

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1301 Young Street, Room 833
Dallas, Texas 75202



Division of Medicaid & Children's Health, Region VI

October 17, 2011

Our Reference: SPA LA 11-12

Mr. Don Gregory, State Medicaid Director
Department of Health and Hospitals
Bienville Building
628 North 4th Street
Post Office Box 91030
Baton Rouge, LA 70821-9030

RECEIVED

OCT 24 2011

MEDICAID DIRECTOR

Attn: Keydra Singleton

Dear Mr. Gregory:

We have reviewed the proposed amendment to your Medicaid State Plan submitted under Transmittal Number 11-12. This state plan amendment establishes the coverage criteria and reimbursement methodology for psychiatric residential treatment facilities (PRTFs). All services provided are claimed to CMS on the "inpatient psychiatric services for individuals under 21" line of the CMS 64.

In the future, when the State submits a State Plan Amendment (SPA) that may impact Indians or Indian health providers, CMS will look for evidence of the State's tribal consultation process for the SPA. Pursuant to section 1902(a) (73) of the Act added by section 5006(e) of the Recovery and Reinvestment Act of 2009, the State must evidence to CMS regarding the solicitation of advice prior to submission of the SPA. This consultation must include all federally recognized tribes, Indian Health Service and Urban Indian Organizations within the state.

Transmittal Number 11-12 is approved with an effective date of March 1, 2012 as requested. A copy of the HCFA-179, Transmittal No. 11-12 dated March 10, 2011 is enclosed along with the approved plan pages.

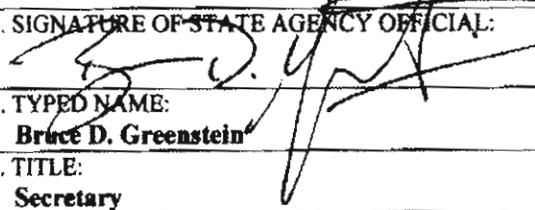
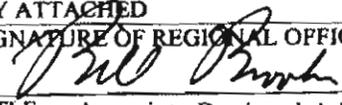
If you have any questions, please contact Ford Blunt III at ford.blunt@cms.hhs.gov or by phone at (214) 767-6381.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Brooks".

Bill Brooks
Associate Regional Administrator

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 11-12	2. STATE Louisiana
		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 ★ January 1, 2012 March 1, 2012	
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: 42 CFR 440.160, 441 Subpart D 42 CFR 483 Subpart G		7. FEDERAL BUDGET IMPACT: ★ a. FFY <u>2012</u> \$4,798,959 \$6,424,61 ★ b. FFY <u>2013</u> \$8,247,150 \$9,587,35	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 3.1-A, Item 16 Attachment 4.19-A, Item 16, Pages 5, 6, 7, 8		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same (TN 94-34) None (New Pages)	
10. SUBJECT OF AMENDMENT: This amendment is part of the CSoC behavioral health service package. This amendment establishes psychiatric residential treatment facilities.			
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 The Governor does not review state plan material. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Don Gregory, Medicaid Director Department of Health and Hospitals 628 N. 4th Street PO Box 91030 Baton Rouge, LA 70821-9030	
13. TYPED NAME: Bruce D. Greenstein			
14. TITLE: Secretary			
15. DATE SUBMITTED: March 10, 2011			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 10 March, 2011		18. DATE APPROVED: 17 October, 2011	
PLAN APPROVED -- ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: † January, 2012 3-1-2012		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health	
23. REMARKS: ★ Pen and Ink Change made to correct the Fiscal Impact for FY 2012 & 2013 Dated 9/15/11 ★ Pen and Ink Change made to show correct Effective date of Transmittal Package per State's Letter Dated 19 July, 2011			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 3.1-A
Item 16

STATE OF LOUISIANA

AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED
LIMITATIONS OF THE AMOUNT, DURATION AND SCOPE OF CERTAIN ITEMS OF PROVIDED MEDICAL
AND REMEDIAL CARE AND SERVICES ARE DESCRIBED AS FOLLOWS:

CITATION Medical and Remedial Care and Services
42 CFR Item 16
440.160
42 CFR 441
Subpart D
42 CFR 483
(Subpart G)

Inpatient Psychiatric Facility Services for individuals under 21 years of age are limited as follows:

Coverage is limited to services provided in Title XVIII certified psychiatric hospitals enrolled in Title XIX and psychiatric residential treatment facilities (PRTFs) which are accredited by the Joint Commission on Accreditation of Healthcare Organizations, the Council on Accreditation of Services for Families and Children, the Commission on Accreditation of Rehabilitation Facilities, or by any other accrediting organization, with comparable standards, that is recognized by the State. Providers must comply with Federal regulations and policies and any Standards for Payment and licensure and certification standards promulgated by the State.

