

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

NOV - 2 2010

Attention: Sandra Victor

RE: Louisiana 10-26

Dear Mr. Gregory:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-26. The purpose of this amendment is to amend the Disproportionate Share Hospital (DSH) reimbursement methodology to establish a DSH category and payment methodology for hospitals that participate in the Low Income and Needy Care Collaboration (LINCC). The state has agreed to provide certification from the governmental entities that the Intergovernmental Transfers (IGTs) are voluntary.

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 10-26 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,

  
Cindy Mann  
Director

Center for Medicaid, CHIP, and Survey & Certification

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>10-26</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>January 21, 2010</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 E</b>		7. FEDERAL BUDGET IMPACT: a. FFY <u>2010</u> * <b>14,442,859</b> *\$0.00 b. FFY <u>2011</u> *\$0.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-A, Item 1, Page 10d</b> <b>Attachment 4.19-A, Item 1, Page 10k(6)</b> <b>Attachment 4.19-A, Item 1, Pages 10k(7), 10k(8), 10k(9),</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <b>Same (TN 08-09)</b> <b>Same (TN 09-45)</b> <b>None (New pages)</b>	
10. SUBJECT OF AMENDMENT: <b>The purpose of this amendment is to amend the DSH reimbursement methodology to establish a DSH category and payment methodology for hospitals that participate in the Low Income and Needy Care Collaboration (LINCC).</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: <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>	
13. TYPED NAME: <b>Alan Levine</b>			
14. TITLE: <b>Secretary</b>			
15. DATE SUBMITTED: <b>March 30, 2010</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: <b>30 March, 2010</b>		18. DATE APPROVED: <b>11-02-10</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>JAN 21 2010</b>		20. 	
21. TYPED NAME: <b>William Lasowski</b>		22. TITLE: <b>Deputy Director, CMCS</b>	
23. REMARKS:  * The fiscal impact is unable to be determined at this time as this is a new process for the state and there have not been any hospitals who signed the Low-Income and Needy Care Collaboration Agreement at this time.			

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- e. Meet the definition of a public non-rural community hospital as defined in I.D.3.e. below; or
- f. Effective September 15, 2006, be a private non-rural community hospital as defined in I.D.3.f. below; or
- g. Effective November 3, 1997, be a small rural hospital as defined in I.D.3.b.; or
- h. Effective for dates of service on or after January 1, 2008, be a Medicaid enrolled non-state acute care hospital that expands their existing distinct part psychiatric unit or that enrolls a new distinct part psychiatric unit, and signs an addendum to the Provider Enrollment form (PE-50) by April 3, 2008 with the Department of Health and Hospitals, Office of Mental Health; or
- i. Effective for dates of service on or after April 7, 2008, be a Medicaid-enrolled non-state acute care hospital that establishes a Mental Health Emergency Room Extension (MHERE), and signs a Provider Enrollment form (PE-50) by June 1, 2008 with the Department of Health and Hospitals, Office of Mental Health; or
- j. Effective for dates of service on or after January 21, 2010, be a hospital participating in the Low Income and Needy Care Collaboration; and
- k. In addition to the qualification criteria outlined in I.D.1.a.-j. above, effective July 1, 1994, the qualifying disproportionate share hospital must also have a Medicaid inpatient utilization rate of at least one percent (1%).

**2. General Provisions for Disproportionate Share Payments**

- a. Total cumulative disproportionate share payments under any and all DSH payment methodologies shall not exceed the federal disproportionate share state allotment for Louisiana for each federal fiscal year. The Department shall make necessary downward adjustments to hospitals' disproportionate share payments to remain within the federal disproportionate share allotment.

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TN# 10-26

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Effective Date 1-21-10

Supersedes

TN# 08-09

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**g. Mental Health Emergency Room Extensions (MHERE)**

- 1) Medicaid-enrolled non-state, acute care hospitals that establish a Mental Health Emergency Room Extension (MHERE) and sign an addendum to the Provider Enrollment form (PE-50) by July 1, 2010 shall be reimbursed for their net uncompensated care costs for psychiatric services rendered to patients. The net uncompensated care cost is the Medicaid shortfall plus the cost of treating the uninsured.
- 2) Qualifying non-state, acute care hospitals must:
  - a) be located in a region of the state that does not currently have an MHERE; and
  - b) not receive funding for their MHERE from another source.
- 3) The amount appropriated for this pool in SFY 2010 is \$7,000,000. If the net uncompensated care costs of all hospitals qualifying for this payment exceeds \$7,000,000, payment will be each qualifying hospital's pro rata share of the pool calculated by dividing its net uncompensated care costs by the total of the net uncompensated care costs for all hospitals qualifying for this payment multiplied by \$7,000,000.
- 4) Qualifying hospitals must submit costs and patient specific data in a format specified by the Department. Cost and lengths of stay will be reviewed for reasonableness before payments are made.
- 5) Payments shall be made on a quarterly basis.

