



State of Louisiana
Louisiana Department of Health
Office of the Secretary

April 10, 2025

Via Statutorily Prescribed Email

To: The Honorable Patrick McMath, Chairman, Senate Health & Welfare Committee
The Honorable Dustin Miller, Chairman, House Health & Welfare Committee

From: Drew P. Maranto
Interim Secretary

Re: Second Report to Proposed Amendments to LAC 50:XI.10703 – Federally Qualified Health Centers – Alternative Payment Methodology

Pursuant to the Louisiana Administrative Procedure Act, the Louisiana Department of Health, Bureau of Health Services Financing, submits its second report regarding the Federally Qualified Health Centers – Alternative Payment Methodology, LAC 50:XI.10703.

A Notice of Intent on the proposed amendments was published in the February 20, 2025 issue of the *Louisiana Register* (LR 51:309). No written comments were received and there was no request for a public hearing during the notice period. Because there were no requests for a public hearing, one was not held for these proposed amendments. Additionally, no substantive changes were made to the proposed amendments since the report provide for in R.S. 49:966B-C was submitted.

Unless otherwise directed, the Department anticipates adopting the February 20, 2025 Notice of Intent when it is published as a final rule in the May 20, 2025 issue of the *Louisiana Register*.

Please contact Christine Sullivan, christine.sullivan@la.gov if you have any questions or require additional information about this matter.

Cc: Kimberly Sullivan, Medicaid Director, LDH
Brian Bennett, Medicaid Deputy Director, LDH
Jackie Cummings, Medicaid Manager, LDH
Catherine Brindley, Medicaid Manager, LDH
Bethany Blackson, Chief of Staff, LDH
Andrea Trantham, *Louisiana Administrative Code* Editor, Office of the State Register

on of \$50 per encounter in addition to the PPS rate on file for the date of service.

Title 50

PUBLIC HEALTH—MEDICAL ASSISTANCE

Part XI. Clinic Services

Subpart 13. Federally Qualified Health Centers

Chapter 107. Reimbursement Methodology

§10703. Alternative Payment Methodology

A. - J. ...

K. Effective for dates of service on or after July 1, 2025, Medicaid will increase FQHC payments by \$50 per encounter. This payment shall be reimbursed through an APM when these services are provided on the same date as a medical/dental/behavioral health visit that includes an evaluation and management procedure code as one of the detailed lines on the claim. This payment will only be allowed when the FQHC has a network provider agreement with a managed care organization that includes a Category 3B alternative payment methodology in accordance with the managed care organization's contract with the department, and the Category 3B alternative payment methodology has been in effect for no less than 12 months prior to June 30, 2025. The alternative payment methodology will pay qualifying FQHCs an add-on of \$50 in addition to the PPS rate on file for the date of service. The alternative payment methodology must be agreed to by the department and the FQHC.

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, Office of the Secretary, Bureau of Health Services Financing, LR 34:1033 (June 2008), amended by the Department of Health, Bureau of Health Services Financing, LR 44:1894 (October 2018), LR 44:2162 (December 2018), LR 45:434 (March 2019), amended LR 46:182 (February 2020), LR 47:1528 (October 2021), LR 47:1875 (December 2021), LR 49:1214 (July 2023), LR 51:

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.

Family Impact Statement

In compliance with Act 1183 of the 1999 Regular Session of the Louisiana Legislature, the impact of this proposed Rule on the family has been considered. It is anticipated that this proposed Rule will have no impact on family functioning, stability and autonomy as described in R.S. 49:972.

Poverty Impact Statement

In compliance with Act 854 of the 2012 Regular Session of the Louisiana Legislature, the poverty impact of this proposed Rule has been considered. It is anticipated that this proposed Rule will have no impact on child, individual, or family poverty in relation to individual or community asset development as described in R.S. 49:973.

Small Business Analysis

In compliance with the Small Business Protection Act, the economic impact of this proposed Rule on small businesses has been considered. It is anticipated that this proposed Rule will have a positive impact on small businesses as it will increase reimbursement to providers for the services they already render.

