

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

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

MAR - 9 2011

Attention: Sandra Victor

RE: Louisiana 10-73

Dear Mr. Gregory:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-73. Effective for dates of services on or after January 1, 2011, the inpatient per diem rate paid to private acute care hospitals, including long term hospitals, shall be reduced 2 percent of the per diem rate as of December 31, 2010. In addition, prospective per diem rates paid to children's specialty hospitals and to non-rural, non-state distinct part psychiatric units shall be reduced by 2 percent.

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 access to care issues and the funding of the State share of expenditures under Attachment 4.19-A. Based upon your assurances, Medicaid State plan amendment 10-73 is approved effective January 1, 2011. We are enclosing the HCFA-179 and the amended plan pages.

CMS is approving this SPA; however, due to concerns regarding potential problems with access to care, CMS will continue to inquire about the results of the State's planned efforts to monitor access to care to help determine whether it has been negatively affected by this rate reduction or due to the State's rate reductions since 2009. Thank you for working with CMS on this issue.

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

Sincerely,

J Cindy Mann
Director

Center for Medicaid, CHIP, and Survey & Certification

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

10-73

2. STATE

Louisiana

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:
January 1, 2011 *
~~December 1, 2010~~

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447, Subpart C

7. FEDERAL BUDGET IMPACT: *

a. FFY 2011 (\$4,896,924) ~~(\$6,280.65)~~
b. FFY 2012 (\$7,266,086) ~~(\$6,696.60)~~

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Item 1, Page 7c
Attachment 4.19-A, Item 1, Pages 101(1)(b), 101(1)(c)
Attachment 4.19-A, Item 14a, Page 2
Attachment 4.19-A, Item 16, Page 2

9. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If Applicable):

~~Pending (TN 10-50)~~ *
~~Pending (TN 10-50)~~
~~Pending (TN 10-50)~~
~~Pending (TN 10-50)~~

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to reduce the reimbursement rates paid to inpatient non-rural, non-state hospitals in order to avoid a budget deficit.**

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

The Governor does not review state plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Bruce D. Greenstein

14. TITLE:

Secretary

15. DATE SUBMITTED:

December 17, 2010

16. RETURN TO:

State of Louisiana
Department of Health and Hospitals
628 N. 4th Street
PO Box 91030
Baton Rouge, LA 70821-9030

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 20 December, 2010

18. DATE APPROVED:
03-09-11

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN - 1 2011

21. TYPED NAME:

William Lasowski

22. TITLE:

Deputy Director, CMCS

23. REMARKS:

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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

2. Qualifying NICU Level III regional services with current per diem rates that are less than 85 percent of the NICU Level III regional specialty group rate shall have their per diem rates adjusted to equal 85 percent of the specialty group rate.
3. Qualifying PICU Level I services with current per diem rates that are less than 77 percent of the PICU Level I specialty peer group rate shall have their per diem rates adjusted to equal 77 percent of the specialty peer group rate.
4. Qualifying PICU Level II services with current per diem rates that are less than the PICU Level II specialty peer group rate shall have their per diem rates adjusted to equal 100 percent of the specialty group rate.

Effective for dates of service on or after February 3, 2010, the inpatient per diem rate paid to private acute care hospitals, including long term hospitals, shall be reduced by 5 percent of the per diem rate on file as of February 2, 2010.

Effective for dates of service on or after August 1, 2010, the inpatient per diem rate paid to private acute care hospitals, including long term hospitals, shall be reduced by 4.6 percent of the per diem rate on file as of July 31, 2010.

Effective for dates of service on or after January 1, 2011, the inpatient per diem rate paid to private acute care hospitals, including long term hospitals, shall be reduced by 2 percent of the per diem rate on file as of December 31, 2010.

Payment for Graduate Medical Education (GME) costs must be limited to the direct cost of interns and residents in addition to the teaching physician supervisory costs. Teaching physician supervisory costs shall be limited in accordance with the provisions of the Medicare Provider Reimbursement Manual. The GME component of the rate shall be based on hospital specific graduate medical education Medicaid cost for the latest year on which hospital prospective reimbursements are rebased trended forward in accordance with the prospective reimbursement methodology for hospitals.

Hospitals implementing GME programs approved after the latest year on which hospital prospective reimbursements have been rebased shall have a GME component based on the first full cost reporting period that the approved GME program is in existence trended forward in accordance with the prospective reimbursement methodology for hospitals.

If it is subsequently discovered that a hospital has been reimbursed as a major or minor teaching hospital and did not qualify for that peer group for any reimbursement period, retroactive adjustment shall be made to reflect the correct peer group to which the facility should have been assigned. The resulting overpayment will be recovered through immediate recoupment from any funds due to the hospital from the Department.

In order for facilities that do not qualify as major or minor teaching facilities to be reimbursed for GME, the GME must be recognized by the Medical Assistance Program for reimbursement and shall be limited to facilities having a documented affiliation agreement with a Louisiana medical school accredited by the Liaison Committee on Medical Education (LCME).

