

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

OCT 12 2010

Attention: Sandra Victor

RE: Louisiana 10-08

Dear Mr. Gregory:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-08. Effective for dates of services 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 as of February 2, 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 5 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 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 10-08 is approved effective February 3, 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,

A solid black rectangular box redacting the signature of Cindy Mann.

Cindy Mann
Director
Center for Medicaid, CHIP, and Survey & Certification

Enclosures

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.

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# 10-08
Supersedes
TN# 09-46

Approval Date OCT 12 2010

Effective Date 2-3-10

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:

8. Effective for dates of service on or after February 20, 2009, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 3.5 percent of the rate on file as of February 19, 2009. Distinct part psychiatric units that operate within an acute care hospital that qualifies as a high Medicaid hospital, as defined below, are exempt from the rate reduction.
 - a. High Medicaid hospitals as defined in Louisiana R.S. 46.979. For the purposes of qualifying for the exemption to the reimbursement reduction as a High Medicaid hospital, the following conditions must be met.
 - (1) The inpatient Medicaid days utilization rate for high Medicaid hospitals shall be calculated based on the cost report filed for the period ending in state fiscal year 2007 and received by the Department prior to April 20, 2008.
 - (2) Only Medicaid covered days for inpatient hospital services, which include newborn and distinct part psychiatric unit days, are included in this calculation.
 - (3) Inpatient stays covered by Medicare Part A cannot be included in the determination of the Medicaid inpatient utilization days rate.
9. Effective for dates of service on or after August 4, 2009, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 6.3 percent of the rate on file as of August 3, 2009.
10. In-state Children's Specialty Hospitals
 - a. 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.

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STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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

- 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 paid 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.

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.

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STATE OF LOUISIANA
PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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

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.

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TN# New Page

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.
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.

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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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