

## **NOTICE OF INTENT**

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

#### **Hospital Services Inpatient Hospital Services Other Rural Hospitals (LAC 50:V.Chapter 12)**

The Department of Health, Bureau of Health Services Financing proposes to adopt LAC 50:V.Chapter 12 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.

Department of Health, Bureau of Health Services Financing proposes to adopt this Rule to continue to the provisions of a corresponding Emergency Rule adopted on September 16, 2024 and promulgated in the October 20, 2024 *Louisiana Register*. This proposed Rule adopts Chapter 12 in LAC Title 50, Part V, Subpart 1 to add new provisions for inpatient payments to qualifying other rural hospitals. The department will increased Medicaid inpatient hospital prospective per diem rates to qualifying hospitals for acute services, neonatal intensive care, nursery boarder baby, and inpatient psychiatric services to 85 percent of the applicable small rural hospital rate currently in effect.

This Rule is proposed to ensure the financial viability of rural hospitals. This measure aims to maintain and enhance

access to medical care for Medicaid beneficiaries in their communities.

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

**Chapter 12. Other Rural Hospitals**

**Subchapter A. General Provisions**

**§1201. Qualifying Criteria**

A. To qualify as an other rural, non-state hospital, the hospital shall meet the following criteria:

1. is a non-state owned hospital;
2. has no more than 60 licensed beds as of October 1, 2024, excluding distinct part psychiatric unit beds, distinct part rehabilitation unit beds, and nursery bassinets;
3. does not qualify as a *rural hospital* as defined in R.S. 40:1189.3;
4. is not located within one of Louisiana's metropolitan statistical areas (MSA) as delineated in OMB Bulletin No. 23-01;
5. has an operational emergency room; and
6. is located in a municipality with a population of less than 23,000 as measured by the 2020 United States Census Bureau.

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 51:

#### **Subchapter B. Reimbursement Methodology**

##### **§1225. Other Rural Hospitals**

A. The inpatient hospital per diem rates paid to other rural, non-state hospitals shall be as follows.

1. Acute Care Services. The per diem rate for acute care services shall be 85 percent of the small rural hospital acute per diem rate in effect.

2. Psychiatric Services. The per diem rate for psychiatric services shall be 85 percent of the small rural hospital psychiatric per diem rate in effect.

3. Neonatal Intensive Care Unit (NICU) Services. The per diem rate for NICU services shall be 85 percent of the small rural hospital NICU per diem rate in effect.

4. Nursery Boarder Baby Services. The per diem rate for nursery boarder baby services shall be 85 percent of the small rural hospital nursery boarder baby per diem rate in effect.

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 51:

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 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, no direct or indirect cost to the provider to provide the same level of service, and will have positive impact on the provider's ability to provide the same level of service as described in HCR.

#### **Public Comments**

Interested persons may submit written comments to Kimberly Sullivan, JD, Bureau of Health Services Financing, P.O. Box 91030, Baton Rouge, LA 70821-9030. Ms. Sullivan is responsible for responding to inquiries regarding this proposed Rule. The deadline for submitting written comments is December 30, 2024.

#### **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 December 10, 2024. 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 December 30, 2024 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 December 10, 2024. 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.

Michael Harrington, MBA, MA

Secretary

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

Person Preparing Statement:	<u>Lyrica Johnson</u>	Dept.:	<u>Health</u>
Phone:	<u>342-6375</u>	Office:	<u>Bureau of Health Services Financing</u>
Return Address:	<u>P.O. Box 91030</u>	Rule Title:	<u>Hospital Services Inpatient Hospital Services</u>
	<u>Baton Rouge LA</u>		<u>Other Rural Hospitals</u>
		Date Rule Takes Effect:	<u>February 20, 2025</u>

**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 \$3,699,038 for FY 24-25, \$4,060,382 for FY 25-26, and \$4,060,382 for FY 26-27. It is anticipated that \$648 (\$324 SGF and \$324 FED) will be expended in FY 24-25 for the state's administrative expense for promulgation of this proposed rule and the final rule.

This proposed rule continues the provisions of the September 16, 2024 Emergency Rule, which amended the provisions governing inpatient hospital services to ensure that other rural hospitals remain financially viable so that the access to medical care that they provide to Medicaid beneficiaries in their communities will continue to be available and will improve in the future. (*Louisiana Register*, Volume 50, Number 9).

