



State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA ELECTRONIC MAIL ONLY

December 8, 2023

James G. Scott, Director
Division of Program Operations
Medicaid & CHIP Operations Group
601 East 12th Street, Room 0300
Kansas City, Missouri 64106-2898

**RE: LA SPA TN 23-0033 Outpatient Hospital Services
Public Non-State Small Rural Hospitals RAI Response**

Dear Mr. Scott:

Please refer to our proposed Medicaid State Plan submitted under transmittal number (TN) 23-0033 with a proposed effective date of July 1, 2023. The purpose of this SPA is to revise the provisions governing Outpatient Hospital Services to establish quarterly supplemental payments for certain public non-state small rural hospitals located in administrative region 3 that render qualifying services during the quarter.

We are providing the following in response to your request for additional information (RAI) dated November 8, 2023:

Upper Payment Limit (UPL)

1. West Carroll Memorial Hospital is identified as private in the 2023 Louisiana outpatient hospital UPL submitted to MACFin. However, according to informal RAI responses the qualifying criteria is for non-state government hospitals.

State's I-RAI response: This proposed SPA will qualify a small rural hospital, Franklin Foundation, for Medicaid outpatient supplemental payments using only the available Medicaid outpatient fee-for-service UPL cap. This will have no fiscal impact as these payments are from our aggregate outpatient fee-for-service upper payment limit cap, which is a finite funding source. Funding available for other public non-state hospitals would be offset by these payments. Fee-for service costs and

payments are separately identified from the costs and payments of managed care services using claims payment data reports that are used to prepare cost reports and to calculate the UPL demonstrations. No managed care costs, payments, or claims information is included in the Medicaid fee-for-service UPL demonstrations or estimated supplemental payments”.

According to the state, supplemental payments projected to be paid for SFY 2024 service dates will be matched by intergovernmental transfers from public entities totaling \$4,500,000 to provider #1733725, West Carroll Medical Center. The intergovernmental transfer of \$1,198,575 will be from the West Carroll Parish Police Jury.

Please clarify if West Carroll Memorial Hospital (or Medical Center) was mislabeled as a private entity, instead of non-state government own and explained if the hospital was re- classified due to changes in state law, hospital bankruptcy etc.

LDH Response:

West Carroll Memorial Hospital was not mislabeled as a private entity. It has been privately owned for at least 30 years. West Carroll currently qualifies for supplemental payments under the Low Income and Needy Care Collaboration Agreement (LINCCA) Hospital (rural hospital provision), which was approved under LA SPA TN 11-35, with an effective date of October 11, 2011. These provisions are currently located in approved State Plan Attachment 4.19-B, Item 2.a, Pages 4b-4e, and will not change as a result of LA SPA TN 23-0033. The proposed revisions in LA SPA TN 23-0033 are effective July 1, 2023, and will be applicable to publicly owned small rural hospitals. This new proposed language is located in Attachment 4.19-B, Item 2.a., Pages 4a-4a (1).

INTERGOVERNMENTAL TRANSFERS (IGT)

Thank you for providing assurance and confirmation that the payment methods are comprehensive and only recognize Medicaid allowable services costs in accordance with 42 CFR 433.51(b) and SMDL 14-0004. However, because 4.19-B pages for outpatient services define a non-state hospital as “a hospital which is owned or operated by a private entity”, CMS needs additional details to determine whether the dollar value of the contracts between private and public entities had any fair market valuation. There can be no transfer of value, or a return or reduction of payments reflected in these agreements. Additionally, whether the State is a party to the financial arrangement or not, the State is responsible to ensure that the funding is appropriate. The State would be responsible for refunding any FFP if CMS finds the funding source inappropriate.

2. What is the source of all funds transferred? Are funds from tax assessments, special appropriations from the State to the county/city or another source? Please provide the county/city legislation authorizing the IGTs.

LDH Response:

The funds transferred are operational revenues which include parish tax assessments dedicated to the operation of the hospital service district (HSD). The IGTs must be approved by the hospital board that is appointed by the elected parish commissioners.

3. Does the state agree to provide certification from the transferring entities that the IGTs are voluntary?

LDH Response:

The State agrees to provide certification from the transferring entities that the IGTs are voluntary.

4. Do the cities require voter approval to use local tax dollars to fund the non-Federal share of the supplemental payments?

LDH Response:

The millage within the parish property tax dedicated to the HSD is approved by the voters; however, the appointed hospital board must approve the use of the tax revenues to fund the non-federal share of the supplemental payments.

5. Do the cities currently levy taxes or have access to sufficient state or local tax revenue to support the IGTs necessary as the non-Federal share of the supplemental payments to the hospital?

