Outpatient Hospital UPL Guidance

State: LOUISIANA

☒ State government owned or operated facilities
☒ Non-state government owned or operated facilities
☒ Private facilities

I. The Basis of the UPL Formula is:

☒ Cost-Based Demonstration (e.g. Cost-to-charge ratio X Medicaid covered O/P charges), or

☐ Payment-Based Demonstration (e.g. Payment-to-charge ratio X Medicaid covered O/P charges), or

☐ Other (please describe below):

Please provide a general description of the formula:

Medicaid outpatient costs and payments (excluding clinical lab) are summarized from paid claims for dates of service in the last SFY (2018). "Shadow claim charges" associated with outpatient surgeries are also compiled and included in the calculation. These are charges for allowable services provided in conjunction with covered outpatient surgery procedures where the only Medicaid claim payment made is on the outpatient surgery line. On a hospital specific basis, charges are multiplied by cost to charge ratios (CCRs) from latest filed reports. Medicaid payment (combination of % of cost based and fee for service) is subtracted from cost of outpatient services for each hospital. CMS market basket inflation factors are applied to adjust to UPL demonstration year. Aggregate inflated differential (Medicaid outpatient costs less Medicaid payments) for each hospital is the UPL aggregate for each group of hospitals (state governmental, non-state governmental and private).

II. The source of the UPL Medicare equivalent data is:

☒ The Medicare Cost Report (CMS 2552-96 or 2552-10)
- ☒ Filed
- ☐ Settled

☒ Other Data Source (Please describe)

MMIS claims data by hospital for previous state fiscal year dates of service. (7/1/2017 – 6/30/2018)
The latest available hospital cost report FY from the HCRIS database is used and the majority of these cost reports fiscal year ends fall within calendar year 2017.

What is the time period of the data?

Base year data: _2017-2018_____

Rate year data: _2019_____

III. The State uses the Cost Report References below:

Cost-Based Demonstration (Cost-to-Charge Ratio):

☐ Worksheet C
☒ Worksheet D

Describe which columns and lines that are used to determine the cost-to-charge ratios.

Cost - Worksheet D, Part V, Line 202, Columns 2-4
Charges - Worksheet D, Part V, Line 202, Column 5-7

Payment-to-Charge Demonstration (Payment to Charge Ratio) use:

☐ Worksheet E, Part B (Payments) / Worksheet D, Part V and VI (Charges)

Describe which columns and lines that are used to determine the payment-to-charge ratio(s).

Does the Medicare payment data represent gross reported payment or are adjustments made to the data to capture the net payment?

☐ Gross
☐ Net

For net reported payments, please explain the adjustments for primary payer payments, deductible, coinsurance and reimbursable bad debts. (Please note: if deductibles and coinsurance are added onto the Medicare payment, the state should remove reimbursable bad debts included in the Medicare payments).

Other Cost Report Worksheets, Columns and Lines used:

If the state uses other worksheets, describe them and how they are applied.

IV. The State applies Medicaid charge data as described below to the Medicare charge ratios:

☒ The Medicaid charges are from paid claims reported from the MMIS.

☐ The Medicaid charges are from another source. Other source: _____.

☒ Do the dates of service for the Medicaid charge data match the dates of services from the Medicare cost report data? If no, please explain.

No - Medicaid charge data is for prior state fiscal year dates of service (7/1/2017 - 6/30/2018). Medicare cost report data is each hospital's latest filed for its fiscal year end period.

Does the state only include Medicaid charges from in-state Medicaid residents?

☒ Yes
☐ No

Does the charge data exclude crossover claims?

☒ Yes
☐ No

Are physicians and other professional service charges excluded?

☒ Yes
☐ No

Please explain the inclusion of any professional service charges and verify that those services are covered, billed and paid as Medicaid inpatient hospital service payments in accordance with the State's approved State plan methodology.

V. <u>The UPL demonstration applied Medicaid payment data as follows:</u>

Medicaid base payment data is reported from the MMIS.

- ☒ Yes
- ☐ No

If the source of the payment data is a different source, please explain:

Are the dates of service for the Medicaid payment data consistent with the Medicaid charge data and the hospital cost reporting period?

- ☐ Yes
- ☒ No

If no, please explain:

In order to account for inflationary differences, adjustment factors are applied separately to the charges and the allowed payments to represent projected SFY 2019 values.
Medicaid Payments are repriced under the payment figures present during the UPL Demonstration period (SFY2019).
Medicaid Charges are adjusted by the CMS Hospital Market Basket to the Mid-Point of the UPL Demonstration period.

Medicaid payment data includes ALL base and supplemental payments to outpatient hospital providers. Base and supplemental payments must be separately identified. Note: any reimbursement paid outside of MMIS should also be included.