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

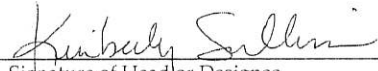
It is anticipated that implementation of this proposed rule will increase federal revenue collections by approximately \$12,591,714 for FY 24-25, for \$13,926,191 for FY 25-26, and \$13, 926,191 for FY 26-27. It is anticipated that \$324 will be collected in FY 24-25 for the federal share of the expense 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 September 16, 2024 Emergency Rule, which amended the provisions governing inpatient hospital services to ensure that other rural hospitals remain financially viable so that the access to medical care that they provide to Medicaid beneficiaries in their communities will continue to be available and will improve in the future. (*Louisiana Register*, Volume 50, Number 9). Providers will benefit from implementation of this proposed rule, since it is anticipated to increase Medicaid payments for inpatient services by approximately \$16,290,104 for FY 24-25, \$17,986,573 for FY 25-26, and \$17,986,573 for FY 26-27.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule has no known effect on competition and employment.



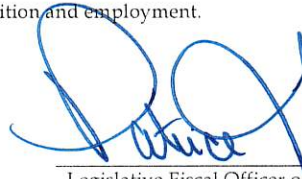
Signature of Head or Designee

Kimberly Sullivan, JD  
Medicaid Executive Director

Typed Name & Title of Agency Head or Designee

11/04/24

Date of Signature

 Debra Thomas, Deputy Fiscal Officer

Legislative Fiscal Officer or Designee

11/06/2024

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 September 16, 2024 Emergency Rule, which amended the provisions governing inpatient hospital services to ensure that other rural hospitals remain financially viable so that the access to medical care that they provide to Medicaid beneficiaries in their communities will continue to be available and will improve in the future.

- 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 to ensure that other rural hospitals remain financially viable so that the access to medical care that they provide to Medicaid beneficiaries in their communities will continue to be available and will improve in the future (*Louisiana Register*, Volume 50, Number 9). This proposed Rule is being promulgated to continue the provisions of the September 16, 2024 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 \$16,290,752 for FY 24-25, \$17,986,573 for FY 25-26, and \$17,986,573 for FY 26-27. In FY 24-25, \$648 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)   X   NO. If no, provide justification as to why this rule change should be published at this time

Act 447 of the 2023 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 that other rural hospitals will be able to continue providing services.

**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?

<b>COSTS</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>
PERSONAL SERVICES	\$0	\$0	\$0
OPERATING EXPENSES	\$648	\$0	\$0
PROFESSIONAL SERVICES	\$0	\$0	\$0
OTHER CHARGES	\$16,290,104	\$17,986,573	\$17,986,573
EQUIPMENT	\$0	\$0	\$0
MAJOR REPAIR & CONSTR.	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$16,290,752</b>	<b>\$17,986,573</b>	<b>\$17,986,573</b>
<b>POSITIONS (#)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 24-25, \$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.

<b>SOURCE</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>
STATE GENERAL FUND	\$3,699,038	\$4,060,382	\$4,060,382
AGENCY SELF-GENERATED	\$0	\$0	\$0
DEDICATED	\$0	\$0	\$0
FEDERAL FUNDS	\$12,591,714	\$13,926,191	\$13,926,191
OTHER (Specify)	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$16,290,752</b>	<b>\$17,986,573</b>	<b>\$17,986,573</b>

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 as a result of project additional rebate collections.

**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 government.

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 25	FY 26	FY 27
STATE GENERAL FUND	\$0	\$0	\$0
AGENCY SELF-GENERATED	\$0	\$0	\$0
DEDICATED	\$0	\$0	\$0
FEDERAL FUNDS	\$12,591,714	\$13,926,191	\$13,926,191
LOCAL FUNDS	\$0	\$0	\$0
TOTAL	\$12,591,714	\$13,926,191	\$13,926,191

\*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 24-25, \$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 September 16, 2024 Emergency Rule, which amended the provisions governing inpatient hospital services to ensure that other rural hospitals remain financially viable so that the access to medical care that they provide to Medicaid beneficiaries in their communities will continue to be available and will improve in the future.

- 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.

Providers will benefit from implementation of this proposed rule, since it is anticipated to increase Medicaid payments for inpatient services by approximately \$16,290,104 for FY 24-25, \$17,986,573 for FY 25-26, and \$17,986,573 for FY 26-27.

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 proposed rule has no known effect on competition and employment.