Bobby Jindal
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State of Louisiana

Department of Health and Hospitals
Bureau of Health Services Financing

June 14, 2013

Bill Brooks
Associate Regional Administrator
Division of Medicaid and State Operations
1301 Young Street, Room 827
Dallas, TX 75202

RE: LA SPA 12-32 RAI Response
Office of Public Health – Uncompensated Care Payments

Dear Mr. Brooks:

Please refer to our proposed amendment to the Medicaid State Plan submitted under transmittal number (TN) 12-32 with a proposed effective date of July 1, 2012. This amendment proposes to establish the Medicaid payment of uncompensated care costs for services rendered by the Office of Public Health (OPH) to Medicaid-eligible recipients. We are providing the following additional information as requested in your correspondence dated December 13, 2012 which stopped the clock on this transmittal.

Funding Questions

1. The OPH receives funding from various other federal entities for the services they provide to the public. Does the funding from other federal sources exclude Medicaid eligible beneficiaries? If not, then why is this not a duplicative payment to OPH?

   Response: There will be no duplicative payment received for Medicaid-eligible beneficiaries. Funding from other Federal sources, to the extent that funding is available, is used to cover the uncompensated care cost of non-Medicaid eligible beneficiaries.

Standard Funding Questions

2. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by States for services under the approved State plan. Do providers receive and retain the total Medicaid expenditures claimed by the State (includes normal per diem, supplemental, enhanced payments, other) or is any portion of the payments returned to the State, local governmental entity, or any other intermediary organization? If providers are required to return any portion of payments, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete listing of providers that return a portion of their payments, the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.)

   Response: The interim payments are currently paid using State general funds as the non-Federal share of the existing expenditures of which the providers retain the entire payment. The expenditures claimed under this SPA are being claimed through the use of certified public expenditures (CPEs). OPH is a governmental entity which is entitled to certify allowable expenditures under 42 CFR §433.51(b). As such, no portion of payments is returned to the State, local governmental entity or any other intermediary organization.

3. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of each type of Medicaid payment (normal per diem, supplemental, enhanced, other) is funded. Please describe whether the state share is from appropriations from the legislature to the Medicaid agency, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Note that, if the appropriation is not to the Medicaid agency, the source of the state share would necessarily be derived through either through an IGT or CPE. In this case, please identify the agency to which the funds are appropriated. If any of the non-federal share is being provided using IGTs or CPEs, please fully describe the matching arrangement including when the state agency receives the transferred amounts from the local governmental entity transferring the funds. If CPEs are used, please describe the methodology used to verify that the total expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b). For any payment funded by CPEs or IGTs, please provide the following:
   i. a complete list of the names of entities transferring or certifying funds;
   ii. the operational nature of the entity (state, county, city, other);
   iii. the total amounts transferred or certified by each entity;

iv. clarify whether the certifying or transferring entity has general taxing authority; and,
v. whether the certifying or transferring entity received appropriations (identify level of appropriations.

Response: As stated in the response to question #2, the fee schedule or interim payments received by OPH consist of State appropriations for the non-Federal share of the payments. These appropriations are made directly to the Louisiana Medicaid agency within the Department of Health and Hospitals (DHH).
The payment for uncompensated care costs will be in the form of CPEs. OPH will submit a cost report to the Medicaid Program on an annual basis reporting the cost of services for Medicaid-eligible individuals. The cost report will be used to separate cost for areas that provide Medicaid services from areas that do not provide Medicaid services. Allocations will then be made on a statistical basis to allocate overhead between the Medicaid service areas and non-Medicaid service areas. Finally, cost within Medicaid service areas will be apportioned to Medicaid based on visit data of program visits versus total visits. This methodology will ensure that the expenditure claimed will be eligible to be certified under 42 CFR §433.51(b).

The requested information for this question is as follows:

- **Name of entity certifying funds:** *Office of Public Health*
- **Operational nature of entity:** *State governmental agency under the Department of Health and Hospitals*
- **Certified amount:** *$3,394,281 estimated for SFY 2013 ($2,366,493 Federal Funds)*
- **Taxing Authority for Entity:** *OPH is an agency of the State Government and does not have separate taxing authority.*
- **Appropriations:** *OPH receives State appropriations.*

4. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to each provider type.

Response: The State does not anticipate supplemental or enhanced payments. Payments will be made in accordance with the procedures outlined in question 3.

5. For clinic or outpatient hospital services please provide a detailed description of the methodology used by the state to estimate the upper payment limit (UPL) for each class of providers (State owned or operated, non-state government owned or operated, and privately owned or operated). Please provide a current (i.e., applicable to current year) UPL demonstration.

   Response: OPH does not provide outpatient hospital services. This standard question does not apply to the proposed amendment under review.

