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

14 November, 2014

Reference: **SPA –LA 14-31**
(Inpatient Hospital Reimbursement Methodology)

Ms. Ruth Kennedy, Director
Bureau of Health Services Financing
Department of Health and Hospitals
Post Office Box 91030
Baton Rouge, Louisiana 70821-9030

RE: Louisiana 14-31

This is to acknowledge receipt of State's letter dated 14 November, 2014, withdrawing State Plan Transmittal No.14-31. This action is reflected on the enclosed CMS-179. For your convenience, we are enclosing copies of the material withdrawn.

If you have any questions, please call Tammy Sampson at 214-767-6431

Sincerely,

Marsha Marks, Health Insurance Specialist
Centers for Medicare & Medicaid Services
Division of Medicaid and Child Health

Enclosures:
State's Letter Dated 11/14/14
Copies of Withdrawn Pages

Bobby Jindal
GOVERNOR

Kathy H. Kliebert
SECRETARY

State of Louisiana

Department of Health and Hospitals
Office of the Secretary

VIA ELECTRONIC MAIL ONLY

August 22, 2014

Bill Brooks
Associate Regional Administrator
Division of Medicaid & Children's Health
DHHS/Centers for Medicare and Medicaid Services
1301 Young Street, Room #833
Dallas, Texas 75202

Dear Mr. Brooks:

RE: Louisiana Title XIX State Plan
Transmittal No. 14-31

I have reviewed and approved the enclosed Louisiana Title XIX State Plan material. I recommend this material for adoption and inclusion in the body of the State Plan.

Sincerely,

Kathy H. Kliebert
Secretary

Attachments (3)

KHK/JRK/DAB

Bienville Building • 628 North 4th Street • P.O. Box 629 • Baton Rouge, Louisiana 70821-0629
Phone #: 225/342-9509 • Fax #: 225/342-5568 • *WWW.DHH.LA.GOV*
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DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: **14-31**

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: **July 20, 2014**

5. TYPE OF PLAN MATERIAL *(Check One)*:

G NEW STATE PLAN G AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 413.30 and 413.40

7. FEDERAL BUDGET IMPACT:
a. FFY **2015** **$0.00**
b. FFY **2016** **$0.00**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, Item 1, Page 1
Attachment 4.19-A, Item 1, Page 1a
Attachment 4.19-A, Item 1, Page 8f

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Same (TN 12-06)
Same (TN 12-48)
Same (TN 09-42)

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to amend the provisions governing inpatient hospital services in order to incorporate provisions governing medical education payments which were inadvertently removed.**

11. GOVERNOR=S REVIEW *(Check One)*:
G GOVERNOR=S OFFICE REPORTED NO COMMENT
G COMMENTS OF GOVERNOR=S OFFICE ENCLOSED
G NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
The Governor does not review state plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Kathy H. Kliebert

14. TITLE:
Secretary

15. DATE SUBMITTED:
August 22, 2014

16. RETURN TO:
J. Ruth Kennedy, Medicaid Director
State of Louisiana
Department of Health and Hospitals
628 N. 4th Street
PO Box 91030
Baton Rouge, LA 70821-9030

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

Withdrawn Per State's Letter Date 11-14-14

FORM HCFA-179 (07-92)

a. Hospitals with qualifying medical education programs shall submit a listing of inpatient claims paid each month by each MCO. Qualifying medical education programs are defined as graduate medical education, paramedical education, and nursing schools.
b. Monthly payments shall be calculated by multiplying the number of qualifying inpatient days times the medical education costs included in each state hospital's interim per diem rate as calculated per the latest filed Medicaid cost report.
c. Final payment shall be determined based on the actual MCO covered days and allowable inpatient Medicaid medical education costs for the cost reporting period per the Medicaid cost report.

6. Effective for the dates of service on or after August 1, 2012, the inpatient per diem rate paid to state-owned acute care hospitals, excluding Villa Feliciana and inpatient psychiatric services, shall be reduced by 10 percent of the per diem rate on file as of July 31, 2012.

a. The Medicaid payments to state-owned hospitals that qualify for the supplemental payments, excluding Villa Feliciana and inpatient psychiatric services, shall be reimbursed at 90 percent of allowable costs and shall not be subject to per discharge or per diem limits.
b. The Medicaid payments to state-owned hospitals that do not qualify for the supplemental payments shall be reimbursed at 54 percent of allowable costs.

Withdrawn Per State's Letter Date 11-14-14

CITATION
42 CFR 413.30 and 413.40

Inpatient hospital services (other than those provided in an institution for Tuberculosis or mental disease) are reimbursed as follows:

I. Reimbursement Methodology

Medicaid uses the Medicare (Title XVIII) principles of reimbursement in accordance with HIM 15 requirements as a guide to determine Medicaid (Title XIX) reimbursement.

A. Methods of Payment for State-operated hospitals.

1. For all hospitals participating as a Title XVIII/XIX provider, the State agency shall apply:

   a. Medicare standards for reporting.

   b. Medicare cost reporting periods for the ceiling on the rate of increase in operating costs under 42 CFR 413.40 The base year cost reporting period to be used in determining the target rate shall be the hospital's fiscal year ending on or after September 30, 1982.

2. Inpatient hospital services provided by state acute hospitals shall be reimbursed at allowable costs and shall not be subject to per discharge or per diem limits.

3. Effective for dates of service on or after October 16, 2010, a quarterly supplemental payment up to the Medicare upper payment limits will be issued to qualifying state-owned hospitals for inpatient acute care services rendered.

   Qualifying Criteria: State-owned acute care hospitals located in DHH Administrative Region 8 will receive a quarterly supplemental payment.

4. Effective for dates of service on or after October 16, 2010, the Medicaid payments to state hospitals that do not qualify for the supplemental payment in #3 above as paid through interim per diem rates and final cost settlements shall be 60 percent of allowable Medicaid costs.

5. Effective for dates of service **on or after February 1, 2012**, medical education payments for inpatient services which are reimbursed by a prepaid risk-bearing managed care organization (MCO) shall be paid monthly by Medicaid as interim lump sum payments.

Withdrawn Per State's Letter Date 11-14-14

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:

(2) Carve-Out Specialty Services

Carve-out specialty services are rendered by neonatal intensive care units, pediatric intensive care units, burn units and include transplants. These services shall be reimbursed at the lesser of cost 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 CMS beginning with cost reporting periods starting on or after January 1, 2010.

Effective for dates of services on or after September 1, 2009, payment shall be 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.

(3) Graduate Medical Education

Effective for dates of service on or after February 1, 2012, medical education payments for inpatient services which are reimbursed by a prepaid risk-bearing managed care organization (MCO) shall be paid by Medicaid monthly as interim lump sum payments.

- Hospitals with qualifying medical education programs shall submit a listing of inpatient claims paid each month by each MCO. Qualifying Medical Education Programs are defined as graduate medical education, paramedical education, and nursing schools.
- Monthly payments shall be calculated by multiplying the number of qualifying inpatient days times the medical education costs included in each children's specialty hospital's interim per diem rate as calculated per the latest filed Medicaid cost report.
- Final payment shall be determined based on the actual MCO covered days and medical education costs for the cost reporting period per the Medicaid cost report. Reimbursement shall be at the same percentage that is reimbursed for fee-for-service covered Medicaid costs after application of reimbursement caps.

Withdrawn Per State's Letter Date 11-14-14