



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

September 26, 2013

Bill Brooks
Centers for Medicare and Medicaid Services
Division of Medicaid and Children's Health Operations
Dallas Regional Office
1301 Young Street, Suite 833
Dallas, TX 75202

RE: LA SPA 13-27 RAI Response
Behavioral Health-Reimbursement Methodology (Inpatient)

Dear Mr. ^{Rice} Brooks:

Please refer to our proposed amendment to the Medicaid State Plan submitted under transmittal number (TN) 13-27 with a proposed effective date of April 20, 2013. The SPA proposes to revise the inpatient reimbursement methodology for physician services rendered under the Louisiana Behavioral Health Partnership (LBHP) in order to establish a distinct payment methodology that is independent of the payment methodology established for physicians in the Professional Services Program. We are providing the following additional information as requested in your RAI correspondence dated September 4, 2013

FORM-179

1. Form 179 - Box 7: No financial impact was noted due to the proposed revisions. Please provide a detailed analysis of how this determination was made and provide supporting documentation of the calculation.

Response: This SPA request was completed to allow physician services under the Louisiana Behavioral Health Partnership (LBHP) to maintain its own reimbursement methodology separate from the non-LBHP Professional Services Program. Currently physician services calculated under LBHP are based on the same calculation as non-LBHP Professional Services. By allowing LBHP a separate calculation, Louisiana can better fiscally manage its LBHP program.

2. Form 179 – Block 6: It should be amended to include subpart F, which concerns other inpatient and outpatient facility services upper limits of payment. Please revise the 179, and send us a copy.

Response: The State requests a pen and ink change in Block 6 of the Form 179 to include 42 CFR 447, Subpart F. (Attachment 1)

3. Form 179- Block 9: This is not a new page. This page replaces TN#11-12. Please revise the 179, and send us a copy.

Response: The State requests a pen and ink change in Block 9 of the Form 179 to state that TN 11-12 is being replaced. (Attachment 1)

PUBLIC NOTICE

4. The State must prove that the public was notified before April 20, 2013. In reviewing this public notice, it was not sent until April 20, 2013; therefore, the earliest that the State can have an effective date is April 21, 2013.

Please provide information demonstrating that the changes proposed in SPA 13-27 comport with public process requirements at section 1902(a)(13)(A) of the Act. Please provide copies of the legislation authorizing the proposed changes.

Response: An email was sent on April 19, 2013 from The Louisiana Office of the State Register announcing that the April 20, 2013 issue of the *Louisiana Register* had been published online. Therefore, the public was able to access the web publication prior to the 20th of April. (Attachment 2)

UPPER PAYMENT LIMIT (UPL)

5. Regulations at 42 CFR 447.325 for other inpatient and outpatient facility services upper limits of payments, state the agency may pay the customary charges of the provider but must not pay more than the prevailing charges in the locality for comparable services under comparable circumstances.

The UPL demonstrations should include a comprehensive narrative description of the methodology (step by step) used to determine the UPL. The demonstration should also include a spreadsheet with provider specific information that starts with the source data and identifies the numerical result of each step of the UPL calculation. All source data should be clearly referenced (i.e., cost report year, W/S line, columns, and claims reports, etc...) in the demonstration. The State should also keep all source documentation on file for review.

Response: Please see the attached Louisiana UPL Calculation worksheet. (Attachment 3)

6. Please include a detailed narrative description of the methodology for calculating the upper payment limit in the funding questions.

Response: Please see the attached LA Psychiatric Residential Treatment Facility Upper Payment Limit Methodology for privately owned or operated facilities. (Attachment 4).

STATE PLAN LANGUAGE

7. It appears the State intends to establish a fee schedule for physician services that are performed in PRTF. The language requires states to include in the plan the last date on which the schedule was updated. The language identifies the published location of the fee schedule. Most States adjust rates annually or quarterly. Below is a couple suggested paragraphs that state could use to describe the fee schedule.

Example #1 - Suggested language for Attachment 4.19-A Item16, page 5

“Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of (ex. case management for persons with chronic mental illness). The agency’s fee schedule rate was set as of (insert date here) and is effective for services provided on or after that date. All rates are published (ex. on the agency’s website).”

Example #2 - Suggested language for Attachment 4.19-A Item16, page 5

The agency’s rates were set as of April #, 2013 and are effective for services performed on or after that date. All rates are published on the agency’s website (Louisiana.gov). Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of Physician services. Reimbursement rate maximums for Medicaid covered procedures are based on the April #, 2013 Louisiana Medicare Physician Fee Schedule.