LDH Response:

Yes. This provider is an HSD and has taxing authority, per Louisiana Revised Statute 46:1064. Please see attached statutes which define HSDs in Louisiana and their authority.

ADDITIONAL

6. CMS recommends the specific language be added to the SPA Pages: “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.”

LDH Response:

The recommended language has been added to the SPA pages.

December 8, 2023

Page 4

Please consider this as a formal request to begin the 90-day clock. As always, we appreciate the assistance and guidance CMS has provided in resolving these issues. We trust this RAI response will result in the approval of the pending SPA. If additional information is required, you may contact Karen H. Barnes via email at Karen.Barnes@la.gov or by phone at (225) 342-3881.

Sincerely,

A handwritten signature in cursive script that reads "Kimberly Sullivan".

Kimberly Sullivan, J. D.
Interim Medicaid Executive Director

KS:KHB:KC

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Effective for dates of service on or after July 1, 2008, small rural hospitals as defined in D.3.b. shall be reimbursed for **outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services, and outpatient hospital facility fees as follows:**

Interim payment shall be one hundred ten percent of each hospital's cost to charge ratio as calculated from the latest filed cost report. Final reimbursement shall be one hundred ten percent of allowable cost as calculated through the cost report settlement process. Final cost is identified by mapping outpatient charges to individual cost centers on the Medicare Hospital Cost Report then multiplying such charges by the cost centers' individual cost to charge ratios. Dates of service associated with the charges match the rate year on the Medicare Hospital Cost Report.

Supplemental Payments for Outpatient Services in Small Rural Hospitals

Effective for the dates of service on or after August 1, 2010, small rural hospitals as defined below shall be reimbursed for outpatient hospital surgery services, rehabilitation services, and outpatient hospital facility fees up to the Medicare outpatient upper payment limit.

Qualifying Criteria:

- a. Public (non-state) small rural hospital: a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1) which is owned by a local government and as of August 1, 2010 has a certified neonatal intensive care unit.
- b. Private small rural hospital: a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1)(i)

Effective for the dates of service on or after August 1, 2010, small rural hospitals as defined below shall be reimbursed for **outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees** up to the Medicare outpatient upper payment limit.

Qualifying Criteria:

- a. Public (non-state) small rural hospital: a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1) which is owned by a local government and as of August 1, 2010 has a certified neonatal intensive care unit.
- b. Private small rural hospital: a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1)(i)

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Effective for dates of service on or after July 1, 2023, quarterly supplemental payments will be issued to qualifying small rural hospitals for outpatient hospital surgery services rendered during the quarter. Maximum aggregate payments to all qualifying hospitals in this group shall not exceed the available upper payment limit per state fiscal year.

Effective for dates of service on or after July 1, 2023, quarterly supplemental payments will be issued to qualifying small rural hospitals for outpatient hospital clinic services rendered during the quarter. Maximum aggregate payments to all qualifying hospitals in this group shall not exceed the available upper payment limit per state fiscal year.

Effective for dates of service on or after July 1, 2023, quarterly supplemental payments will be issued to qualifying small rural hospitals for outpatient hospital rehabilitation services rendered during the quarter. Maximum aggregate payments to all qualifying hospitals in this group shall not exceed the available upper payment limit per state fiscal year.

Effective for dates of service on or after July 1, 2023, quarterly supplemental payments will be issued to qualifying small rural hospitals for outpatient hospital services other than clinical diagnostic laboratory, outpatient surgeries, rehabilitation, and outpatient facility fees clinic services rendered during the quarter. Maximum aggregate payments to all qualifying hospitals in this group shall not exceed the available upper payment limit per state fiscal year.

In order to qualify for the quarterly supplemental payments, the small rural hospital must:

- a. Be publicly (non-state) owned and operated;
- b. Be located in Department of Health administrative region 3; and
- c. Provide routine and emergency inpatient and outpatient obstetrical services with separately identified nursery department statistics reported on the cost report.

In accordance with 42 CFR 447.321 and 440.20, there will be no duplication of costs.

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.

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Effective for dates of service on or after July 1, 2008, small rural hospitals as defined in D.3.b. shall be reimbursed for **outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services, and outpatient hospital facility fees as follows:**

Interim payment shall be one hundred ten percent of each hospital's cost to charge ratio as calculated from the latest filed cost report. Final reimbursement shall be one hundred ten percent of allowable cost as calculated through the cost report settlement process. Final cost is identified by mapping outpatient charges to individual cost centers on the Medicare Hospital Cost Report then multiplying such charges by the cost centers' individual cost to charge ratios. Dates of service associated with the charges match the rate year on the Medicare Hospital Cost Report.

