



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

VIA ELECTRONIC MAIL ONLY

July 17, 2017

Bill Brooks
Associate Regional Administrator
Division of Medicaid & Children's Health
DHHS/Centers for Medicare and Medicaid Services
1301 Young Street, Room #833
Dallas, Texas 75202

Dear Mr. Brooks:

**RE: LA SPA TN 16-0019 RAI Response
Medical Transportation – Emergency Ambulance Services – Enhanced
Reimbursements (UPL)**

Please refer to our proposed amendment to the Medicaid State Plan submitted under transmittal number (TN) 16-0019 with the proposed effective date of August 1, 2016. The SPA adopts the provisions to establish enhanced Medicaid reimbursements through the Supplemental Payment program for qualifying emergency ground ambulance service providers. We are providing the following in response to your request for additional information (RAI) dated December 19, 2016.

1. SPA amendment LA16-0019 proposes to establish a new supplemental payments methodology for ambulance providers. Section 1902(a) (30) (A) of the Social Security Act (the Act) requires that payment rates must be consistent with "efficiency, economy and quality of care." Please justify how the establishment of payments is consistent with the principles of "efficiency, economy, and quality of care."

RESPONSE:

The establishment of the supplemental payment methodology for emergency ambulance providers is consistent with the principles of "efficiency, economy, and quality of care." The state of Louisiana ranks low among the states by most

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measures of poverty, and among the highest in its percentage of frail and chronically ill elderly, requiring greater acuity of care. The supplemental payments are needed to fund emergency ambulance providers for continuity and access to care. The payments will be within the established upper payment limit (UPL) and therefore, efficient.

2. Please explain the relationship between SPA LA 16-0019 and approved SPA LA 11-23. Will both SPAs impact the same population of providers or will payments under SPA 16-0019 impact a different population of providers?

RESPONSE:

LA SPA TN 16-0019 seeks to change LA SPA TN 11-23 only slightly in the reimbursement methodology, allowing increased payments for non-large, urban governmental providers. The calculation and frequency of the supplemental payments established in LA SPA TN 11-23 will not change.

3. State's response to IRAI question #2 and Attachment 4.19-B, Item 24.a. Page 1b (3), Section A - It is unclear how an ambulance service provider qualifies for the proposed supplemental payment. Does a provider qualify, then is assessed a fee? Is a provider first assessed a fee, then qualifies? Please describe the fee, how it assessed, and the providers that will be impacted.

RESPONSE:

The Department shall first identify emergency ambulance service providers that qualify to be assessed a fee as defined by LA R.S. 46:2625.1, as those providers which are private, for profit, nonpublic, nonfederal providers of emergency ground ambulance service that are contracted with a unit of local or parish government of Louisiana, for the provision of 911 emergency ground ambulance transportation on a regular twenty-four hour per day and seven days per week basis. Once identified, the Department shall calculate, levy, and collect a fee from every emergency ground ambulance service provider as defined above.

The amount of the fee shall not exceed one and one half percent of the net operating revenue of emergency ground ambulance service providers. As defined in LA R.S. 2625.1 "Net operating revenue means the gross revenues of the emergency ground ambulance service provider for the provision of emergency ground ambulance transportation services, excluding any Medicaid reimbursements, less any deducted amounts for bad debts, charity care and payer discounts."

The fee shall be assessed on quarterly basis, retroactive to August 16, 2016. The fee shall be due to the Department within thirty days from the date of the assessment.

The impacted providers are those emergency ground ambulance service providers as defined by statute and restated herein.

4. State's response to IRAI question #3 - It is unclear what category of providers will qualify for the supplemental payments. The state indicates there are no state or non-state emergency ambulance providers, but defines the providers as public or private. The category of non-state is usually synonymous with public. Please clarify the state's response.

RESPONSE:

If CMS considers "non-state" as synonymous with "public", then non-state qualifying emergency ground ambulance providers, as defined by statute, would qualify for a supplemental payment.

5. Please explain if private providers will qualify for supplemental payments. If yes, please describe how payments to private providers would be funded and please provide any agreements, financial arrangements, or MOUs that would involve any private provider associated with the receipt of supplemental payments.

RESPONSE:

Private providers do qualify, and already receive, payments as part of LA SPA TN 11-23. The funding is from local governmental entities and state general funds.

6. State's response to IRAI question #4 - Please provide a complete list of all ambulance providers that would qualify for supplemental payments.