Response: Please see the above language in Example #1 inserted on the page.

8. Please clarify if Attachment 4.19-A, Item 16, page 5, Number I apply to private, State or Non-state PRTFs.

Response: Number I applies to all PRTFs (private, State or Non-state). This language has been added on the page.

9. Please clarify the terminology under Attachment 4.19-A, Item 16, page 5, Number II. What does publicly owned and operated mean?

Response: Publicly owned and operated means the facility is not privately owned or operated.

10. Under Attachment 4.19-A, Item 16, page 5, Number II, it states publically owned and operated PRTFs. CMS knows that there are two private non-profits, Methodist Children's Home of Southwest Louisiana and Louisiana Methodist Children's Home. Is Number II still relevant? Were there governmental PRTFs prior to 2012?

Response: There are no government PRTFs as of yet. This provider type is new to Louisiana under the LBHP. Currently, there are only two locations, owned by the same agency. Medicaid billing of PRTFs did not occur until the date of service October 4, 2012.

FUNDING QUESTION

The following questions are being asked and should be answered in relation to all payments made to all providers under Attachment 4.19-A of your State plan, including payments made outside of those being amended with this SPA.

If you have already provided this information in response to other requests for additional information, you may refer us to that response. Please indicate the SPA and date of the response.

11. 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: Providers will receive and retain 100 percent of the payments. No portion of the payments is returned to the state.

12. 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 an IGT or CPE. In this case, please identify the agency to which the funds are appropriated. Please provide an estimate of total expenditure and State share amounts for each type of Medicaid payment. 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 government entity transferring the funds. If CPEs are used, please describe the methodology used by the state 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) (ii) the operational nature of the entity (state, county, city, other);
- (iii) (iii) the total amounts transferred or certified by each entity;
- (iv) (iv) clarify whether the certifying or transferring entity has general taxing authority; and,
- (v) (v) whether the certifying or transferring entity received appropriations (identify level of appropriations).

Response: The state share is paid from the state general fund which is directly appropriated to the Medicaid agency.

13. 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: Not applicable to this state plan amendment.

14. 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 the current rate year) UPL demonstration.

Response: Please see the attached Louisiana UPL calculation. (Attachment 3)

15. Does any governmental provider receive payments that in the aggregate (normal per diem, supplemental, enhanced, 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: We do not have any public/governmental providers receiving payments that exceed their reasonable costs of services provided.

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

We appreciate the assistance of Tamara Sampson in resolving these issues.

Sincerely,



J. Ruth Kennedy
Medicaid Director

RK/DA/sj

Attachments (4)

STATE OF LOUISIANA

AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR
SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER
THE PLAN ARE DESCRIBED AS FOLLOWS:

I. Psychiatric Residential Treatment Facility (PRTF) Reimbursement

A. Covered inpatient psychiatric residential treatment facility (PRTF) activities for individuals under twenty-one years of age shall be reimbursed by Medicaid. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. The Louisiana Behavioral Health Partnership’s (LBHP) fee schedule rate was set as of March 1, 2012 and is effective for services provided on or after that date. All rates are published on the Magellan agency’s website. The following applies to private, State and Non-State PRTFs.

1. Free-standing PRTF services will be reimbursed using an interim Medicaid per diem reimbursement rate, which includes the following activities when provided by and in the PRTF when included on the patient’s inpatient psychiatric active treatment plan of care:
 - a. Occupational Therapy / Physical Therapy / Speech Therapy
 - b. Laboratory
 - c. Transportation
2. For hospital-based Medicaid PRTF the per diem rate will also include the following activities provided by and in the PRTF when included in the inpatient psychiatric active treatment plan of care:
 - a. Dental
 - b. Vision
 - c. Diagnostics/radiology (x-ray)

B. Pharmaceuticals and physician activities provided to the youth in a PRTF, when provided by and in the PRTF and on the active treatment plan of care, are components of the Medicaid covered PRTF service. These activities will be paid directly to the treating pharmacy or physician, using Medicaid pharmacy and Louisiana Behavioral Health Partnership physician fee schedule rates excluded from the psychiatric residential treatment facility (PRTF) State of Louisiana interim Medicaid per diem reimbursement rates.

