

DECLARATION OF EMERGENCY

**Department of Health and Hospitals
Bureau of Health Services Financing**

**Inpatient Hospital Services
Non-Rural, Non-State Hospitals
Children's Specialty Hospitals Reimbursements
(LAC 50:V.967)**

The Department of Health and Hospitals, Bureau of Health Services Financing amends LAC 50:V.967 in the Medical Assistance Program as authorized by R.S. 36:254 and pursuant to Title XIX of the Social Security Act. This Emergency Rule is promulgated in accordance with the provisions of the Administrative Procedure Act, R.S. 49:953(B)(1) et seq., and shall be in effect for the maximum period allowed under the Act or until adoption of the final Rule, whichever occurs first.

Due to a budgetary shortfall in SFY 2013, the Department of Health and Hospitals, Bureau of Health Services Financing, amended the provisions governing the reimbursement methodology for inpatient hospital services to reduce the reimbursement rates paid to non-rural, non-state hospitals, including children's specialty hospitals (*Louisiana Register*, Volume 40, Number 2).

The department has now determined that it is necessary to amend the provisions governing the reimbursement methodology for inpatient hospital services rendered by children's specialty hospitals to revise the reimbursement methodology and establish

outlier payment provisions. This action is being taken to promote the health and welfare of Medicaid recipients by maintaining access to neonatal and pediatric intensive care unit services and encouraging the continued participation of hospitals in the Medicaid Program. It is estimated that implementation of this Emergency Rule will increase expenditures in the Medicaid Program by approximately \$2,535,283 for state fiscal year 2014-2015.

Effective October 4, 2014, the Department of Health and Hospitals, Bureau of Health Services Financing amends the provisions governing the reimbursement methodology for inpatient hospital services rendered by children's specialty hospitals.

Title 50

PUBLIC HEALTH—MEDICAL ASSISTANCE Part V. Hospital Services Subpart 1. Inpatient Hospitals

Chapter 9. Non-Rural, Non-State Hospitals

Subchapter B. Reimbursement Methodology

§967. Children's Specialty Hospitals

A. Routine Pediatric Inpatient Services. ~~These services shall be paid 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 state fiscal year (SFY) 2009. The target rate shall be inflated using~~

~~the update factors published by the Centers for Medicare and Medicaid Services (CMS) beginning with cost reporting periods starting on or after January 1, 2010~~For dates of service on or after October 4, 2014, payment shall be made per a prospective per diem rate that is 81.1 percent of the routine pediatric inpatient cost per day as calculated per the "as filed" fiscal year end cost report ending during SFY 2014. The "as filed" cost report will be reviewed by the department for accuracy prior to determination of the final per diem rate.

1. ~~For dates of service 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 discharges for the period multiplied times the target rate per discharge for the period~~Repealed.

B. Inpatient Psychiatric Services. ~~These services shall be paid 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 state fiscal year (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~~For dates of service on or after October 4, 2014, payment shall be a prospective per diem rate that is 100 percent of the distinct

part psychiatric cost per day as calculated per the as filed fiscal year end cost report ending during SFY 2014. The as filed cost report will be reviewed by the department for accuracy prior to determination of the final per diem rate.

~~1. For dates of service 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 discharges for the period multiplied times the target rate per discharge for the period~~Repealed.

C. Carve-Out Specialty Services. These services are rendered by neonatal intensive care units, pediatric intensive care units, burn units and include transplants. ~~Payment shall be the lesser of costs or the per diem limitation for each specialty service or type of transplant. The base period per diem limitation amounts shall be calculated using the allowable inpatient cost per day for each specialty or type of transplant per the cost reporting period ended in SFY 2009. The target rate shall be inflated using the update factors published by the Centers for Medicare and Medicaid Services (CMS) beginning with cost reporting periods starting on or after January 1, 2010.~~

~~1. For dates of service 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~~ Transplants. Payment shall be the lesser of costs or the per diem limitation for each type of transplant. The base period per diem limitation amounts shall be calculated using the allowable inpatient cost per day for each type of transplant per the cost reporting period which ended in SFY 2009. The target rate shall be inflated using the update factors published by the Centers for Medicare and Medicaid (CMS) beginning with the cost reporting periods starting on or after January 1, 2010.

a. For dates of service 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 type of transplant multiplied times the per diem limitation for the period.