Supplemental Payments for Outpatient Services in Small Rural Hospitals

Effective for the dates of service on or after August 1, 2010, small rural hospitals as defined below shall be reimbursed for outpatient hospital surgery services, rehabilitation services, and outpatient hospital facility fees up to the Medicare outpatient upper payment limit.

Qualifying Criteria:

- a. Public (non-state) small rural hospital: a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1) which is owned by a local government and as of August 1, 2010 has a certified neonatal intensive care unit.
- b. Private small rural hospital: a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1)(i)

Effective for the dates of service on or after August 1, 2010, small rural hospitals as defined below shall be reimbursed for **outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees** up to the Medicare outpatient upper payment limit.

Qualifying Criteria:

- a. Public (non-state) small rural hospital: a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1) which is owned by a local government and as of August 1, 2010 has a certified neonatal intensive care unit.
- b. Private small rural hospital: a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1)(i)

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Effective for dates of service on or after July 1, 2023, quarterly supplemental payments will be issued to qualifying small rural hospitals for outpatient hospital surgery services rendered during the quarter. Maximum aggregate payments to all qualifying hospitals in this group shall not exceed the available upper payment limit per state fiscal year.

Effective for dates of service on or after July 1, 2023, quarterly supplemental payments will be issued to qualifying small rural hospitals for outpatient hospital clinic services rendered during the quarter. Maximum aggregate payments to all qualifying hospitals in this group shall not exceed the available upper payment limit per state fiscal year.

Effective for dates of service on or after July 1, 2023, quarterly supplemental payments will be issued to qualifying small rural hospitals for outpatient hospital rehabilitation services rendered during the quarter. Maximum aggregate payments to all qualifying hospitals in this group shall not exceed the available upper payment limit per state fiscal year.

Effective for dates of service on or after July 1, 2023, quarterly supplemental payments will be issued to qualifying small rural hospitals for outpatient hospital services other than clinical diagnostic laboratory, outpatient surgeries, rehabilitation, and outpatient facility fees clinic services rendered during the quarter. Maximum aggregate payments to all qualifying hospitals in this group shall not exceed the available upper payment limit per state fiscal year.

In order to qualify for the quarterly supplemental payments, the small rural hospital must:

- a. Be publicly (non-state) owned and operated;
- b. Be located in Department of Health administrative region 3; and
- c. Provide routine and emergency inpatient and outpatient obstetrical services with separately identified nursery department statistics reported on the cost report.

In accordance with 42 CFR 447.321 and 440.20, there will be no duplication of costs.

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.

§1064. Districts as political subdivisions; acquisition of land and physical facilities; special maintenance taxes; incurring debt; bonds; audits

A. The hospital service districts as defined in R.S. 46:1072 are hereby declared to be political subdivisions of the state, and for the purpose of purchasing and acquiring lands and purchasing, acquiring, constructing and maintaining hospitals, nursing homes, physicians and dentists offices, laboratories, and other physical facilities necessary to carry out the purposes of this Chapter. Title to such land and physical facilities shall be in the public. Such districts shall be subdivisions of the state of Louisiana within the meaning of the laws of Louisiana relating to the voting and levy of special maintenance taxes incurring debt and issuing bonds therefor, including particularly but without limitation R.S. 39:504.1, 515-518, 551-571, 575-577, 611-617, 701-706, and 911, and shall be authorized to issue hospital revenue bonds pursuant to R.S. 39:559.1 and 1011-1024, and as otherwise permitted by law. Hospital service districts are hereby further authorized to issue bonds pursuant to the foregoing to refund outstanding bonded indebtedness whether issued by such hospital service district or by another political subdivision of the state on behalf of such hospital service district or in respect of any hospital facilities owned or operated by any such hospital service district.

B. Each district shall cause to be conducted annually, by a duly qualified certified public accountant, an audit and examination of its books and accounts, said audit to be filed with the legislative auditor within six months after the close of the period audited. The legislative auditor shall have the authority to prescribe the terms and conditions of any such audit conducted by a certified public accountant and to require the district to present said terms and conditions to him for approval prior to the commencement of said audit. The legislative auditor shall have access to the working papers of the accountant during the examination and subsequent to its termination. The legislative auditor is authorized to conduct an independent audit and examination of the books and accounts of any hospital service district pursuant to R.S. 24:513.

Acts 1950, No. 420, §14. Acts 1983, No. 93, §1; Acts 1987, No. 481, §1.

LA SPA TN 23-0033