

DECLARATION OF EMERGENCY

**Department of Health
Bureau of Health Services Financing**

**Disproportionate Share Hospital Payments
Major Medical Centers
Specialized Burn Care Units
(LAC 50:V.2717)**

The Department of Health, Bureau of Health Services Financing adopts LAC 50:V.2717 in the Medical Assistance Program as authorized by R.S. 36:254 and pursuant to Title XIX of the Social Security Act. This Emergency Rule is promulgated in accordance with the provisions of the Administrative Procedure Act, R.S. 49:953 (B) (1) et seq., and shall be in effect for the maximum period allowed under the Act.

The Department of Health, Bureau of Health Services Financing has determined that it is necessary to amend the provisions governing disproportionate share hospital (DSH) payments for major medical centers in order to establish qualification criteria and a DSH payment methodology for large private hospitals located in the southwestern area of the state (LDH Region 4) which provide specialized intensive care burn units. This action is being taken to promote the health and welfare of Medicaid recipients by maintaining recipient access to intensive burn care and other tertiary inpatient and outpatient services. It is estimated that implementation of this Emergency Rule will increase expenditures in the Medicaid

Program by approximately \$12,110,817 for state fiscal year 2017-2018.

Effective June 30, 2018, the Department of Health, Bureau of Health Services Financing amends the provisions governing DSH payments to major medical centers in southwest Louisiana.

TITLE 50

PUBLIC HEALTH-MEDICAL ASSISTANCE

Part V. Hospital Services

Subpart 3. Disproportionate Share Hospital Payments

Chapter 27. Qualifying Hospitals

§2717. Major Medical Centers with Specialized Burn Care Units Located in Southwestern Area of the State

A. Effective for dates of service on or after June 30, 2018, hospitals qualifying for payments as major medical centers located in the southwestern area of the state shall meet the following criteria:

1. be a private, non-rural hospital located in Department of Health administrative region 4;
2. have at least 175 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, 2017. For qualification purposes, inpatient beds shall exclude nursery and Medicare-designated distinct part psychiatric unit beds;

3. have a burn intensive care unit that is reported on Medicare/Medicaid cost report, Worksheet S-3, line 10, columns 1-8, for the state fiscal year ending June 30, 2017;

4. does not qualify as a Louisiana low-income academic hospital under the provisions of §3101; and

5. does not qualify as a party to a low income and needy care collaboration agreement with the Department of Health under the provisions of §2713.

B. Payment Methodology. Effective for dates of service on or after June 30, 2018, each qualifying hospital shall be paid a 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.

1. Costs, patient specific data and documentation that qualifying criteria is met shall be submitted in a format specified by the department.

2. Costs and lengths of stay shall be reviewed by the department for reasonableness before payments are made.

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.

4. A pro rata decrease, necessitated by conditions specified in §2501.B.1 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 of the qualifying hospitals described in this Section, then multiplying by the amount of disproportionate share payments calculated in excess of the federal DSH allotment.

a. Additional payments shall only be made after finalization of the Centers for Medicare and Medicaid Services' (CMS) mandated DSH audit for the state fiscal year.

b. Payments shall be limited to the aggregate amount recouped from the qualifying hospitals described in this Section, based on the reported DSH audit results.

c. If the hospitals' aggregate amount of underpayments reported per the audit results exceeds the aggregate amount overpaid, the payment redistribution to underpaid hospitals shall be paid on a pro rata basis calculated using each hospital's amount underpaid, divided by the sum of underpayments for all of the hospitals described in this Section.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:254 and Title XIX of the Social Security Act.

HISTORICAL NOTE: Promulgated by the Department of Health, Bureau of Health Services Financing, LR 44:

Implementation of the provisions of this Rule may be contingent upon the approval of the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), if it is determined that submission to CMS for review and approval is required.

Interested persons may submit written comments to Jen Steele, Bureau of Health Services Financing, P.O. Box 91030, Baton Rouge, LA 70821-9030 or by email to MedicaidPolicy@la.gov. Ms. Steele is responsible for responding to inquiries regarding this Emergency Rule. A copy of this Emergency Rule is available for review by interested parties at parish Medicaid offices.

Rebekah E. Gee MD, MPH

Secretary