RESPONSE:

Below is a list of all providers currently participating in the ambulance UPL program approved in LA SPA TN 11-23. Only the providers previously identified with this SPA are affected by the changes.

Provider Name

**BOSSIER CITY FIRE DEPT EMS
BOSSIER PARISH EMERG MED SERV
EAST JEFFERSON MOBILE EMERGEN
EMERGENCY MEDICAL SERVICE (Gretna)
JEFFERSON PARISH HOSPITAL SER
SHREVEPORT FIRE DEPT/EMS
ST CHARLES PARISH HOSPITAL SE
CITY OF BATON ROUGE DEPT EMS
EMERGENCY MED SERV-CITY/N O**

ALLEN PARISH AMBULANCE SERVICE
CADDO FIRE DISTRICT #1
JACKSON PARISH AMBULANCE SERVICE
W CARROLL VOLUNTEER EMERGENCY MEDICAL
CADDO PARISH FIRE DISTRICT #4
LAFOURCHE AMBULANCE
CADDO PARISH FIRE DISTRICT #3
A MED AMBULANCE INC
ACADIAN AMBULANCE NEW ORLEANS
ACADIAN AMBULANCE SERVICE
ADVANCED EMERGENCY MEDICAL SERVICES
AIR EVAC EMS INC
AIR EVAC EMS INC
BALENTINE AMBULANCE SERVICE INC
CADDO PARISH FIRE DISTRICT #5
CADDO PARISH FIRE DISTRICT #6
CAMERON PARISH AMBULANCE SERVICE DIST #2
CARE AMBULANCE SERVICE
CITY OF GONZALES FIRE/RESCUE
CITY OF WESTWEGO EMS
DESOTO PARISH EMS
MED EXPRESS AMBULANCE SERVICE IN
MED LIFE EMERGENCY MEDICAL SERVICES
MED-TRANS CORPORATION
METRO AMBULANCE SERVICE RURAL IN
MISSISSIPPI AMBULANCE SERVICES LLC
NORTHEAST LOUISIANA AMBULANCE
NORTHSHORE EMS LLC
PAFFORD EMERGENCY MEDICAL SERVICES
RED RIVER PARISH EMS
RUSTON LINCOLN AMBULANCE SERVICE
ST TAMMANY FIRE DISTRICT 11
ST TAMMANY PARISH FIRE PROTECTION #4

7. State's response to IRAI question #6 - Please provide all calculations that support the commercial to Medicare ratio(s) that the state is proposing. Is the state proposing to establish a separate ratio for each provider or will a regional or average ratio be used?

RESPONSE:

Please see the attached supporting documents for the average commercial rate (ACR) calculations. A separate ratio is calculated for each provider after obtaining their specific data on private insurance payments. It should be noted that one provider spreadsheet was included in excel to demonstrate the methodology. If others are needed they can also be provided to CMS.

8. State's response to IRAI question #7 - Please add the timelines for how supplemental payments will be made, to the payment page language.

RESPONSE:

Please see Attachment 4.19-B, Item 24.a, Page 1b (5).

9. Attachment 4.19-B, Item 24.a, Page 1b (5), h - Please explain the language that the Department shall reimburse providers up to 100 percent of the provider's average commercial rate.

RESPONSE:

In approved LA SPATN 11-23, only the large urban government providers qualified to be paid up to 100 percent of their ACR. All other providers were limited to 80 percent. This change is to allow the providers affected by this change to also be paid the maximum.

10. Please add the following language to the payment page. "No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity."

RESPONSE:

Please see revised Attachment 4.19-B, Item 24.a. Page 1b (5).

11. Please list each governmental entity that will provide an intergovernmental transfer (IGT) and the ambulance provider to which the IGT will be applicable.

RESPONSE:

Below is a list of providers that have historically used an intergovernmental transfer (IGT) to fund the payments. The payments are made to all providers

listed in our response to number six above. In this program, public entities fund the state's share of the payments for all public and private providers.

Ruston Lincoln
Caddo Parish Fire District #4
LaFourche Ambulance
City of New Orleans
Allen Parish Ambulance Service
City of Gretna
City of Baton Rouge
Bossier City Fire Dept EMS
Shreveport Fire Dept
St. Charles Parish Hospital
Caddo Fire District #1
East Jefferson Mobile Emerg
Jackson Parish
Bossier Parish Emerg
W. Carroll Volunteer Emerg
Caddo Parish Fire District #3

12. Please provide information on why the state finds it necessary to provide supplemental payments to these providers. Is it due to an access to care or quality of care issue? If so, please provide data to support these issues.

