

NOTICE OF INTENT

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

**Rural Health Clinics
Reimbursement Methodology
(LAC 50:XI.16705)**

The Department of Health, Bureau of Health Services Financing proposes to amend LAC 50:XI.16705 as authorized by R.S. 36:254 and 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.

Act 327 of the 2007 Regular Session of the Louisiana Legislature required the Department of Health, Bureau of Health Services Financing to reimburse small rural hospital outpatient services at 110 percent of cost. In compliance with the directives of Act 327, the department amended the provisions governing the reimbursement methodology for rural health clinics (RHCs) licensed as part of small rural hospitals and included a July 1, 2007 cutoff date (*Louisiana Register*, Volume 35, Number 5). The department promulgated an Emergency Rule which amended the provisions governing rural health clinics in order to remove the cutoff date to allow existing RHCs licensed as small rural hospital outpatient departments after July 1, 2007 and new RHCs to be reimbursed at 110 percent of cost (*Louisiana Register*,

Volume 49, Number 7). This proposed Rule is being promulgated to continue the provisions of the July 1, 2023 Emergency Rule.

Title 50
PUBLIC HEALTH—MEDICAL ASSISTANCE
Part XI. Clinic Services
Subpart 15. Rural Health Clinics

Chapter 167. Reimbursement Methodology

§16705. Hospital-Based Rural Health Clinics

A. – A.2. ...

3. The payment received under this methodology will be compared each year to the BIPA PPS rate to assure the clinic that their payment under this alternative payment methodology (APM) is at least equal to the BIPA PPS rate. If the payment calculation at 110 percent of allowable cost is less than the BIPA PPS payments, the clinic will be paid the difference.

B. Effective for dates of service on or after July 1, 2023, the reimbursement methodology for services rendered by a rural health clinic licensed as part of a small rural hospital and included as a hospital outpatient department on the hospital's fiscal year end cost report prior to July 1, 2023 shall be eligible for the APM at 110 percent of allowable costs as calculated through cost settlement. Reimbursement shall be as follows:

1. The reimbursement methodology will be in accordance with §16705.A.1-3 as indicated above.

2. Future qualifications for the 110 percent alternative payment methodology reimbursement shall be determined on an annual basis for hospital-based rural health clinics enrolling and licensing as hospital outpatient departments during the hospital's fiscal year end cost reporting periods subsequent to June 30, 2023. Payments shall begin effective for dates of service beginning on July 1 after qualification.

3. Hospital-based rural health clinics that terminate their licensing as hospital outpatient departments will no longer be eligible for the alternative payment methodology at 110 percent of allowable costs upon termination.

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, Bureau of Health Services Financing, LR 35:957 (May 2009), amended by the Department of Health, Bureau of Health Services Financing, LR 49:

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 no impact on family functioning, stability or 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, no direct and indirect cost

to the provider to provide the same level of service, but 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 rural health clinics for the 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 August 29, 2023.

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 August 9, 2023. If the criteria set forth in R.S. 49:961(B)(1) are satisfied, LDH will conduct a public hearing at 9:30 a.m. on August 24, 2023 in Room 173 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 August 9, 2023. 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.

Stephen R. Russo, JD

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>P.O. Box 19030</u>	Rule	<u>Rural Health Clinics</u>
	<u>Baton Rouge, LA</u>		<u>Reimbursement Methodology</u>

Date Rule
Takes Effect: July 1, 2023

SUMMARY

(Use complete sentences)

In accordance with Section 961 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 \$4,494,285 for FY 23-24, \$4,701,032 for FY 24-25, and \$4,798,970 for FY 25-26. It is anticipated that \$540 (\$270 SGF and \$270 FED) will be expended in FY 23-24 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 implementation of this proposed rule will increase statutory dedicated revenue collections from the Medical Assistance Trust Fund by approximately \$953,223 for FY 23-24, \$973,115 for FY 24-25, and \$993,389 for FY 25-26. Additionally it is anticipated that federal revenue collections will increase by \$11,884,367 for FY 23-24, \$12,018,860 for FY 24-25, and \$12,269,253 for FY 25-26. It is anticipated that \$270 will be collected in FY 23-24 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, 2023 Emergency Rule, which amended the reimbursement methodology for rural health clinics (RHCs) in order to remove a July 1, 2007 cutoff date for RHCs licensed as small rural hospital outpatient departments to be reimbursed at 110 percent of cost to allow existing RHCs licensed after the cutoff date and new RHCs to receive the enhanced reimbursement going forward. This proposed rule also ensures that the provisions of the *Louisiana Administrative Code* are consistent with the revised statute governing these services. Implementation of this proposed rule is anticipated to increase reimbursements to qualifying RHCs by \$17,331,336 for FY 23-24, \$17,693,007 for FY 24-25, and \$18,061,611 for FY 25-26.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This rule has no known effect on competition and employment.

