

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

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

AUG 24 2010

Attention: Sandra Victor

RE: Louisiana 10-02

Dear Mr. Gregory:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-02. This amendment establishes the state appropriation for the Private, Non-Rural Community Hospitals Disproportionate Share Hospital (DSH) pool for State Fiscal Year (SFY) 2010. The appropriation was approved during the 2010 Regular Session of the Legislature. It also revises the provisions governing DSH payments to these hospitals for SFY 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 10-02 is approved effective January 21, 2010. 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,

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J. Cindy Mann

Director

Center for Medicaid and State Operations (CMSO)

Enclosures

STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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

- 3) In the event it is necessary to reduce the amount of disproportionate share payments to remain within the federal disproportionate share allotment for this group, the Department shall calculate a pro rata decrease for each public non-rural community hospital based on the ratio determined by dividing that hospital's uncompensated cost by the total uncompensated cost for all qualifying public non-rural community hospitals during the state fiscal year; and then multiplying by the amount of disproportionate share payments calculated in excess of the federal disproportionate allotment.
 - 4) It is mandatory that hospitals seek all third party payments including Medicare, Medicaid and other third party carriers and payments from patients. Hospitals must certify that excluded from net uncompensated cost are any costs for the care of persons eligible for Medicaid at the time of registration. Hospitals must maintain a log documenting the provision of uninsured care as directed by the Department. Hospitals must adjust uninsured charges to reflect retroactive Medicaid eligibility determination.
 - 5) A hospital receiving DSH payments shall furnish emergency and nonemergency services to uninsured persons with family incomes less than or equal to 100 percent of the federal poverty level on an equal basis to insured patients.
- f. Private Non-Rural Community Hospitals**
- 1) A Private Non-Rural Community Hospital is a private hospital that meets the qualifying criteria for disproportionate share hospital in I.D.1
 - 2) Private, non-rural community hospitals (other than freestanding psychiatric hospitals) shall be reimbursed as follows:
 - a) If the hospital's qualifying uninsured cost is less than 3.5 percent of total hospital cost, the hospital shall not be eligible as a DSH hospital unless it meets the DSH statutory requirements defined in 1923(b) of the Act, in which case the hospital shall be reimbursed under the DSH category "Federally Mandated Statutory Hospitals".
 - b) If the hospital's qualifying uninsured cost is equal to or greater than 3.5 percent of total hospital cost but less than 6.5 percent of total hospital cost, the payment shall be 50 percent of an amount equal to the difference between the total qualifying uninsured cost as a percent of total hospital cost and 3.5 percent of total hospital cost
 - c) If the hospital's qualifying uninsured cost is equal to or greater than 6.5 percent of total hospital cost, but less than or equal to 8 percent of total hospital cost, the payment shall be 80 percent of an amount equal

TN# 10-02

Approval Date AUG 24 2010

Effective Date 01-21-10

Supersedes

TN# 08-12

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- to the difference between the total qualifying uninsured cost as a percent of total hospital cost and 3.5 percent of total hospital cost.
- d) If the hospital's qualifying uninsured cost is greater than 8 percent of total hospital cost, the payment shall be 90 percent of qualifying uninsured cost for the portion in excess of 8 percent of total hospital cost and 80 percent of an amount equal to 4.5 percent of total hospital cost.
- 3) The Department shall determine each qualifying hospital's uninsured percentage on a hospital-wide basis utilizing charges for dates of service from the most recent state fiscal year.
- 4) Hospitals shall submit supporting patient specific data in a format specified by the Department, reports on their efforts to collect reimbursement for medical services from patients to reduce gross uninsured costs and their most current year-end financial statements. Those hospitals that fail to provide such statements shall receive no payments and any payment previously made shall be refunded to the Department. Submitted hospital charge data must agree with the hospital's monthly revenue and usage reports which reconcile to the monthly and annual financial statements. The submitted data shall be subject to verification by the Department before DSH payments are made.
- 5) In the event that the total payments calculated for all recipient hospitals are anticipated to exceed the total amount appropriated, the Department shall reduce payments on a pro rata basis in order to achieve a total cost that is not in excess of the amounts appropriated for this purpose. The \$35,000,000 appropriation for the non-rural community hospital pool shall be effective only for state fiscal year 2010 and distributions from the pool shall be considered nonrecurring.
- 6) Of the total appropriation for the non-rural community hospital pool, \$12,000,000 shall be allocated to public and private non-rural community hospitals with a distinct part psychiatric unit and freestanding psychiatric hospitals.
- a) To qualify for this payment, hospitals must be a public or private non-rural community hospital, as defined in 3.e or 3.f. with uninsured cost of 3.5 percent or greater, and have a Medicaid enrolled distinct part psychiatric unit; or be a Medicaid enrolled free-standing psychiatric hospital accredited by the Joint Commission of Accreditation of Healthcare Organizations.

TN# 10-02
Supersedes
TN# 09-21

Approval Date AUG 24 2010

Effective Date 01-21-10

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- b) Payment shall be calculated by:
- dividing each qualifying hospital's distinct part psychiatric unit's uninsured days by the sum of all qualifying uninsured days and multiplying by \$7,000,000.
 - dividing each qualifying freestanding psychiatric hospital's uninsured days by the sum of all qualifying freestanding psychiatric hospital qualifying uninsured days and multiplying by \$5,000,000.
- c) If the above calculated payment exceeds the hospital specific uncompensated care cost limit, payment shall be reduced accordingly.

TN# 10-02
Supersedes
TN# 09-21

Approval Date AUG 24 2010

Effective Date 01-21-10