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State/Territory Name: Louisiana

State Plan Amendment (SPA) #: 14-37 NIRT

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

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



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**Financial Management Group**

**FEB 09 2015**

Ms. Ruth Kennedy, Director  
Bureau of Health Services Financing  
Department of Health and Hospitals  
Post Office Box 91030  
Baton Rouge, Louisiana 70821-9030

RE: Louisiana 14-0037

Dear Ms. Kennedy:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 14-0037. Louisiana Department of Health and Hospitals submitted this amendment to change several provisions under inpatient hospital services. First, the outlier payment that is referenced in TN#14-0037 is proposing to allow Children's Hospital to participate in outlier payments. Children's Hospital does not qualify as a provider under the current approved methodology for outlier pool payments. Second, the State proposes a prospective reimbursement methodology for neonatal intensive care unit (NICU) and distinct part psychiatric care (DPP). The State determined a prospective rate based on the "as filed" fiscal year end cost report ending during SFY 2014.

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 the information provided by the State, Medicaid State plan amendment 14-0037 is approved effective October 4, 2014. We are enclosing the CMS-179 and the new plan pages.


If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,

A large black rectangular redaction box covers the signature area of the letter.

Timothy Hill  
Director

A handwritten signature in black ink is written over the redacted area and extends to the right of the printed name.

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>14-0037</b>	2. STATE <b>Louisiana</b>
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</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>October 4, 2014</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>2015</u> (105.13)( <del>\$32.55</del> ) b. FFY <u>2016</u> (38.62)( <del>\$131.18</del> )	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-A, Item 1, Pages 8e and 8f</b> <b>Attachment 4.19-A, Item 1, Page 8f (1)</b> <b>Attachment 4.19-A, Item 1, Page 10l (1)(b)</b> <b>Attachment 4.19-A, Item 1, Page 10l (1)(b)1 (Remove page)</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>Same (TN 09-42)</b> <b>None (New Page)</b> <b>Same (TN 10-73)</b> <b>Same (TN 13-02) Remove page</b>	
10. SUBJECT OF AMENDMENT: <b>The purpose of this amendment is to amend the provisions governing the reimbursement methodology for inpatient hospital services rendered by children's specialty hospitals to revise the reimbursement methodology and establish outlier payment provisions.</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:		16. RETURN TO:	
13. TYPED NAME: <b>Kathy H. Kliebert</b>		<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>	
14. TITLE: <b>Secretary</b>			
15. DATE SUBMITTED: <b>November 18, 2014</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 11-18-2014		18. DATE APPROVED: <b>FEB 09 2015</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10-4-2014 <b>OCT 04 2014</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Kristen FAN</b>		22. TITLE: <b>Deputy Director, FMG</b>	
23. REMARKS: <b>The State requests pen and ink changes to Box 7.</b>			

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:

State: Louisiana  
Date Received: November 18, 2014  
Date Approved:  
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Transmittal Number: 14-0037

11. **Reimbursement for In-State Children’s Specialty Hospitals**

a. Qualifications

In order to qualify to receive Medicaid reimbursement as an in-state children’s specialty hospital, a non-rural, non-state acute care hospital must meet the following criteria. The hospital must:

- (1) be recognized by Medicare as a prospective payment system (PPS) exempt children’s specialty hospital;
- (2) not qualify for Medicare disproportionate share hospital payments; and
- (3) have a Louisiana Medicaid inpatient days utilization rate greater than the mean plus two standard deviations of the Medicaid utilization rates for all hospitals in the state receiving Medicaid payments.

b. Reimbursement Methodology

Effective for dates of service on or after October 4, 2014, hospitals that meet the above qualifications shall be eligible for outlier payments.

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.

Reimbursement shall be made in accordance with the following children’s specialty hospitals services:

(1) **Routine Pediatric Inpatient Services**

For dates of service on or after October 4, 2014, payment shall be made per a prospective per diem rate that is 81.1 percent of the routine pediatric inpatient cost per day as calculated per the “as filed” fiscal year end cost report ending during SFY 2014. The “as filed” cost report will be reviewed by the department for accuracy prior to determination of the final per diem rate.

(2) **Carve-Out Specialty Services**

Carve-out specialty services are rendered by neonatal intensive care units, pediatric intensive care units, burn units and include transplants.

TN# 14-0037  
Supersedes  
TN# 09-42

Approval Date FEB 09 2015

Effective Date 10-04-2014

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:**

Neonatal Intensive Care Units, Pediatric Intensive Care Units, and Burn Units

For dates of service on or after October 4, 2014, payment for neonatal intensive care units, pediatric intensive care units, and burn units shall be made per prospective per diem rates that are 84.5 percent of the cost per day for each service as calculated per the “as filed” fiscal year end cost report ending during SFY 2014. The “as filed” cost report will be reviewed by the department for accuracy prior to determination of the final per diem rate.

Transplants

Payment shall be the lesser of costs or the per diem limitation for each type of transplant. The base period per diem limitation amounts shall be calculated using the allowable inpatient cost per day for each type of transplant per the cost reporting period which ended in SFY 2009. The target rate shall be inflated using the update factors published by the Centers for Medicare and Medicaid (CMS) beginning with the cost reporting periods starting on or after January 1, 2010.

For dates of service 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 type of transplant multiplied times the per diem limitation for the period.

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 costs as determined by the cost report or the Medicaid days as specified for the period, multiplied by 95 percent of the target rate 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 costs as determined by the cost report or the Medicaid days as specified for the period, multiplied by 90.63 percent of the target rate 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 costs as determined by the cost report or the Medicaid days as specified for the period multiplied by 88.82 percent of the target rate per diem limitation as specified for the period

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STATE OF LOUISIANA  
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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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:

Effective for dates of service on or after August 1, 2012, the per diem rates paid to children's specialty hospitals shall be reduced by 3.7 percent. Final payment shall be the lesser of allowable inpatient acute care costs as determined by the cost report or the Medicaid days as specified for the period, multiplied by 85.53 percent of the target rate per diem limitation as specified for the period.

Effective for dates of service on or after February 1, 2013, the per diem rates paid to children's specialty hospitals shall be reduced by 1 percent. Final payment shall be the lesser of allowable inpatient acute care costs as determined by the cost report or the Medicaid days as specified for the period, multiplied by 84.67 percent of the target rate per diem limitation as specified for the period.

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TN# 14-0037  
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STATE OF LOUISIANA  
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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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:

- b. For dates of service on or after October 4, 2014, payment shall be a prospective per diem rate that is 100 percent of the distinct part psychiatric cost per day as calculated per the “as filed” fiscal year end cost report ending during SFY 2014. The “as filed” cost report will be reviewed by the department for accuracy prior to determination of the final per diem rate.  
  
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 be eligible for outlier payments for dates of service on or after October 4, 2014.
- 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.

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TN# 14-0037  
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