For psychiatric hospitals providing this service:

- Effective November 1, 1994, providers of these services will be subject to the uniform admission criteria and exclusionary criteria.
- Effective for services December 2, 1994 and after providers must comply with pre-admission process, length of stay assignment, extension –of-stay, and discharge criteria in order to be reimbursed by the Medicaid program.
- Effective for services December 2, 1994 and after, there will be no Medicaid payment for reservation of a bed for a recipient who is temporarily absent from the facility.

For PRTFs providing this service:

- All services will be certified consistent with federal requirements through a prior authorization process
- Must comply with all active treatment requirements including developing a plan of care based on a diagnostic evaluation that includes examination of the medical, psychological, social, behavioral and developmental aspects of the recipient's situation and reflects the need for inpatient psychiatric care
- Must continue to meet Medicaid certification requirements for continuation of stay
- The PRTF service is equal in amount, duration & scope regardless of setting. All facilities are required to provide all activities on the active treatment plan. Beneficiaries may choose among providers.

TN# 11-12 Approval Date 10-17-11 Effective Date _____
Supersedes _____ 3-1-12
TN# 94-34

SUPERSEDES: TN- 94-34

STATE	<u>Louisiana</u>	A
DATE REC'D.	<u>3-10-11</u>	
DATE APPV'D.	<u>10-17-11</u>	
DATE EFF.	<u>3-1-12</u>	
HCFA 179	<u>11-12</u>	

STATE OF LOUISIANA

AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED
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:

- I. Psychiatric Residential Treatment Facility (PRTF) Reimbursement
- A. Covered inpatient psychiatric residential treatment facility (PRTF) activities for individuals under twenty-one years of age shall be reimbursed by Medicaid.
1. Free-standing PRTF services will be reimbursed using an interim Medicaid per diem reimbursement rate, which includes the following activities when provided by and in the PRTF when included on the patient's inpatient psychiatric active treatment plan of care:
- a. Occupational Therapy / Physical Therapy / Speech Therapy
 - b. Laboratory
 - c. Transportation
2. For hospital-based Medicaid PRTF the per diem rate will also include the following activities provided by and in the PRTF when included in the inpatient psychiatric active treatment plan of care:
- a. Dental
 - b. Vision
 - c. Diagnostics/radiology (x-ray)
- B. Pharmaceuticals and physician activities provided to the youth in a PRTF, when provided by and in the PRTF and on the active treatment plan of care, are components of the Medicaid covered PRTF service. These activities will be paid directly to the treating pharmacy or physician, using Medicaid pharmacy and physician fee schedule rates excluded from the psychiatric residential treatment facility (PRTF) State of Louisiana interim Medicaid per diem reimbursement rates.
1. The interim Medicaid PRTF per diem reimbursement rates shall exclude such costs other than pharmaceutical and physician activities on the inpatient psychiatric active treatment plan unrelated to providing inpatient psychiatric care for individual less than twenty-one years of age including, but not limited to the following:
- a. Group education including elementary and secondary education.
 - b. Medical services provided outside the PRTF.
 - c. Activities not on the inpatient psychiatric active treatment plan
- C. Dental, Vision, Diagnostics/radiology (x-ray) activities on the active treatment plan in a free-standing PRTF. Free-standing PRTFs will arrange through contract(s) with outside (non-facility) providers to furnish Dental, Vision and Diagnostic/radiology treatment activities as listed on the plan of care. If the activity is provided in the facility, Medicaid will directly reimburse the treating provider, using the Medicaid fee schedule rates excluded from the Louisiana interim Medicaid per diem PRTF reimbursement rates.
- II. In-State Publicly Owned and Operated Psychiatric Residential Treatment Facility (PRTF) Reimbursement Rates
- Publicly owned and operated psychiatric residential treatment facilities (PRTF) will be reimbursed for all reasonable and necessary costs of operation. These PRTFs will receive an interim State of Louisiana interim Medicaid per diem reimbursement rate for activities provided in and by the facility on the active treatment plan. The interim rate will be subject to retroactive cost settlement in accordance with Medicare allowable cost principles contained in the Provider Reimbursement Manual CMS Publication 15-1.

TN No. 11-12 Approval Date 10-17-11 Effective Date _____
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TN No. New Page

SUPERSEDES: NONE - NEW PAGE

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THE PLAN ARE DESCRIBED AS FOLLOWS:

III. In-State Privately Owned or Operated Psychiatric Residential Treatment Facility (PRTF) Reimbursement Rates

- A. Medicaid certified providers will be reimbursed for covered PRTF services using a per diem rate consistent with the principles in I above. The fee schedule rate paid to the provider will be determined by the following ownership and service criteria:
1. Free-Standing privately owned and operated PRTF specializing in sexually-based treatment programs.
 2. Free-Standing privately owned and operated PRTF specializing in substance abuse treatment programs.
 3. Hospital-based privately owned or operated PRTF specializing in sexually-based treatment programs.
 4. Hospital-based privately owned or operated PRTF specializing in substance abuse treatment programs.