RESPONSE:

Due to the nature and definition of emergency ground ambulance providers subject to the fee and qualifying for a supplemental payment being entities who are contracted to provide 911 emergency ground ambulance services for local and parish governments, there is no access to care issue as long as these providers remain contracted and willing to provide care. Under the contracts, the local and parish governments do not pay the provider for transportation of the patients within their jurisdiction and; therefore, the provider is dependent upon the payment by the patient's guarantor (Medicare, Medicaid, self-pay or commercial). There is a disparity in reimbursement to emergency ambulance service providers for the provision of services to the Medicaid population. Over the past ten years, emergency ambulance service providers have experienced more than a 30 percent reduction in their Medicaid reimbursement rates in the state of Louisiana. Studies from 2007 and 2012, by the Government Accountability Office on Ground Ambulance Service Providers, show that Medicare is not reimbursing providers for their cost of

providing ambulance services to Medicare recipients. It should be noted that the state of Louisiana is only reimbursing ground ambulance service providers at an average of 70 percent of the current Medicare prevailing rate.

In response to creating stability in access to care, the state of Louisiana sees no other option, but to assess a fee on the provision of such emergency ground ambulance service providers to assist with shortening the funding gap between the cost of providing emergency ground ambulance services and the corresponding reimbursement for such services to the Medicaid recipients in the State.

13. What outcome does the state hope to achieve by targeting supplemental payments to these providers? How will the state monitor the impact of the supplemental payments with respect to the expected outcomes? How will the state measure if the payments resulted in the desired outcomes?

RESPONSE:

The State's hope is that a targeted assessment on ground emergency ambulance service providers for the provision of ground emergency ambulance services, will result in additional funding to these providers. To assist in aligning reimbursement with the cost of providing said services to Medicaid recipients and further aligning the Medicaid reimbursement with the average reimbursement of other commercial payers, thereby stabilizing and maintaining access to and quality of care provided to the Medicaid population.

Currently, the State collects data from every emergency ground ambulance service provider to establish an ACR that is paid by commercial payers. This rate is then used to establish a payment ceiling. Currently, the State is required to rebase every one to three years to ensure that the additional payments never exceed the ACR ceiling for any emergency ground ambulance service provider.

14. How do the supplemental payments compare to the base payments? Has the state performed any analysis to increase the base payments to these specific providers?

RESPONSE:

The supplemental payments represent approximately 10 percent of total payments. The State does not have the state general fund to increase rates for ambulance services in the base payments. There have been rate cuts to this provider type in recent years and the supplemental payments are used to fund payments to providers in order to maintain access to these services.

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Please consider this a formal request to begin the 90-day clock. We trust this additional information will result in the approval of the pending SPA. We look forward to working with CMS to ensure approval.

As always, we appreciate the assistance of Cheryl Rupley in resolving these issues. If further information is required, you may contact Karen H. Barnes at Karen.Barnes@la.gov or by phone at (225) 342-3881.

Sincerely,

Dee A. Bridgewater

for Jen Steele
Medicaid Director

JS:KHB:MJ

Attachments (1)

c: Karen Barnes
Cheryl Rupley
Tamara Sampson

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905 (A) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

provider's equivalent community rate for each of the provider's services identified under Subparagraph C.3.b.

- e. For each Medicaid ambulance service provider described in Subparagraph C.3.a., the Department shall subtract an amount equal to the reimbursement calculation for each of the emergency ground ambulance transportation services under Subparagraph C.3.c. from an amount equal to the amount calculated for each of the emergency ground ambulance transportation services under Subparagraph C.3.d.
 - f. For each Medicaid ambulance service provider described in Subparagraph C.3.a., the Department shall calculate the sum of each of the amounts calculated for emergency ground ambulance transportation services under Subparagraph C.3.e.
 - g. For each Medicaid ambulance service provider described in Subparagraph C.3.a., the Department shall calculate each provider's upper payment limit by totaling the provider's total Medicaid payment differential from Subparagraph C.3.f.
 - h. On a quarterly basis, the Department shall reimburse providers identified in Subparagraph C.3.a., up to 100 percent of the provider's average commercial rate.
4. No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

TN _____
Supersedes
TN _____

Approval Date _____

Effective Date _____