DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850

Financial Management Group

NOV 16 2016

Mrs. Jen Steele, Director
Bureau of Health Services Financing
Department of Health and Hospitals
Post Office Box 91030
Baton Rouge, Louisiana 70821-9030

RE: Louisiana 16-0018

Dear Mrs. Steele:

We have reviewed the proposed State plan amendment (SPA) to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 16-0018. The SPA proposes to revise the provisions governing qualifying criteria for disproportionate share hospitals (DSH) payments to major medical centers in central and northern.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

Based upon the information provided by the State, Medicaid State plan amendment 16-0018 is approved effective June 30, 2016. We are enclosing the CMS-179 and the new plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,

Kristin Fan
Director

Enclosures

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: **16-0018**

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: **June 30, 2016**

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

☐ NEW STATE PLAN ☐ 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 447 Subpart E

7. FEDERAL BUDGET IMPACT:
a. FFY 2016 $31,105.00 ~~$38,881.25~~
b. FFY 2017 $31,140.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, Item 1, Page 10 d
Attachment 4.19-A, Item 1, Page 10 k (5)~~(a)~~ b and c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Same (TN 15-0012)
None- New pages

10. SUBJECT OF AMENDMENT: **The SPA proposes to revise the provisions governing qualifying criteria for disproportionate share hospitals (DSH) payments to major medical centers in central and northern Louisiana and the DSH payment methodology.**

11. GOVERNOR'S REVIEW *(Check One)*:
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ 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: [signature]

13. TYPED NAME: **Rebekah E. Gee MD, MPH**

14. TITLE: **Secretary**

15. DATE SUBMITTED: **June 30, 2016**

16. RETURN TO:
Jen Steele, Medicaid Director
State of Louisiana
Department of Health
628 N. 4th Street
P.O. Box 91030
Baton Rouge, LA 70821-9030

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: June 30, 2016

18. DATE APPROVED: NOV 16 2016

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: June 30, 2016

20. SIGNATURE OF REGIONAL OFFICIAL: [signature]

21. TYPED NAME: Kristin Fan

22. TITLE: Director, FMG

23. REMARKS: The State requests a pen and ink change to box 7 and 8, as indicated above.
October 27, 2016: The State requests a pen and ink change to boxes 8 and 9 as indicated above.

FORM HCFA-179 (07-92)

e. Meet the definition of a public non-rural community hospital as defined in I.D.3.e. below; **or**

f. Effective September 15, 2006, be a private non-rural community hospital as defined in I.D.3.f. below; **or**

g. Effective November 3, 1997, be a small rural hospital as defined in I.D.3.b.; **or**

h. Effective for dates of service on or after January 1, 2008, be a Medicaid enrolled non-state acute care hospital that expands their existing distinct part psychiatric unit or that enrolls a new distinct part psychiatric unit, and signs an addendum to the Provider Enrollment form (PE-50) by April 3, 2008 with the Department of Health , Office of Behavioral Health; **or**

i. Effective for dates of service on or after January 21, 2010, be a hospital participating in the Low Income and Needy Care Collaboration; **or**

j. Effective for dates of service on or after May 24, 2014, meet the definition of a Louisiana Low-Income Academic Hospital; **or**

k. Effective for dates of services on or after June 30, 2016, be a hospital defined as a major medical center in the central and northern areas of Louisiana; **and**

l. . In addition to the qualification criteria outlined in I.D.1.a.-k. above, effective July 1, 1994, the qualifying disproportionate share hospital must also have a Medicaid inpatient utilization rate of at least one percent (1%).

2. General Provisions for Disproportionate Share Payments

a. Total cumulative disproportionate share payments under any and all DSH payment methodologies shall not exceed the federal disproportionate share state allotment for Louisiana for each federal fiscal year. The Department shall make necessary downward adjustments to hospitals' disproportionate share payments to remain within the federal disproportionate share allotment.

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Major Medical Centers Located in Central and Northern Areas of the State

Qualifying Criteria

Effective for dates of service on or after June 30, 2016, hospitals qualifying for payments as major medical centers located in the central and northern areas of the State shall meet the following criteria:

1. be a private, non-rural hospital located in Department of Health administrative regions 6, 7, or 8;
2. have at least 200 inpatient beds as reported on the Medicare/Medicaid cost report, Worksheet S-3, column 2, lines 1 – 18, for the state fiscal year ending June 30, 2015. For qualification purposes, inpatient beds shall exclude nursery and Medicare designated distinct part psychiatric unit beds;
3. does not qualify as a Louisiana low-income academic hospital; and
4. such qualifying hospital (or its affiliate) does have a memorandum of understanding executed on or after June 30, 2016, with Louisiana State University – School of Medicine, the purpose of which is to maintain and improve access to quality care for Medicaid patients in connection with the expansion of Medicaid in the state through the promotion, expansion, and support of graduate medical education and training.

The five hospitals that meet these qualifications are as follows:

a. Glenwood Regional Medical Center;
b. Christus St. Francis Cabrini Hospital;
c. Rapides Regional Medical Center
d. St. Francis Medical Center
e. Willis Knighton Health Systems

Payment Methodology

1. Effective for dates of service on or after June 30, 2016, each qualifying hospital shall be paid an annual disproportionate share hospital (DSH) adjustment payment which is the pro rata amount calculated by dividing their hospital specific allowable uncompensated care costs by the total allowable uncompensated care costs for all hospitals qualifying under this category and multiplying by the funding appropriated by the Louisiana Legislature in the applicable state fiscal year for this category of hospitals.

2. Qualifying hospitals must complete and submit uncompensated care costs calculation forms which incorporate the required DSH federal definition of uncompensated care costs. Supporting uninsured patient specific data in the form of a patient log which identifies patient name, social security number, dates of services, charges generated, and any payments received. Historical data from qualifying hospitals and other similar hospitals may be used to validate reasonableness of uncompensated care costs claimed before payments are made.

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3. Aggregate DSH payments for hospitals that receive payment from this category and any other DSH category, shall not exceed the hospital's specific DSH limit. If payments calculated under this methodology would cause a hospital's aggregate DSH payment to exceed the limit, the payment from this category shall be capped at the hospital's specific DSH limit. No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

4. A pro rata decrease necessitated by conditions specified in I.D.2.a. above for hospitals described in this section will be calculated based on the ratio determined by dividing the hospital's uncompensated costs by the uncompensated costs for all qualifying hospitals in this section, then multiplying by the amount of disproportionate share payments calculated in excess of the federal DSH allotment. Additional payments shall only be made after finalization of the CMS mandated DSH audit for the state fiscal year. Payments shall be limited to the aggregate amount recouped from the qualifying hospitals in this section based on these reported audit results. If the hospitals' aggregate amount of underpayments reported per the audit results exceeds the aggregate amount overpaid, the payment redistribution to underpaid shall be paid on a pro rata basis calculated using each hospital's amount underpaid divided by the sum of underpayments for all hospitals in this section.

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