

# MEDICAID CONTRACT AMENDMENT

## IMMINENT PERIL JUSTIFICATION

*August 26, 2022*

## SUSPENDING AGENTS:

### CONTRACT AMENDMENT:

MCO Emergency Contract Amendment 17 includes a new annual rate certification for fiscal year 2023.

### JUSTIFICATION:

This amendment establishes new actuarially sound capitation rates for the managed care organizations to replace the rate certification dated June 28, 2022. The new certification reflects changes as a result of CMS's approval of state directed payments for inpatient and outpatient services and long-term acute care, psychiatric, and rehabilitation (LPR) hospitals and removal of the hospital full Medicaid pricing adjustments for inpatient and outpatient services. Per the revised rate certification, the directed payments will be paid as a "separate payment term" to the Managed Care Organizations.

The state directed payment model changes the way hospitals are reimbursed for care provided to Medicaid patients to align with guidance issued by CMS and ensures that reimbursements are based on actual Medicaid utilization. This will increase hospital supplemental payments while creating more uniform guidelines and stability for hospital payments.

Capitation rates and the separate payment terms previously referenced are the mechanism by which the MCOs are paid to provide coverage of critical healthcare services to more than 1.8 million managed care enrollees. Any delay in the execution of this amendment has the potential to disrupt and jeopardize the provision of medically necessary services to Louisiana's most vulnerable population.

### EFFECTIVE DATE:

July 1, 2022