

NOTICE OF INTENT

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

**Inpatient Hospital Services
Graduate Medical Education
Supplemental Payments Pool Elimination
(LAC 50:V.1331)**

The Department of Health, Bureau of Health Services Financing proposes to amend LAC 50:V.1331 in the Medical Assistance Program as authorized by R.S. 36:254 and pursuant to Title XIX of the Social Security Act. This proposed Rule is promulgated in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq.

The Department of Health and Hospitals, Bureau of Health Services Financing amended the provisions governing the reimbursement methodology for inpatient hospital services to adopt provisions in order to continue medical education payments to state hospitals, children's specialty hospitals and acute care hospitals classified as teaching hospitals when the hospitals are reimbursed by prepaid risk-bearing MCOs for inpatient hospital services (*Louisiana Register*, Volume 38, Number 11).

As a result of a budgetary shortfall in SFY 2017, the Department of Health, Bureau of Health Services Financing promulgated an Emergency Rule which amended the provisions governing inpatient hospital services to eliminate the total

supplemental payments pool for graduate medical education payments to qualifying acute care hospitals (*Louisiana Register*, Volume 43, Number 3). The department subsequently promulgated an Emergency Rule which amended the provisions of the March 1, 2017 Emergency Rule in order to clarify these provisions, and to correct a technical error to assure that the provisions were promulgated in a clear and concise manner (*Louisiana Register*, Volume 43, Number 3). This proposed Rule is being promulgated to continue the provisions of the March 1, 2017 and March 2, 2017 Emergency Rules.

Title 50
PUBLIC HEALTH—MEDICAL ASSISTANCE
Part V. Hospital Services
Subpart 1. Inpatient Hospital Services

Chapter 13. Teaching Hospitals

Subchapter B. Reimbursement Methodology

§1331. Acute Care Hospitals

A. ~~Effective for dates of services on or after October 1, 2007, a quarterly supplemental payment will be issued to non-rural, non-state acute care hospitals that furnish additional graduate medical education (GME) services~~Effective for dates of service on or after February 1, 2012, medical education payments for inpatient services which are reimbursed by a prepaid risk-bearing managed care organization (MCO) shall be paid monthly by Medicaid as interim lump sum payments.

1. Hospitals with qualifying medical education programs shall submit a listing of inpatient claims paid each month by each MCO.

a. Qualifying medical education programs are defined as graduate medical education, paramedical education, and nursing schools.

2. Qualifying hospitals must have a direct medical education add-on component included in their prospective Medicaid per diem rates as of January 31, 2012 which was carved-out of the per diem rate reported to the MCOs.

3. Monthly payments shall be calculated by multiplying the number of qualifying inpatient days submitted by the medical education costs component included in each hospital's fee-for-service prospective per diem rate. Monthly payment amounts shall be verified by the department semi-annually using reports of MCO covered days generated from encounter data. Payment adjustments or recoupments shall be made as necessary based on the MCO encounter data reported to the department.

~~B. Qualifying Criteria. In order to qualify for the supplemental payment, an acute care hospital must meet the following criteria. The hospital must:~~

~~1. be a non-rural, non-state hospital;~~

~~2. have a documented affiliation agreement with a~~

~~Louisiana medical school accredited by the Liaison Committee on Medical Education (LCME);~~

~~3. have greater than five additional intern and resident full time equivalencies (FTEs) in SFY 2007 and the first six months of 2008 as compared to the pre-Hurricane Katrina period of SFY 2005;~~

~~a. these additional intern and residency FTEs must directly result from the graduate medical education (GME) programs that were formerly taught at the Medical Center of Louisiana at New Orleans (MCLNO) and the suspension of training at MCLNO due to the impact of Hurricane Katrina; and~~

~~4. reimburse the medical school for the direct GME costs. Direct GME costs are defined as the costs of the residents' salaries and the faculty and administrative costs from the medical school.~~

~~C. Each qualifying hospital shall be paid their pro rata share of the \$5,000,000 supplemental GME payment pool based on their weighted Medicaid days. Paid Medicaid days (including newborn days included with the mother's stay) for dates of service in SFY 2007 shall be weighted using the following factor(s) as applicable:~~

~~1. 1.0 if the qualifying hospital has average additional resident FTEs of greater than 5, but less than or equal to 10; or~~

~~2. 1.5 if the qualifying hospital has average additional resident FTEs of equal to or greater than 10, but less than or equal to 20; or~~

~~3. 2.0 if the qualifying hospital has an average additional resident FTEs of equal to or greater than 20; and~~

~~4. 1.5 if the qualifying hospital's cost is at least 20 percent more than the current Medicaid per diem rate.~~

~~D. Payment of one-third of \$5,000,000 will be made at the beginning of each calendar quarter in SFY 2007 beginning with October 2007.~~

~~E. Rehabilitation hospitals, long term acute care hospitals and free-standing psychiatric hospitals are not eligible for this supplemental payment.~~

~~F. Effective for dates of service on or after February 1, 2012, medical education payments for inpatient services which are reimbursed by a prepaid risk-bearing managed care organization (MCO) shall be paid monthly by Medicaid as interim lump sum payments.~~

~~1. Hospitals with qualifying medical education programs shall submit a listing of inpatient claims paid each month by each MCO.~~

~~a. *Qualifying Medical Education Programs*—graduate medical education, paramedical education, and nursing schools.~~

~~2. Qualifying hospitals must have a direct medical education add-on component included in their prospective Medicaid per diem rates as of January 31, 2012 which was carved out of the per diem rate reported to the MCOs.~~

~~3. Monthly payments shall be calculated by multiplying the number of qualifying inpatient days submitted by the medical education costs component included in each hospital's fee-for-service prospective per diem rate. Monthly payment amounts shall be verified by the department semi-annually using reports of MCO covered days generated from encounter data. Payment adjustments or recoupments shall be made as necessary based on the MCO encounter data reported to the department.~~B. - F.3. Repealed.

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 and Hospitals, Office of the Secretary, Bureau of Health Services Financing, LR 34:877 (May 2008), amended LR 38:2773 (November 2012), amended by the Department of Health, Bureau of Health Services Financing, LR 43:

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.

In compliance with Act 1183 of the 1999 Regular Session of the Louisiana Legislature, the impact of this proposed Rule on the family has been considered. It is anticipated that this proposed Rule will have no impact on family functioning, stability and autonomy as described in R.S. 49:972.

In compliance with Act 854 of the 2012 Regular Session of the Louisiana Legislature, the poverty impact of this proposed Rule has been considered. It is anticipated that this proposed Rule will have no impact on child, individual, or family poverty in relation to individual or community asset development as described in R.S. 49:973.

In compliance with House Concurrent Resolution (HCR) 170 of the 2014 Regular Session of the Louisiana Legislature, the provider impact of this proposed Rule has been considered. It is anticipated that this proposed Rule will have no impact on the staffing level requirements or qualifications required to provide the same level of service, but may increase direct or indirect cost to the provider to provide the same level of service due to the elimination of supplemental Medicaid payments for the service. The Rule may also have a negative impact on the provider's ability to provide the same level of service as

described in HCR 170 if the elimination of these payments adversely impacts the provider's financial standing.

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 proposed Rule. A public hearing on this proposed Rule is scheduled for Thursday, May 25, 2017 at 9:30 a.m. in Room 118, Bienville Building, 628 North Fourth Street, Baton Rouge, LA. At that time all interested persons will be afforded an opportunity to submit data, views or arguments either orally or in writing. The deadline for receipt of all written comments is 4:30 p.m. on the next business day following the public hearing.

Rebekah E. Gee MD, MPH

Secretary