1. The reimbursement rates for physician services rendered under the LBHP shall be a flat fee for each covered service as specified on the established Medicaid fee schedule. The reimbursement rates shall be based on a percentage of the Louisiana Medicare Region 99 allowable for a specified year.

Effective for dates of service on or after April 20, 2013, the reimbursement for behavioral health services rendered by a physician under the LBHP shall be 75 percent of the 2009 Louisiana Medicare Region 99 allowable for services rendered to Medicaid recipients.

TN No. _____ Approval Date _____ Effective Date _____
 Supersedes
 TN No. _____

STATE OF LOUISIANA

AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR
SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER
THE PLAN ARE DESCRIBED AS FOLLOWS:

- 2. The interim Medicaid PRTF per diem reimbursement rates shall exclude such costs other than pharmaceutical and physician activities on the inpatient psychiatric active treatment plan unrelated to providing inpatient psychiatric care for individual less than twenty-one years of age including, but not limited to the following:
 - a. Group education including elementary and secondary education.
 - b. Medical services provided outside the PRTF.
 - c. Activities not on the inpatient psychiatric active treatment plan

II. In-State Publicly Owned and Operated Psychiatric Residential Treatment Facility (PRTF) Reimbursement Rates

Publicly owned and operated psychiatric residential treatment facilities (PRTF) will be reimbursed for all reasonable and necessary costs of operation. These PRTFs will receive an interim State of Louisiana interim Medicaid per diem reimbursement rate for activities provided in and by the facility on the active treatment plan. The interim rate will be subject to retroactive cost settlement in accordance with Medicare allowable cost principles contained in the Provider Reimbursement Manual CMS Publication 15-1.

TN No. _____ Approval Date _____ Effective Date _____

Supersedes

TN No. _____

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

13-27

2. STATE

Louisiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 20, 2013

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447, Subpart B, C
Includes Subpart F

7. FEDERAL BUDGET IMPACT:

a. FFY 2013 **\$0**
b. FFY 2014 **\$0**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Item 16 Page 5

9. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (if Applicable):

Same (TN 11-12)

10. SUBJECT OF AMENDMENT: **The SPA proposes to revise the inpatient reimbursement methodology for physician services rendered under Louisiana Behavioral Health Partnership (LBHP) in order to establish a distinct payment methodology that is independent of the payment methodology established for physicians in the Professional Services Program.**

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

The Governor does not review state plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Kathy H. Kliebert

14. TITLE:

Secretary

15. DATE SUBMITTED:

June 27, 2013

16. RETURN TO:

**J. Ruth Kennedy, Medicaid Director
State of Louisiana
Department of Health and Hospitals
628 N. 4th Street
PO Box 91030
Baton Rouge, LA 70821-9030**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS: **The State requests pen and ink changes to Block 6 and Block 9 as noted above.**

Shantell Jones

From: Jodie Hebert
Sent: Thursday, September 05, 2013 3:38 PM
To: Shantell Jones
Subject: FW: 13-27 Behavioral Health-Reimbursement Methodology (Inpatient)
Attachments: Louisiana Register Notification

FYI

Jodie E. Hebert, LCSW
Medicaid Program Manager 1-B
State Plan & Legislative Management Unit
Policy Development & Implementation Section
Department of Health & Hospitals
jodie.hebert@la.gov
Phone: 225-342-4294



From: Darlene Adams
Sent: Thursday, September 05, 2013 3:10 PM
To: Mary Norris; Jodie Hebert
Cc: Darrell Montgomery; Roberta Diaz; Lou Ann Owen; Lalauni williams
Subject: RE: 13-27 Behavioral Health-Reimbursement Methodology (Inpatient)

Mary/Jodie:

Technically, the April 20th version of the *Louisiana Register* (which contained this ER) was released on the Office of State Register (OSR) website on April 19, 2013; therefore, the effective date can still be April 20, 2013 because the general public was able to access the web publication prior to April 20th. See the attached email notification from the OSR Editor and below.

From: STATE REGISTER'S PUBLICATION ANNOUNCEMENT LIST [<mailto:OSR-REG@LISTSERV.DOA.LA.GOV>] **On Behalf Of** Catherine Brindley
Sent: Friday, April 19, 2013 2:22 PM
To: OSR-REG@LISTSERV.DOA.LA.GOV
Subject: Louisiana Register Notification

The Office of the State Register has published the April 20, 2013 issue of the *Louisiana Register*.