Jara A. Leblanc

Signature of Agency Head or Designee

Tara A. LeBlanc, Medicaid Executive Director
Typed Name & Title of Agency Head or Designee

07/05/2023
Date of Signature

lployment.

Julie Thomas, Deputy Fiscal Officer
Legislative Fiscal Officer or Designee

Legislative Fiscal Officer or Designee

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, 2023 Emergency Rule, which amended the reimbursement methodology for rural health clinics (RHCs) in order to remove a July 1, 2007 cutoff date for RHCs licensed as small rural hospital outpatient departments to be reimbursed at 110 percent of cost to allow existing RHCs licensed after the cutoff date and new RHCs to receive the enhanced reimbursement going forward. This proposed rule also ensures that the provisions of the *Louisiana Administrative Code* are consistent with the revised statute governing these services.

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

Act 327 of the 2007 Regular Session of the Louisiana Legislature required the Department of Health, Bureau of Health Services Financing to reimburse small rural hospital outpatient services at 110 percent of cost. In compliance with the directives of Act 327, the department amended the provisions governing the reimbursement methodology for rural health clinics (RHCs) licensed as part of small rural hospitals and included a July 1, 2007 cutoff date (*Louisiana Register*, Volume 35, Number 5). The department promulgated an Emergency Rule which amended the provisions governing rural health clinics in order to remove the cutoff date to allow existing RHCs licensed as small rural hospital outpatient departments after July 1, 2007 and new RHCs to be reimbursed at 110 percent of cost (*Louisiana Register*, Volume 49, Number 7). This proposed Rule is being promulgated to continue the provisions of the July 1, 2023 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 to the Medicaid Program of approximately \$17,331,906 for FY 23-24, \$17,693,007 for FY 24-25, and \$18,061,611 for FY 25-26. In FY 23-24, \$540 is included for the state's administrative expense for promulgation of this 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) NO. If no, provide justification as to why this rule change should be published at this time

Act 199 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 ensure consistent reimbursement for rural health clinics licensed as small rural hospital outpatient departments.

**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 24	FY 25	FY 26
Personal Services			
Operating Expenses	\$540	\$0	\$0
Professional Services			
Other Charges	\$17,331,336	\$17,693,007	\$18,061,611
Equipment			
Major Repairs & Constr.			
TOTAL	\$17,331,906	\$17,693,007	\$18,061,611
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 23-24, \$540 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 24	FY 25	FY 26
State General Fund	\$4,494,285	\$4,701,032	\$4,798,970
Agency Self-Generated			
Dedicated	\$953,223	\$973,115	\$993,389
Federal Funds	\$11,884,367	\$12,018,860	\$12,269,253
Other (Specify)			
TOTAL	\$17,331,906	\$17,693,007	\$18,061,611

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 24	FY 25	FY 26
State General Fund			
Agency Self-Generated			
Dedicated Funds*	\$953,223	\$973,115	\$993,389
Federal Funds	\$11,884,367	\$12,018,860	\$12,269,253
Local Funds			
TOTAL	\$12,837,590	\$12,991,975	\$13,262,642

*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 statutory dedicated revenue collections from the Medical Assistance Trust Fund and federal revenue collections. In FY 23-24, \$270 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, 2023 Emergency Rule, which amended the reimbursement methodology for rural health clinics (RHCs) in order to remove a July 1, 2007 cutoff date for RHCs licensed as small rural hospital outpatient departments to be reimbursed at 110 percent of cost to allow existing RHCs licensed after the cutoff date and new RHCs to receive the enhanced reimbursement going forward. This proposed rule also ensures that the provisions of the *Louisiana Administrative Code* are consistent with the revised statute governing these services.

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 reimbursements to qualifying RHCs by \$17,331,336 for FY 23-24, \$17,693,007 for FY 24-25, and \$18,061,611 for FY 25-26.

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.