TN# 10-73

Approval Date MAR 9 2011

Effective Date 01-01-11

Supersedes

TN# 10-50

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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:

- b. Services shall be reimbursed at the lesser of cost or the target rate per discharge ceiling. The base period target rate per discharge ceiling amount shall be calculated using the allowable inpatient cost per discharge per the cost reporting period ended in SFY 2009. The target rate shall be inflated using the update factors published by CMS beginning with cost reporting periods starting on or after January 1, 2010.

Effective for dates of services on or after September 1, 2009, payment shall be the lesser of the allowable inpatient costs as determined by the cost report or the Medicaid days for the period for each specialty or type of transplant multiplied times the per diem limitation for the period.

Costs and per discharge/per diem limitation comparisons shall be calculated and applied separately for acute, psychiatric and each specialty service.

- c. Children's specialty hospitals shall not be eligible for outlier payments after September 1, 2009.
- d. Qualifying and receiving reimbursement as a children's specialty hospital shall not preclude these hospitals from participation in the Medicaid Program under the high Medicaid or graduate medical education supplemental payments provisions. Medicaid supplemental payments related to the high Medicaid and graduate medical education supplemental payment provisions shall be included as an interim Medicaid inpatient payment in the determination of the cost settlement amounts on the filed cost report.

Effective for dates of service on or after February 3, 2010, the rates to children's specialty hospitals shall be reduced by 5 percent. Final payment shall be the lesser of allowable inpatient acute care and psychiatric costs as determined by the cost report or the Medicaid discharges or days as specified for the period, multiplied by 95 percent of the target rate per discharge or per diem limitation as specified for the period.

Effective for dates of service on or after August 1, 2010, the rates paid to children's specialty hospitals shall be reduced by 4.6 percent. Final payment shall be the lesser of allowable inpatient acute care and psychiatric costs as determined by the cost report or the Medicaid discharges or days as specified for the period, multiplied by 90.63 percent of the target rate per discharge or per diem limitation as specified for the period.

Effective for dates of service on or after January 1, 2011, the rates paid to children's specialty hospitals shall be reduced by 2 percent. Final payment shall be the lesser of allowable inpatient acute care and psychiatric costs as determined by the cost report or the Medicaid discharges or days as specified for the period, multiplied by 88.82 percent of the target rate per discharge or per diem limitation as specified for the period.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-A
Item 1, Page 10 | (I) (c)

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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:

11. Effective for dates of service on or after October 1, 2009, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be increased by 3 percent of the rate on file.
12. Effective for dates of service on or after February 3, 2010, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 5 percent of the rate on file as of February 2, 2010.
13. Effective for dates of service on or after August 1, 2010, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 4.6 percent of the rate on file as of July 31, 2010.
14. Effective for dates of service on or after January 1, 2011, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 2 percent of the rate on file as of December 31, 2010.

G. Transplant Services

Routine operating costs and ancillary charges associated with an approved transplant are carved out of the hospital's cost report. Reimbursement is limited to the lesser of cost or the hospital-specific per diem limitation for each type of transplant.

Cost is defined as the hospital-specific ratio of cost to charges from the base period multiplied by the covered charges for the specific transplant type.

Per diem limitation is calculated by deriving the hospital's per diem for the transplant type from the hospital's base period trended forward using the Medicare target rate percentage for PPS-exempt hospitals each year.

The base period is the cost reporting period for the hospital fiscal year ending September 30, 1983 through August 31, 1984 or the first cost report filed subsequently that contains costs for that type of transplant.

TN# 10-73
Supersedes
TN# 10-50

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-A
Item 14a, Page 2

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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.
 - f. Effective for dates of service on or after August 4, 2009, the prospective per diem rate paid to non-rural, non-state free-standing psychiatric hospitals shall be reduced by 5.8 percent of the rate on file as of August 3, 2009.
 - g. Effective for dates of service on or after October 1, 2009, the prospective per diem rate paid to non-rural, non-state free-standing psychiatric hospitals shall be increased by 3 percent of the rate on file.
 - h. Effective for dates of service on or after February 3, 2010, the prospective per diem rate paid to non-rural, non-state free standing psychiatric hospitals shall be reduced by 5 percent of the per diem rate on file as of February 2, 2010.
 - i. Effective for dates of service on or after August 1, 2010, the prospective per diem rate paid to non-rural, non-state free standing psychiatric hospitals shall be reduced by 4.6 percent of the per diem rate on file as of July 31, 2010.
 - j. Effective for dates of service on or after January 1, 2011, the prospective per diem rate paid to non-rural, non-state free standing psychiatric hospitals shall be reduced by 2 percent of the per diem rate on file as of December 31, 2010.
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.

TN# 10-73
Supersedes
TN# 10-50

Approval Date MAR - 9 2011

Effective Date 01-01-11

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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 - h. Effective for dates of service on or after February 3, 2010, the prospective per diem rate paid to non-rural, non-state free standing psychiatric hospitals shall be reduced by 5 percent of the per diem rate on file as of February 2, 2010.
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