Medicaid days for state fiscal year 2008 service dates and is currently operational.

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  - i. Qualifying hospitals with greater than 20,000 paid Medicaid days for state fiscal year 2008 service dates will be paid \$60 per Medicaid paid day.
  - ii. Qualifying hospitals with greater than 2,500, but less than or equal to 20,000 paid Medicaid days for state fiscal year 2008 service dates will be paid \$105 per Medicaid paid day.
  - iii. Qualifying hospitals with greater than 1,000, but less than or equal to 2,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$225 per Medicaid paid day.

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    - b. Disproportionate share payments cumulative for all DSH payments under the pools or any other DSH payment methodology shall not exceed the federal disproportionate share state allotment for each federal fiscal year
3. Supplemental Payments for Non-Rural, Non-State Hospitals

Effective for dates of service on or after July 1, 2009, Medicaid Supplemental payments will be made to qualifying non-rural non-state public and private hospitals for dates of service from July 1, 2009 through December 31, 2010 as follows.

    - a. Other Hospitals impacted by Hurricanes Katrina and Rita.

Maximum aggregate payments to all qualifying hospitals in this group (which includes inpatient psychiatric hospital supplemental payments described in Attachment 4.19-A, Item 14a and Item 16) will not exceed \$10 million.

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  - i. Qualifying hospitals with greater than 7,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$60 per Medicaid paid day.
  - ii. Qualifying hospitals with greater than 1,000, but less than or equal to 7,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$130 per Medicaid paid day.
- b. Hospitals Impacted by Hurricanes Gustav and Ike.

Maximum aggregate payments to all qualifying hospitals in this group (which includes inpatient hospital supplemental payments described in Attachment 4.19-A, Item 1, Section I.B.9.b.3) will not exceed \$7,500,000.

  - 1) Qualifying Criteria – Non-state freestanding inpatient psychiatric hospital which did not qualify for inclusion in Group a. above may receive a supplemental payment if the hospital is located in either DHH Administrative Region 2 (Baton Rouge) or 3 (Thibodaux), had at least 1,000 paid Medicaid days for state fiscal year 2008 service dates and is currently operational.

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- 2) Payment Methodology – Effective for dates of service on or after July 1, 2009, each eligible hospital shall receive quarterly supplemental payments which in total do not exceed \$1,200,000 per hospital for the 18 month period. Payments are applicable to Medicaid service dates provided during each quarter and will end on December 31, 2010 or when the \$1,200,000 limit is reached, whichever occurs first. Payments distributed in the qualifying quarters will be calculated as follows using Medicaid paid days for state fiscal year 2008 service dates serving as a proxy for state fiscal years 2010 and 2011 service dates.
  - i. Qualifying hospitals with greater than 20,000 paid Medicaid days for state fiscal year 2008 service dates will be paid \$60 per Medicaid paid day.
  - ii. Qualifying hospitals with greater than 2,500, but less than or equal to 20,000 paid Medicaid days for state fiscal year 2008 service dates will be paid \$105 per Medicaid paid day.
  - iii. Qualifying hospitals with greater than 1,000, but less than or equal to 2,500 paid Medicaid days for state fiscal year 2008 service dates will be paid \$225 per Medicaid paid day.

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