

POLICY AND PROCEDURE

POLICY NAME: In Lieu of Services	POLICY ID: LA.FINC.500
BUSINESS UNIT: Louisiana Healthcare Connections	FUNCTIONAL AREA: Finance
EFFECTIVE DATE: 01/01/2023	PRODUCT(S): Medicaid
REVIEWED/REVISED DATE:	
REGULATOR MOST RECENT APPROVAL DATE(S): Please refer to system of record – Archer	

POLICY STATEMENT:

This policy provides a framework for the implementation and management of In Lieu of Services (ILOS) within Louisiana Healthcare Connections (LHCC). It ensures that ILOS are offered as cost-effective, medically appropriate alternatives to standard health plan services, in accordance with guidelines set by the Louisiana Department of Health (LDH).

PURPOSE:

The purpose of this policy is to provide guidance on the health plan's decision-making process for In Lieu of Services to maximize treatment options for enrollees. It outlines the procedures for Louisiana Healthcare Connections departments to follow when participating in the state's approved ILOS program.

SCOPE:

This policy applies to all directors, officers, and employees of Louisiana Healthcare Connections Medical Management, Finance, Population Health and Clinical Operations (PHCO), and Utilization Management (UM).

DEFINITIONS:

In Lieu of Service (ILOS) – A medically appropriate service outside of MCO Covered Services or settings (or beyond service limits established by LDH for MCO Covered Services) that are provided to Enrollees, at their option, by the Contractor as a cost-effective alternative to an MCO Covered Service or setting.

POLICY:

In Lieu of Services (ILOS) are cost-effective, medically appropriate alternatives to the health plan's covered services, approved by the Louisiana Department of Health (LDH). This policy aims to ensure proper documentation, medical necessity, benefit coverage, utilization management, and monitoring of ILOS.

LHCC reserves the right to cap or limit the number of enrollees receiving the ILOS at any time and for any reason.

PROCEDURE:

The plan maintains a multi-functional workgroup for identifying and reporting the utilization of ILOS to LDH in accordance with the **Managed Care Organization (MCO) Manual**. ILOS are only offered by the plan when the following conditions are met:

- LDH determines that the alternative service or setting is a medically appropriate and cost-effective substitute for the MCO Covered Service or setting under the State Plan;
- The Enrollee is not required by the plan to use the alternative service or setting; and
- The approved In Lieu of Services are authorized and identified in Attachment C, *In Lieu of Services*.

LHCC submits all In Lieu of Services for LDH approval in accordance with the **MCO Manual**.

LHCC maintains a plan for identifying and reporting the utilization of In Lieu of Services to LDH in accordance with the **MCO Manual**. The plan is submitted to LDH or its designee during Readiness Review and upon any subsequent LDH approval of additional In Lieu of Services.

LHCC utilizes a consistent process to ensure that its licensed clinical staff or Network Provider uses their professional judgement to determine and document that the In Lieu of Service is medically appropriate for the specific Enrollee, based on the clinically oriented target population.

The following principles are reflected in each ILOS:

- ILOS must advance the objectives of the Medicaid program;
 - The ILOS must not violate any applicable federal requirements.
- ILOS must be cost effective;
 - Since ILOS are substitutes for state-plan services and settings, there should be a limit on the amount of expenditures for ILOS to reduce inequities for enrollees across delivery systems.

- The ILOS cost percentage per program should not exceed 5%.
- ILOS must be medically appropriate:
 - LDH shall determine reasonable medical appropriateness and reserves the authority to deny approval of any ILOS it determines is not a medically appropriate substitute.
- ILOS must be provided in a manner that preserves enrollee rights and protections:
 - ILOS may not be used to reduce, discourage, or jeopardize enrollee access to state-plan covered services or settings. If an enrollee chooses not to receive an ILOS, they always retain their right to receive the state-plan service or setting on the same terms as would apply if an ILOS were not an option. LHCC may not deny an enrollee a medically appropriate state-plan service or setting on the basis that an enrollee has been offered an ILOS, is currently receiving an ILOS, or has received an ILOS in the past.
- ILOS must be subject to appropriate monitoring and oversight; and
 - LDH may rescind its approval or require corrective action to address deficiencies for any ILOS if it is no longer medically appropriate or cost effective or if there are other issues of non-compliance.
- ILOS must be subject to retrospective evaluation when applicable.
- LDH may, at its discretion, conduct a retrospective evaluation of any ILOS to determine its adherence to the above listed requirements

REFERENCES:

MCO Manual

Managed Care Contract 3.0 section 2.4.4

Attachment C, In Lieu of Services

ATTACHMENTS:

ROLES & RESPONSIBILITIES:

REGULATORY REPORTING REQUIREMENTS:

Changes to ILOS offerings by LHCC are subject to state approval (2.4.4.3)

La. R.S. 46:460.54 applies to material changes to this policy.

REVISION LOG

<u>REVISION TYPE</u>	<u>REVISION SUMMARY</u>	<u>DATE APPROVED & PUBLISHED</u>
<u>New Policy Document</u>	<u>Converted Work Processes into Operational Policy</u>	<u>08/2025</u>

POLICY AND PROCEDURE APPROVAL

The electronic approval retained in RSA Archer, the Company's P&P management software, is considered equivalent to a signature.

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