6. Does any governmental provider receive payments that in the aggregate (normal per diem, supplemental, enhance, other) exceed their reasonable costs of providing services? If payments exceed the cost of services, do you recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?

   Response: The State Plan allows for the expenditures for services provided by the OPH to be reported at cost. An estimate of the cost and per diem payments is made at the beginning of the year. The difference between the estimated cost and the payments is reported as an expenditure on the CMS 64 form. Subsequent to the end of the State fiscal year, a cost report will be filed by OPH to determine the actual costs and payments during the State fiscal year. Any applicable adjustment will be made to the CMS Form 64 for the quarter the reconciliation is performed as a prior period adjustment to either increase expenditures if actual cost exceeded estimated cost or reduce expenditures if the actual cost did not exceed the estimated cost.

Reimbursement Questions

7. For the categories of services for which the State is requesting reimbursement of the uncompensated care costs for services rendered to Medicaid enrollees, please describe how these services are currently billed and reimbursed by Medicaid?

   Response: OPH bills for the services through CMS 1500 claims and receives an interim reimbursement through the fee schedule that exists for the services. The uncompensated care cost expenditure will be a certified public expenditure as allowed under 42 CFR §433.51(b) which will be the difference between the total cost of services to Medicaid-eligible individuals less the amount received for the services provided.

8. Please provide the methodology for how "costs" will be developed for each service for which the State is requesting reimbursement of the uncompensated costs.

   Response:

   1. **OPH will submit a cost report to the Louisiana Medicaid agency on an annual basis reporting the cost of services for Medicaid-eligible individuals;**

   2. **The cost report will be used to separate cost for areas that provide Medicaid services from areas that do not provide Medicaid services;**

   3. **Allocations will be made on a statistical basis to allocate overhead between the Medicaid service areas and non-Medicaid service areas; and**

   4. **Finally, cost within Medicaid service areas will be apportioned to Medicaid based on visit data of program visits versus total visits.**

9. How will costs be allocated to insure that only uncompensated care costs applicable to Medicaid enrollees are included in the cost reporting process?

   Response: As previously stated in question 8, OPH will submit a cost report to the Medicaid Program on an annual basis reporting the cost of services for Medicaid-eligible individuals.

10. Will the State include any indirect costs in determining uncompensated care costs and if so, how will such costs be determined and allocated?

    Response: As previously stated in question 8, allocation of overhead costs between the Medicaid service areas and non-Medicaid service areas will be made on a statistical basis.

11. How will the State identify true 1905(a) services billed for these individuals? Are these individuals receiving full screenings and meeting the definition of the Medicaid services as listed in the Louisiana State plan?

    Response: OPH currently submits bills for services provided under this proposed amendment. This proposed amendment is simply a tool to reimburse OPH its total cost of services for Medicaid-eligible beneficiaries by paying an interim payment through fee schedule payments and a certified public expenditure for the difference in the cost of services and the payment for the services.

12. In order to bill for Medicaid services a provider must enroll and meet the qualifications of a State's Medicaid program. If these services are true Medicaid covered services, the OPH can simply enroll as a Medicaid provider and bill accordingly for these services.

    Response: OPH is currently an enrolled Medicaid provider for the services covered under this SPA.

Other Related SPAs = Same Page Issues

13. This SPA is related to three other SPAs LA SPAs 12-26, 12-31, and 12-40 with an effective date of July 1, 2012. These three rate reduction SPAs are on the same page with the same effective as LA SPA 12-32. The State must either combine these SPAs into one SPA or change the effective dates on these of the SPAs to a later date.

    Response: Per previous discussion with CMS, the proposed SPA has been revised and the language has been placed on new pages to maintain the July 1, 2012 effective date. The State request pen and ink changes for the following:

Add	**Supersedes**
Attachment 4.19-B, Item 5, Page 17	**None (New Page)**
Attachment 4.19-B, Item 9, Page 7	**None (New Page)**
Attachment 4.19-B, Item 19, Page 3	**None (New Page)**
Remove	**Supersedes**
Attachment 4.19-B, Item 5, Page 2	**Pending (TN 12-26)**
Attachment 4.19-B, Item 9, Page 1	**Pending (TN 12-40)**
Attachment 4.19-B, Item 19, Page 1a	**Pending (TN 12-31)**

Please substitute the Attachment to the Form 179 for the pages.

The State has included the 2013 OPH Medicaid Cost Report generated by Myers and Stauffer for CMS' review (Attachment A).

It is anticipated that this additional information will be sufficient to result in the approval of the pending plan amendment. Please consider this a formal request to begin the 90-day clock. If further information is required, you may contact Darlene Adams at (225) 342-3881 or by email to Darlene.Adams@la.gov.

We appreciate the assistance of Ford Blunt in resolving these issues.

Sincerely,

J. Ruth Kennedy
Medicaid Director

RK/DA/ks

Attachments (2)