- ☒ Yes
- ☐ No

Please explain payments that are made outside of the MMIS.

Adjustments are made to reflect final reimbursement for outpatient services that are reimbursed at a percentage of allowable cost as specified in the approved state plan. Supplemental payments are also included.

Medicaid payment data exclude crossover claims.

- ☒ Yes
- ☐ No

Is the Medicaid payment reported gross or net of primary care payments, deductibles and co-pays?

- ☒ Gross
- ☐ Net

Describe how Medicaid payment rate changes between the base period and the UPL period are accounted for in the demonstration?

Medicaid payments from the MMIS claims data base are adjusted using inflationary increases, rate cuts, rebasing and other significant rate changes that have impacted payments for dates of service that occurred either subsequent or prior to the ending time period of the claims data set. Supplemental payments are also adjusted to align with the UPL period (current SFY).

Does the dollar amount of payments for the UPL base period equal the "claimed" amounts on the CMS-64, Medicaid Expenditures report for the UPL time period?

- ☐ Yes
- ☒ No

If no, please provide a reconciliation and explanation of the difference?

The UPL base uses actual Medicaid payments for dates of service from the previous SFY and adjusts to estimated Medicaid reimbursement during the UPL demonstration period. The CMS 64 reports actual Medicaid expenditures paid regardless of date of service.

VI. <u>The State trends or adjusts the UPL data, as follows:</u>

The state trends the UPL for inflation

- ☒ Yes
- ☐ No

Explain the trending factor and its source.

The 6.1FY, CMS Hospital Market Basket is used to inflate each hospital's cost report data to the midpoint of the UPL demonstration year.

Is the inflation trend applied from "mid-point to the mid-point" in order to most accurately project future experience?

- ☒ Yes
- ☐ No

The state trends the UPL for volume/utilization.

- ☐ Yes
- ☒ No

Explain the volume/utilization adjustment, including: how will it assure the UPL does not over or understate the volume of Medicaid hospital services provided in the rate year, how it is applied and that it is applied consistently to the Medicare equivalent and Medicaid payment data:

Please explain all additional trends or factors that are used in the demonstration and their application:

Changes in ownership that cause a public hospital to become privately owned, or vice versa are adjusted from base year to UPL rate year to more accurately state UPL. Adjustments are also made for facility closures or major service discontinuations.

Does the state apply a claims completion factor to the payment data?

- ☐ Yes
- ☒ No

Please explain the claims completion factor and its application:

Does the state apply a claims completion factor to the charge data?

- ☐ Yes
- ☒ No

Is the claims completion factor equally applied to the payment charge data?

- ☐ Yes
- ☐ No

VII. The state has conducted an analysis of clinical diagnostic laboratory services:

The State plan specifies that the State pays a percentage of the Medicare fee schedule for clinical diagnostic lab services in compliance with section 1903(i) of the Social Security Act?

- ☒ Yes
- ☐ No

The State does not pay a percentage of Medicare, however, the State demonstrates that Medicaid payment rates fall below the Medicare fee schedule for clinical diagnostic lab services on a per test basis?

- ☐ Yes
- ☐ No

The State included clinical diagnostic lab services in the outpatient UPL. The State demonstrates compliance with section 1903(i) of the Act through a demonstration or assurance that payments do not exceed the Medicare fee schedule on a per test basis.

- ☐ Yes
- ☒ No

VIII. The state UPL data demonstration is structured as follows:

The state conducted the UPL demonstration separately for state government owned or operated, non-state government owned or operated and privately owned or operated hospitals.

- ☒ Yes
- ☐ No

All Medicaid base and supplemental payments are included in the demonstration and are separately identified.

- ☒ Yes
- ☐ No

The demonstration includes all facilities that receive outpatient hospital payments under Medicaid.

- ☒ Yes
- ☐ No

The demonstration only includes in-state hospitals.

☒ Yes
☐ No

If the state includes out of state hospitals in the UPL calculation, please verify that data on cost/payments have been obtained from the cost report of the out of state hospitals and that the hospitals are included in the "private" provider category.

☐ Yes
☐ No

Are Critical Access Hospitals (CAHs) included?

☒ Yes
☐ No

Describe how the state accounts for CAHs in the UPL calculation?

Critical access hospitals (with the exception of one that is state owned) qualify as small rural hospitals in Louisiana. Reimbursement for Medicaid outpatient services other than clinical lab is 110% of costs. The calculated 110% of cost reimbursement is subtracted from actual costs which creates a negative hospital specific outpatient UPL. The individual rural hospitals negative UPLs are included in a non-state governmental or private hospital group as appropriate. The state owned CAH is treated the same as other state hospitals and included in their UPL aggregate amount.

If CAHS are excluded, please explain the decision to exclude them from the UPL and the basis for demonstrating compliance with 42 CFR 447.272.