Except as otherwise noted in the Plan, the State-developed fee schedule is the same for both governmental and private individual practitioners and the fee schedule and any annual/periodic adjustments to the fee schedule are published in the Louisiana Register. The Agency's fee schedule rate was set as of January 1, 2012 and is effective for services provided on or after that date. All rates are published on the agency's website at www.lamedicaid.com.

- B. Risk Sharing: In-state privately owned and operated PRTF covered services provided during the time period from January 1, 2012 through June 30, 2013 will also receive risk sharing payments. These payments will be made as part of a transitional plan to include these services within the Medicaid program. The risk sharing payments will be determined as follows:
1. The facilities allowable per diem cost will be determined from the Medicaid cost report submitted in accordance with subsection V cost reporting requirements. The provider will receive a risk sharing payment (or recoupment of Medicaid payments) equal to 50% of the difference between the actual Medicaid allowable per diem cost and the Medicaid fee schedule for each covered PRTF patient day.

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2. The risk sharing payment will not recognize provider allowable cost beyond the threshold of 150% of the per diem fee schedule amount paid during each fiscal year. For example: If the fee schedule rate is \$200, the maximum allowable cost recognized for risk sharing payments would be \$300.

C. Effective July 1, 2013, no risk-sharing will be paid. All covered inpatient psychiatric residential treatment facility activities for non-public facilities will be reimbursed using the State of Louisiana Medicaid Fee Schedule reimbursement rates as noted in I and III.A above. All rates are published on the agency's website at www.lamedicaid.com.

IV. Out-of-State Psychiatric Residential Treatment Facility (PRTF) Reimbursement Rates

- A. Out of state psychiatric residential treatment facilities will be reimbursed in accordance with the State of Louisiana Medicaid Fee Schedule by applicable provider type. Any publically owned and operated PRTF outside of Louisiana will not receive cost settlements, nor will they receive risk sharing payments as addressed in subsections II and III.

V. Psychiatric Residential Treatment Facility (PRTF) Cost Reports

- A. All in-state Medicaid-participating psychiatric residential treatment facility (PRTF) providers are required to file an annual Medicaid cost report. The cost report fiscal year must correspond to the state fiscal year of July 1 through June 30.

1. All providers shall submit the uniform cost report form prescribed by the Department on an annual basis. Financial information shall be based on the provider's financial records. When records are not kept on an accrual basis of accounting, the provider shall make the adjustments necessary to convert the information to an accrual basis for reporting.
2. Cost reports shall be submitted on or before the last day of the fifth month after the end of the provider's fiscal year end.
3. Separate cost reports must be submitted by central/home offices when costs of the central/home office are reported in the PRTF provider's cost report.
4. Failure to maintain records to support the cost report, or failure to file a timely cost report may result in penalties determined solely by DHH. Only those cost that are reported, document and allowable per the Medicare and Medicaid provider reimbursement manual will be recognized as cost by DHH.
5. All cost reports may be subject to an audit or desk review by the DHH audit contractor.

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6. If the PRTF provider experiences unavoidable difficulties in preparing the cost report by the prescribed due date, a filing extension may be requested. A filing extension request must be submitted to DHH prior to the cost report due date. Facility filing a reasonable extension request will be granted an additional 30 days to file their cost reports.

VI. New Psychiatric Residential Treatment Facilities and Change of Ownership of Existing Facilities

- A. Changes of ownership (CHOW) exist if the beds of a new owner have previously been certified to participate in the Medicaid program under the previous owner's provider agreement. The acceptance of a CHOW will be determined solely by DHH. Reimbursement will continue to be based on the State of Louisiana Medicaid Fee Schedule.
- B. New providers are those entities whose beds have not previously been certified to participate in the Medicaid program.
 1. For dates of service January 1, 2012 – June 30, 2013, reimbursement shall be in accordance with Section III (A).
 2. For dates of service beginning on or after July 1, 2013, new providers shall be paid in accordance with Section III (B).

VII. Initial and On-going PRTF Rate Setting Methodology:

- A. Per diem PRTF rates effective July 1, 2011, will be developed as follows:
 1. Comparable PRTF rates from other Medicaid programs will be examined.
 2. These rates will be adjusted for cost of living variances between Louisiana and state from which they came.
 3. The adjusted rates will be indexed (inflated used the inflation factor) from the home state's rate effective date to July 1, 2011.
 4. These rates will then be average or other measures of central tendency will calculated.
 5. The rate may be further adjusted to reflect ownership cost variances anticipated, or to recognize PRTF specialization. Additional adjustment to the average rates may be made as deem necessary.
 6. The initial rates will be subject to the risk-sharing provision contained in subsection III to mitigate financial risk for both the Medicaid program and its PRTF providers.
- B. The Louisiana Medicaid program will collect cost information from providers participating in the PRTF program as indicated in subsection V. This cost information will be utilized to monitor PRTF rates effective July 1, 2013 to ensure our fee schedule payments continue to be adequate to attract provider participation in the program, while also ensuring that rates are not excessive.

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