

**NOTICE OF INTENT**

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

**Inpatient Hospital Services  
Urban Metropolitan Statistical Area Facility  
(LAC 50:V.Chapter 19)**

The Department of Health, Bureau of Health Services Financing proposes to adopt LAC 50:V.Chapter 19 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, Bureau of Health Services Financing promulgated an Emergency Rule which adopted provisions to establish the criteria for an acute care hospital to qualify as an urban metropolitan statistical area (MSA) facility and the reimbursement methodology for the provision of inpatient services (*Louisiana Register*, Volume 48, Number 7). This proposed Rule is being promulgated to continue the provisions of the July 1, 2022 Emergency Rule.

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

**Chapter 19. Urban Metropolitan Statistical Area (MSA)  
Facility**

**§1901. Qualifying Criteria**

A. In order to qualify as an urban metropolitan statistical area (MSA) facility, the hospital:

1. has a facility type code of acute and opened subsequent to the March 12, 2020 presidential declaration of a national emergency due to COVID-19 to provide availability of additional beds and services for COVID-19 patients;

2. must have been licensed and certified no later than June 30, 2020, and located in zip code 70806, east of I-110, north of I-10, and south of Business Highway 190;

3. is located in an urban metropolitan statistical area (MSA) as defined by the United States Office of Management and Budget;

4. has an operational emergency room and is located greater than five miles in distance from the closest hospital emergency room; and

5. is located on a single site.

a. The addition of any off-site campus location to the license of this hospital will invalidate the provisions of this reimbursement methodology.

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 48:

**§1903. Reimbursement Methodology**

A. Effective July 1, 2022, the inpatient hospital per diem rate paid to an urban MSA facility for acute care services shall be increased by indexing annually to 95 percent of the small rural hospital acute per diem rate in effect.

B. Effective July 1, 2022, the inpatient hospital per diem rate paid to an urban MSA facility for psychiatric services shall be increased by indexing annually to 95 percent of the small rural hospital psychiatric per diem rate in effect.

C. These rates are conditional on the hospital continuing to meet all qualifying criteria included in §1901. If the hospital no longer qualifies, payments will revert back to appropriate non-rural, non-state hospital assigned rates effective on the date that the qualification(s) in §1901 are no longer met.

D. The department may review all above provisions every three years, at a minimum, to evaluate continuation of these enhanced reimbursements.

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 48:

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.

#### **Family Impact Statement**

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 a no impact on family functioning, stability and autonomy as described in R.S. 49:972.

#### **Poverty Impact Statement**

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.

#### **Small Business Analysis**

In compliance with the Small Business Protection Act, the economic impact of this proposed Rule on small businesses has been considered. It is anticipated that this proposed Rule will have no impact on small businesses.

#### **Provider Impact Statement**

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 reduce the total direct and indirect cost to the provider to provide the same level of service, and may enhance the provider's ability to provide the same level of service as described in HCR 170, since this proposed Rule increases payments to providers for the same services they already render.

#### **Public Comments**

Interested persons may submit written comments to Tara A. LeBlanc, Bureau of Health Services Financing, P.O. Box 91030, Baton Rouge, LA 70821-9030. Ms. LeBlanc is responsible for responding to inquiries regarding this proposed Rule. The deadline for submitting written comments is at 4:30 p.m. on September 29, 2022.

#### **Public Hearing**

Interested persons may submit a written request to conduct a public hearing by U.S. mail to the Office of the Secretary ATTN: LDH Rulemaking Coordinator, Post Office Box 629, Baton Rouge, LA 70821-0629; however, such request must be received no later than 4:30 p.m. on September 9, 2022. If the criteria set forth in R.S. 49:953(A)(2)(a) are satisfied, LDH will conduct a public hearing at 9:30 a.m. on September 29, 2022 in Room 118 of the Bienville Building, which is located at 628 North Fourth

Street, Baton Rouge, LA. To confirm whether or not a public hearing will be held, interested persons should first call Allen Enger at (225) 342-1342 after September 9, 2022. If a public hearing is to be held, all interested persons are invited to attend and present data, views, comments, or arguments, orally or in writing. In the event of a hearing, parking is available to the public in the Galvez Parking Garage, which is located between North Sixth and North Fifth/North and Main Streets (cater-corner from the Bienville Building). Validated parking for the Galvez Garage may be available to public hearing attendees when the parking ticket is presented to LDH staff at the hearing.

Dr. Courtney N. Phillips

Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES

Person Preparing Statement:	<u>Veronica Dent</u>	Dept.:	<u>Health</u>
Phone:	<u>342-3238</u>	Office:	<u>Bureau of Health Services Financing</u>
Return Address:	<u>PO Box 91030</u>	Rule Title	<u>Inpatient Hospital Services</u>
	<u>Baton Rouge, LA</u>		<u>Urban Metropolitan Statistical</u>
			<u>Area Facility</u>
		Date Rule Takes Effect:	<u>July 1, 2022</u>

SUMMARY  
(Use complete sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

It is anticipated that implementation of this proposed rule will result in increased state costs of approximately \$989,785 for FY 22-23, \$989,461 for FY 23-24 and \$989,461 for FY 24-25. It is anticipated that \$648 (\$324 SGF and \$324 FED) will be expended in FY 22-23 for the state’s administrative expense for promulgation of this proposed rule and the final rule.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