**h. Low Income and Needy Care Collaborating Hospitals**

- 1) In order to participate under the Low Income and Needy Care Collaborating Hospital DSH category a hospital must be party to a Low Income and Needy Care Collaboration Agreement with the Department of Health and Hospitals. A Low Income and Needy Care Collaboration Agreement is defined as an agreement between a hospital and a state or local governmental entity to collaborate for purposes of providing healthcare services to low income and needy patients.
- 2) DSH payments to Low Income and Needy Care Collaborating Hospitals shall be calculated as follows:
  - a) In each quarter, the Department shall divide hospitals qualifying under this DSH category into two pools. The first pool shall include hospitals that, in addition to qualifying under this DSH category, also qualify for DSH payments under any other DSH category. Hospitals in the first pool shall be eligible to receive DSH payments under the

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- provisions of subsection b). The second pool shall include all other hospitals qualifying under this DSH category. Hospitals in the second pool shall be eligible to receive DSH payments under the provisions of subsection c).
- b) In each quarter, to the extent the Department appropriates funding to this DSH category, hospitals that qualify under this subsection shall receive 100 percent of the total amount appropriated by the Department for this DSH category.
- i) If the net uncompensated care costs of these hospitals exceed the amount appropriated for this pool, payment shall be made based on each hospital's pro rata share of the pool. The pro rata share shall be calculated by dividing the hospital's net uncompensated care costs by the total of the net uncompensated care costs for all hospitals qualifying under this subsection and multiplying by the amount appropriated by the Department.
- ii) If the amount appropriated for this DSH category exceeds the net uncompensated care costs of all hospitals qualifying under this subsection, payment shall be made up to each hospital's net uncompensated care costs.
- iii) Any amount available after all distributions are made under the provisions in this subsection shall be distributed subject to the provisions in subsection c) below.
- c) In each quarter, to the extent distributions are available, and after all distributions are made under provisions in the previous subsection b), distributions under the provisions of this subsection c) shall be made according to the following terms.
- i) If the net uncompensated care costs of all hospitals qualifying for payment under the provisions of this subsection exceed the amount available for this pool, payment shall be made based on each hospital's pro rata share of the pool. The pro rata share shall be calculated by dividing its net uncompensated care costs by the total of the net uncompensated care costs for all hospitals qualifying under this subsection.
- ii) If the amount available for payments under this subsection exceeds the net uncompensated care costs of all qualifying hospitals, payments shall be made up to each hospital's net uncompensated care costs and the remaining amount shall be

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used by the Department to make disproportionate share payments under this DSH category in future quarters.

- d) In the event it is necessary to reduce the amount of disproportionate share payments under this DSH category to remain within the federal disproportionate share allotment in any quarter, the Department shall calculate a pro rata decrease for each hospital qualifying under the provisions of subsection c). The pro rata decrease shall be based on a ratio determined by:
- i) dividing that hospital's DSH payments by the total DSH payments for all hospitals qualifying under subsection c) in that quarter; and
  - ii) multiplying the amount of DSH payments calculated in excess of the federal disproportionate share allotment.

If necessary in any quarter, the Department will reduce Medicaid DSH payments under these provisions to zero for all applicable hospitals.

- e) After the reduction in subsection d) has been applied, if it is necessary to further reduce the amount of DSH payments under this DSH category to remain within the federal disproportionate share allotment in any quarter, the Department shall calculate a pro rata decrease for each hospital qualifying under subsection b). The pro rata decrease shall be based on a ratio determined by:
- i) dividing that hospital's DSH payments by the total DSH payments for all hospitals qualifying under subsection b) in that quarter; and
  - ii) multiplying the amount of DSH payments calculated in excess of the federal disproportionate share allotment.

If necessary in any quarter, the Department shall reduce Medicaid DSH payments under these provisions to zero for all applicable hospitals.

- f) Qualifying hospitals must submit costs and patient specific data in a format specified by the Department. Costs and lengths of stay will be reviewed for reasonableness before payments are made.
- g) Payments shall be made on a quarterly basis, however, each hospital's eligibility for DSH and net uncompensated care costs shall be

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determined on an annual basis.

- h) Payments to hospitals qualifying under this DSH category shall be made subsequent to any DSH payments for which a hospital is eligible under another DSH category.
- i) Aggregate DSH payments for hospitals that receive payment from this category, and any other DSH category, shall not exceed the hospital's specific DSH limit. If payments calculated under this methodology would cause a hospital's aggregate DSH payment to exceed the limit, the payment from this category shall be capped at the hospital's specific DSH limit. The remaining payments shall be redistributed to the other hospitals in accordance with these provisions.

**E. (Reserved)**

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