2. Neonatal Intensive Care Units, Pediatric Intensive Care Units, and Burn Units. For dates of service on or after October 4, 2014, payment for neonatal intensive care units, pediatric intensive care units, and burn units shall be made per prospective per diem rates that are 84.5 percent of the cost per day for each service as calculated per the "as filed" fiscal year end cost report ending during SFY 2014. The "as filed" cost report will be reviewed by the department for accuracy prior to determination of the final per diem rate.

D. Children's specialty hospitals shall ~~not~~ be eligible for outlier payments ~~after September 1, 2009~~ for dates of service on or after October 4, 2014.

1. ~~Outlier payments made in SFY 2010 in excess of \$12,798,000 shall be considered as an interim payment in the determination of the cost settlement~~ Repealed.

E. ...

1. ~~Medicaid supplemental payments related to high cost Medicaid and graduate medical education supplemental payments shall be included as an interim Medicaid inpatient payment in the determination of cost settlement amounts on the filed cost report~~ Repealed.

F. Effective for dates of service on or after February 3, 2010, the per diem rates as calculated per §967.~~A-C.1~~ 1 above shall be reduced by 5 percent. Effective for dates of service on or after January 1, 2011, 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 per §967.~~A-C.1~~ 1 for the period, multiplied by 95 percent of the target rate ~~per discharge or~~ per diem limitation as specified per §967.~~A-C.1~~ 1 for the period.

G. Effective for dates of service on or after August 1, 2010, the per diem rates as calculated per §967.~~A-C.1~~ 1 above shall be reduced by 4.6 percent. Effective for dates of service

on or after January 1, 2011, 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 per §967.~~A-C.1~~C.1 for the period, multiplied by 90.63 percent of the target rate ~~per discharge or~~ per diem limitation as specified per §967.~~A-C.1~~C.1 for the period.

H. Effective for dates of service on or after January 1, 2011, the per diem rates as calculated per §967.~~A-C.1~~C.1 above shall be reduced by 2 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 per §967.~~A-C.1~~C.1 for the period, multiplied by 88.82 percent of the target rate ~~per discharge or~~ per diem limitation as specified per §967.~~A-C.1~~C.1 for the period.

I. ...

J. Effective for dates of service on or after August 1, 2012, the per diem rates as calculated per §967.~~A-C.1~~C.1 above shall be reduced by 3.7 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 per §967.~~A-C.1~~C.1 for the period, multiplied by 85.53 percent of the target rate ~~per discharge or~~ per diem limitation as specified per §967.~~A-C.1~~C.1 for the period.

K. Effective for dates of service on or after February 1, 2013, the per diem rates as calculated per §967.~~A.-C.1~~1 above shall be reduced by 1 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 per §967.~~A.-C.1~~1 for the period, multiplied by 84.67 percent of the target rate ~~per discharge or~~ per diem limitation as specified per §967.~~A.-C.1~~1 for the period.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:254 and Title XIX of the Social Security Act.

HISTORICAL NOTE: Promulgated by the Department of Health and Hospitals, Bureau of Health Services Financing, LR 36:2562 (November 2010), amended LR 37:2162, 2162 (July 2011), LR 38:2773 (November 2012), LR 39:3097 (November 2013), LR 40:312 (February 2014), LR 40:

Implementation of the provisions of this Rule may be contingent upon the approval of the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), if it is determined that submission to CMS for review and approval is required.

Interested persons may submit written comments to J. Ruth Kennedy, Bureau of Health Services Financing, P.O. Box 91030, Baton Rouge, LA 70821-9030 or by email to MedicaidPolicy@la.gov. Ms. Kennedy is responsible for responding to inquiries regarding

this Emergency Rule. A copy of this Emergency Rule is available for review by interested parties at parish Medicaid offices.

Kathy H. Kliebert

Secretary