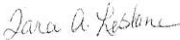

It is anticipated that the implementation of this proposed rule will increase federal revenue collections by approximately \$2,204,734 for FY 22-23, \$2,204,410 for FY 23-24 and \$2,204,410 for FY 24-25. It is anticipated that \$324 will be collected in FY 22-23 for the federal share of the expense for promulgation of this proposed rule and the final rule.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

This proposed rule continues the provisions of the July 1, 2022 Emergency Rule which adopted provisions to establish the criteria for an acute care hospital to qualify as an urban metropolitan statistical area (MSA) facility and the reimbursement methodology for the provision of inpatient services. This proposed rule will benefit Medicaid beneficiaries by ensuring continued access to an urban MSA facility. Implementation of this proposed rule is anticipated to increase Medicaid payments to a qualifying hospital by approximately \$3,193,871 for FY 22-23, \$3,193,871 for FY 23-24 and \$3,193,871 for FY 24-25, which will assist the hospital in achieving financial viability and continuing operations so vital healthcare services remain available.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This rule has no known effect on competition and employment.

	
Signature of Agency Head or Designee	Legislative Fiscal Officer or Designee
Tara A. LeBlanc, Medicaid Executive Director Typed Name & Title of Agency Head or Designee	
08/05/22 Date of Signature	<u>8/6/22</u> Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberation on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

This proposed rule continues the provisions of the July 1, 2022 Emergency Rule which adopted provisions to establish the criteria for an acute care hospital to qualify as an urban metropolitan statistical area (MSA) facility and the reimbursement methodology for the provision of inpatient services.

- B. Summarize the circumstances, which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

The Department of Health, Bureau of Health Services Financing promulgated an Emergency Rule which adopted provisions to establish the criteria for an acute care hospital to qualify as an urban metropolitan statistical area (MSA) facility and the reimbursement methodology for the provision of inpatient services (Louisiana Register, Volume 48, Number 7). This proposed Rule is being promulgated to continue the provisions of the July 1, 2022 Emergency Rule.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

Yes. It is anticipated that implementation of this proposed rule will result in increased programmatic costs of approximately \$3,194,519 for FY 22-23, \$3,193,871 for FY 23-24, and \$3,193,871 for FY 24-25. In FY 22-23, \$648 is included for the state's administrative expense for promulgation of this proposed rule and the final rule.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(a) \_\_\_\_\_ Yes. If yes, attach documentation.

(b)   X   NO. If no, provide justification as to why this rule change should be published at this time

Act 119 of the 2022 Regular Session of the Louisiana Legislature allocated funds to the Medical Vendor Program for payments to providers and the operation of the Medicaid Program, and thereby, authorizes the expenditure of these funds. Implementation of this proposed rule will increase payments for inpatient services to assist a hospital qualifying as an urban MSA facility in achieving financial viability and continuing operations so vital healthcare services remain available.



FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET

I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

COSTS	FY 23	FY 24	FY 25
Personal Services			
Operating Expenses	\$648	\$0	\$0
Professional Services			
Other Charges	\$3,193,871	\$3,193,871	\$3,193,871
Equipment			
Major Repairs & Constr.			
TOTAL	\$3,194,519	\$3,193,871	\$3,193,871
POSITIONS (#)			

2. Provide a narrative explanation of the costs or savings shown in "A. 1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

The expenses reflected above are the estimated increases in expenditures in the Medicaid program. In FY 22-23, \$648 is included for the state's administrative expense for promulgation of this proposed rule and the final rule.

3. Sources of funding for implementing the proposed rule or rule change.

SOURCE	FY 23	FY 24	FY 25
State General Fund	\$989,785	\$989,461	\$989,461
Agency Self-Generated			
Dedicated			
Federal Funds	\$2,204,734	\$2,204,410	\$2,204,410
Other (Specify)			
TOTAL	\$3,194,519	\$3,193,871	\$3,193,871

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

Yes, sufficient funds are available to implement this rule.

B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

This proposed rule has no known impact on local governmental units.

2. Indicate the sources of funding of the local governmental unit, which will be affected by these costs or savings.

There is no known impact on the sources of local governmental unit funding.

FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

REVENUE INCREASE/DECREASE	FY 23	FY 24	FY 25
State General Fund			
Agency Self-Generated			
Dedicated Funds			
Federal Funds	\$2,204,734	\$2,204,410	\$2,204,410
Local Funds			
<b>TOTAL</b>	<b>\$2,204,734</b>	<b>\$2,204,410</b>	<b>\$2,204,410</b>

\*Specify the particular fund being impacted.

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

The amounts reflected above are the estimated increases in federal revenue collections. In FY 22-23, \$324 will be collected for the federal share of the administrative expense for promulgation of this proposed rule and the final rule.

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

**III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS**

- A. What persons, small businesses, or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

This proposed rule continues the provisions of the July 1, 2022 Emergency Rule which adopted provisions to establish the criteria for an acute care hospital to qualify as an urban metropolitan statistical area (MSA) facility and the reimbursement methodology for the provision of inpatient services. This proposed rule will benefit Medicaid beneficiaries by ensuring continued access to an urban MSA facility.

- B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

Implementation of this proposed rule is anticipated to increase Medicaid payments to a qualifying hospital by approximately \$3,193,871 for FY 22-23, \$3,193,871 for FY 23-24 and \$3,193,871 for FY 24-25, which will assist the hospital in achieving financial viability and continuing operations so vital healthcare services remain available.

**IV. EFFECTS ON COMPETITION AND EMPLOYMENT**

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

This rule has no known effect on competition and employment.