

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



---

**Financial Management Group**

February 17, 2021

Tara A. LeBlanc  
Interim Medicaid Executive Director  
Bureau of Health Services Financing  
Department of Health  
628 North Fourth Street  
Post Office Box 91030  
Baton Rouge, Louisiana 70821-9030

RE: Louisiana State Plan Amendment (SPA) 20-0019

Dear Ms. LeBlanc:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 20-0019. Effective for services on or after December 20, 2020. The Louisiana Department of Health, Bureau of Health Services Financing proposes to amend the provisions governing the reimbursement methodology for nursing facilities in order to increase the allowable square footage for calculating payments when a Medicaid participating nursing facility has at least 15 percent of its licensed beds in private rooms.

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. We hereby inform you that Medicaid State plan amendment 20-0019 is approved effective December 20, 2020. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

[Redacted Signature]

For

Rory Howe  
Acting Director

Enclosure

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER <b>20-0019</b>	2. STATE <b>Louisiana</b>
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
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	4. PROPOSED EFFECTIVE DATE <b>December 20, 2020</b>	

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 <b>2021</b> <b>\$ 4,465,531</b> b. FFY <b>2022</b> <b>\$ 3,861,661</b>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  <b>Attachment 4.19-D, Page 7a</b> <b>Attachment 4.19-D, Page 8</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <b>Same (TN 17-0005)</b> <b>Same (TN 06-33)</b>

10. SUBJECT OF AMENDMENT:

**The purpose of the SPA is to amend the provisions governing the reimbursement methodology for nursing facilities in order to increase the allowable square footage for calculating payments when a Medicaid participating nursing facility has at least 15 percent of its licensed beds in private rooms.**

11. GOVERNOR'S REVIEW (Check One)


GOVERNOR'S OFFICE REPORTED NO COMMENT                       OTHER, AS SPECIFIED  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED                      The Governor does not review State Plan material.  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO <b>Tara A. LeBlanc</b> <b>Interim Medicaid Executive Director</b> <b>State of Louisiana</b> <b>Department of Health</b> <b>628 North 4<sup>th</sup> Street</b> <b>P.O. Box 91030</b> <b>Baton Rouge, LA 70821-9030</b>
13. TYPED NAME <b>Ruth Johnson, designee for Dr. Courtney N. Phillips</b>	
14. TITLE <b>Secretary</b>	
15. DATE SUBMITTED <b>November 20, 2020</b>	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED	18. DATE APPROVED <p style="text-align:right;">02/17/21</p>
-------------------	--

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL <p style="text-align:center;">12/20/20</p>	20.  For
21. TYPED NAME <p style="text-align:center;">Rory Howe</p>	22. TITLE <p style="text-align:center;">Acting Director, FMG</p>

23. REMARKS

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – NURSING FACILITY SERVICES  
AND INTERMEDIATE CARE FACILITY SERVICES FOR INDIVIDUALS WITH INTELLECTUAL  
DISABILITIES

- ii. The administrative and operating component of the rate shall be determined as follows.
  - (1) The per diem administrative and operating cost for each nursing facility is determined by dividing the facility's administrative and operating cost during the base year cost reporting period by the facility's actual total resident days during the base year cost reporting period. These costs shall be trended forward from the midpoint of the facility's base year cost report period to the midpoint of the rate year using the index factor.
  - (2) Each facility's per diem administrative and operating cost is arrayed from low to high and the resident day-weighted median cost is determined.
  - (3) The statewide administrative and operating price is established at 107.5 percent of the administrative and operating resident-day-weighted median cost.
- iii. The capital component of the rate for each facility shall be determined as follows.
  - (1) The capital cost component rate shall be based on a fair rental value (FRV) reimbursement system. Under a FRV system, a facility is reimbursed on the basis of the estimated current value, also referred to as the current construction costs, of its capital assets in lieu of direct reimbursement for depreciation, amortization, interest, and rent/lease expenses. The FRV system shall establish a nursing facility's bed value based on the age of the facility and its total square footage
  - (2) Effective January 1, 2003, the new value per square foot shall be \$97.47. This value per square foot shall be increased by \$9.75 for land plus an additional \$4,000 per licensed bed for equipment. This amount shall be trended forward annually to the midpoint of the rate year using the change in the unit cost listed in the three-fourths column of the R.S. Means Building Construction Data Publication or a comparable publication if this publication ceases to be published, adjusted by the weighted average total city cost index for New Orleans, Louisiana. The cost index for the midpoint of the rate year shall be estimated using a two-year moving average of the two most recent indices as provided in this Subparagraph. A nursing facility's fair rental value per diem is calculated as follows.

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – NURSING FACILITY SERVICES  
AND INTERMEDIATE CARE FACILITY SERVICES FOR INDIVIDUALS WITH INTELLECTUAL  
DISABILITIES

- (a). Each nursing facility's actual square footage per bed is multiplied by the January 1, 2003 new value per square foot, plus \$9.75 for land. The square footage used shall not be less than 300 square feet or more than 450 square feet per licensed bed. To this value add the product of total licensed beds times \$4,000 for equipment, sum this amount and trend it forward using the capital index. This trended value shall be depreciated, except for the portion related to land, at 1.25 percent per year according to the weighted age of the facility. Bed additions, replacements and renovations shall lower the weighted age of the facility. The maximum age of a nursing facility shall be 30 years. Therefore, nursing facilities shall not be depreciated to an amount less than 62.5 percent or [100 percent minus (1.25 percent \* 30)] of the new bed value. There shall be no recapture of depreciation.

Effective December 20, 2020, if 15 percent or more of the nursing facility's licensed beds are private rooms compared to the total licensed beds of the nursing facility, then the maximum square footage used shall not be more than 550 square feet per licensed bed.

- (b). A nursing facility's annual fair rental value (FRV) is calculated by multiplying the facility's current value times a rental factor. The rental factor shall be the 20-year Treasury Bond Rate as published in the Federal Reserve Bulletin using the average for the calendar year preceding the rate year plus a risk factor of 2.5 percent with an imposed floor of 9.25 percent and a ceiling of 10.75 percent.