To order a certified copy from the Office of the State Register, visit: <http://www.doa.louisiana.gov/osr/product.pdf>

To view and/or print the internet version, go to: <http://www.doa.louisiana.gov/osr/reg/regs2013.htm>

We have uploaded an MSWord copy of the Louisiana Register. The scroll bar now accurately reads the page numbers. This should make navigation within this edition easier. This is one attempt to make our site more "reader-friendly." We welcome your comments.

**Louisiana Upper Payment Limit Calculation
 Psychiatric Residential Treatment Facilities (PRTF)
 Privately Owned or Operated
 Based on Data from State Fiscal Year 2013 (July 1, 2012 - June 30, 2013)**

Privately Owned or Operated PRTF	
For the State Fiscal Year Beginning 7/1/13	
Total Medicaid Payment Calculation	

1.	Medicaid Per Diem Payment for SFY 2013 ⁽¹⁾	\$	335.49
2.	Medicaid Paid Claims Days from 7/1/2012 - 6/30/2013		19,882
3.	Total Calculated Class Medicaid Payments for SFY 2013 (Line 1 * Line 2)	\$	<u>6,670,212</u>

Class Medicare Upper Payment Limit Calculation	
---	--

4.	Average (Mean) Privately Owned or Operating Facility Class Cost Per Diem	\$	370.42
5.	Medicare Allowable Cost Limit above Class Average (Mean) ⁽²⁾		112.00%
6.	Medicare Allowable Class Cost Limit (Line 4 * Line 5)	\$	<u>414.87</u>
7.	Medicaid Paid Claims Days from 7/1/2012 - 6/30/2013		19,882
8.	Total Calculated Class Medicare Upper Payment Limit (Line 6 * Line 7)	\$	<u>8,248,445</u>

Class Upper Payment Limit to Medicaid Payment Differential Calculation	
---	--

9.	Total Calculated Class Medicare Upper Payment Limit to Medicaid Payment Differential (Line 8 - Line 3)	\$	<u>1,578,233</u>
----	--	----	------------------

Notes:

(1): The PRTF Medicaid per diem payment rate is consistent for all providers and did not change throughout SFY 2013.

(2): Medicare cost reimbursement regulations, 42 C.F.R. 413.30 & CMS Pub 15 -1 Section 2534.5, allow for 112% of the class mean cost per diem in determining reasonable cost.

LA Psychiatric Residential Treatment Facility Upper Payment Limit Methodology

Privately Owned or Operated Facilities

PRTF Provider Description

The State of Louisiana Psychiatric Residential Treatment Facilities (PRTF) are a new provider type that began operations during the 2013 state fiscal year (7/1/2012 - 6/30/2013). Cost data will be collected through a State specific Medicaid program cost report that is required to be filed within 5 months of the end of the fiscal period. The 2013 state fiscal year cost reporting data has not been collected as of the filing of this Upper Payment Limit (UPL) calculation, therefore projected first year cost data submitted by the providers has been utilized for this UPL calculation.

UPL Methodology Overview

Medicaid Paid Claims Days Source

State fiscal year 2013 Medicaid paid claims days were collected from Magellan, the Medicaid managed care entity's records.

Class Medicaid Payment Calculation Description

Each privately owned or operated PRTF is paid a set per diem rate for each allowable day. The rate was initially established using CMS approved PRTF rates from other states which exclude the physician and pharmacy components since those are paid separately under the current CMS-approved Medicaid fee schedules. This rate is consistent for all PRTF's contained within the class. The PRTF per diem rate was multiplied by total class Medicaid Paid claims days for the applicable state fiscal year to establish the total class SFY 2013 Medicaid payments

Class Medicare Upper Payment Limit Calculation Description

The Louisiana PRTF UPL is calculated using a reasonable cost limit approach. Cost data was collected from each PRTF and the per diem cost was placed into an array. The mean class cost per day is then selected for the PRTF array.

The mean class cost per diem is then multiplied by 112% to establish the Medicare allowable class cost limit. This limit is then multiplied by Medicaid paid claims days from the applicable state fiscal year to establish the total calculated class Medicare upper payment limit.

Class Upper Payment Limit to Medicaid Payment Differential Calculation

Total calculated class Medicaid payments are subtracted from the total calculated class Medicare upper payment limit to establish the class Medicare upper payment limit to Medicaid payment differential.