NOTICE OF INTENT

**Department of Health
Bureau of Health Services Financing**

Federally Qualified Health Centers
Alternative Payment Methodology
(LAC 50:XI.10703)

The Department of Health, Bureau of Health Services Financing proposes to amend LAC 50:XI.10703 in the Medical Assistance Program as authorized by R.S. 36:254 and pursuant to Title XIX of the Social Security Act. This proposed Rule is promulgated in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq.

The Department of Health, Bureau of Health Services Financing provides reimbursement for services rendered by federally qualified health centers (FQHCs) on a per visit basis under a prospective payment system (PPS) methodology. The department proposes to amend the provisions governing reimbursement for FQHCs in order to establish an alternative payment methodology to pay an add-

Provider Impact Statement

In compliance with House Concurrent Resolution (HCR) 170 of the 2014 Regular Session of the Louisiana Legislature, the provider impact of this proposed Rule has been considered. It is anticipated that this proposed Rule will have no impact on the staffing level requirements or qualifications required to provide the same level of service, but may reduce the total direct and indirect cost to the provider to provide the same level of service, and may enhance the provider's ability to provide the same level of service as described in HCR 170 since this proposed Rule increases payments to providers for the services they already render.

Public Comments

Interested persons may submit written comments to Kimberly Sullivan, JD, Bureau of Health Services Financing, P.O. Box 91030, Baton Rouge, LA 70821-9030. Ms. Sullivan is responsible for responding to inquiries regarding this proposed Rule. The deadline for submitting written comments is March 24, 2025.

Public Hearing

Interested persons may submit a written request to conduct a public hearing by U.S. mail to the Office of the Secretary ATTN: LDH Rulemaking Coordinator, Post Office Box 629, Baton Rouge, LA 70821-0629; however, such request must be received no later than 4:30 p.m. on March 12, 2025. If the criteria set forth in R.S. 49:961(B)(1) are satisfied, LDH will conduct a public hearing at 9:30 a.m. on March 27, 2025 in Room 118 of the Bienville Building, which is located at 628 North Fourth Street, Baton Rouge, LA. To confirm whether or not a public hearing will be held, interested persons should first call Allen Enger at (225) 342-1342 after March 12, 2025. If a public hearing is to be held, all interested persons are invited to attend and present data, views, comments, or arguments, orally or in writing.

Michael Harrington, MBA, MA
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES RULE TITLE: Federally Qualified Health Centers Alternative Payment Methodology

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

It is anticipated that implementation of this proposed rule will result in increased state costs of approximately \$270 for FY 24-25, \$1,566,207 for FY 25-26, and \$1,597,255 for FY 26-27. It is anticipated that \$540 (\$270 SGF and \$270 FED) will be expended in FY 24-25 for the state's administrative expense for promulgation of this proposed rule and the final rule.

The proposed rule amends the provisions governing reimbursement to federally qualified health centers in order to establish an alternative payment methodology to pay an add-on amount of \$50 per encounter in addition to the prospective payment rate on file for the date of service.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

It is anticipated that the implementation of this proposed rule will increase federal revenue collections by approximately \$270 for FY 24-25, \$5,239,933 for FY 25-26, and \$5,344,457

for FY 26-27. It is anticipated that \$270 will be collected in FY 24-25 for the federal share of the expense for promulgation of this proposed rule and the final rule.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS (Summary)

The proposed rule amends the provisions governing reimbursement to federally qualified health centers in order to establish an alternative payment methodology to pay an add-on amount of \$50 per encounter in addition to the prospective payment rate on file for the date of service. It is anticipated that this proposed rule will benefit providers by providing increased payment to providers for services they already render. The proposed rule is anticipated to increase payments to providers by approximately \$0 for FY 24-25 \$6,806,140 for FY 25-26, and \$6,941,712 for FY 26-27.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule has no known effect on competition and employment.

Kimberly Sullivan, JD
Medicaid Executive Director
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Patrice Thomas
Deputy Fiscal Officer
Legislative Fiscal Office