

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Dallas Regional Office  
1301 Young Street, Suite 833  
Dallas, Texas 75202



**DIVISION OF MEDICAID & CHILDREN'S HEALTH - REGION VI**

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November 14, 2017

Our Reference: SPA LA 17-0024

Ms. Jen Steele, State Medicaid Director  
Department of Health and Hospitals  
628 North 4<sup>th</sup> St.  
Post Office Box 91030  
Baton Rouge, LA 70821-9030

Attention: Karen Barnes

Dear Ms. Steele:

We have reviewed the State's proposed amendment to the Louisiana State Plan submitted under Transmittal Number 17-0024 dated October 23, 2017. This state plan amendment proposes to increase reimbursement rates for outpatient hospital services paid to non-rural, non-state hospitals and children's specialty hospitals, to the rates in effect on June 30, 2010.



Based on the information submitted, we have approved the amendment for incorporation into the official Louisiana State Plan with an effective date change of January 1, 2018. A copy of the CMS-179 and approved plan pages are enclosed with this letter.

If you have any questions, please contact Cheryl Rupley at (214) 767-6278 or by email at [Cheryl.Rupley@cms.hhs.gov](mailto:Cheryl.Rupley@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink that reads "Bill Brooks". The signature is written in a cursive, slightly slanted style.

Bill Brooks  
Associate Regional Administrator

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>17-0024</b>	2. STATE <b>Louisiana</b>
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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 <b>January 1, 2018</b>	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION: <b>42 CFR 447 Subpart C</b>		7. FEDERAL BUDGET IMPACT: a. FFY <u>2018</u> <b>\$ 843,435</b> b. FFY <u>2019</u> <b>\$1,364,852</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-B, Item 2.a, Page 1a</b> <b>Attachment 4.19-B, Item 2.a, Page 1a(1)</b> <b>Attachment 4.19-B, Item 2.a, Page 1a(2)</b> <b>Attachment 4.19-B, Item 2.a, Page 1d</b> <b>Attachment 4.19-B, Item 2.a, Page 1d(1)</b> <b>Attachment 4.19-B, Item 2.a, Page 6b</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ): <b>Same (TN 17-06)</b> <b>Same (TN 17-06)</b> <b>None (New Page)</b> <b>Same (TN 17-06)</b> <b>Same (TN 17-06)</b> <b>Same (TN 17-06)</b>	
10. SUBJECT OF AMENDMENT: <b>The purpose of the SPA is to increase the reimbursement rates for outpatient hospital services paid to non-rural, non-state hospitals and children's specialty hospitals, to the rates in effect on June 30, 2010.</b>			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <b>The Governor does not review State Plan material.</b> <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: <b>Jen Steele, Medicaid Director</b> <b>State of Louisiana</b> <b>Department of Health</b> <b>628 North 4<sup>th</sup> Street</b> <b>P.O. Box 91030</b> <b>Baton Rouge, LA 70821-9030</b>	
13. TYPED NAME: <b>Rebekah E. Gee MD, MPH</b>			
14. TITLE: <b>Secretary</b>			
15. DATE SUBMITTED: <b>October 23, 2017</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:    October 23, 2017		18. DATE APPROVED:    November 14, 2017	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2018		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health	
23. REMARKS:			

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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

Effective for dates of service on or after January 1, 2017, the reimbursement rates paid to non-rural, non-state hospitals for outpatient laboratory services shall be increased by 7.03 percent of the rates on file as of December 31, 2016. Our Lady of the Lake Regional Medical Center shall be exempted from this rate increase.

Effective for dates of service on or after January 1, 2018, the reimbursement rates paid to non-rural, non-state hospitals for outpatient laboratory services shall be increased by 4.82 percent of the rates on file as of December 31, 2017. Hospitals participating in public-private partnerships shall be exempted from this rate increase. Medicaid payments for clinical laboratory services must not exceed the Medicare fee for the service, on a per test basis.

**State Owned Hospitals**

Effective for dates of services on or after July 1, 2008, state-owned hospitals shall be reimbursed for outpatient clinical laboratory services at 100 percent of the current Medicare Clinical Laboratory Fee Schedule.

**Outpatient hospital facility fees for office/outpatient visits** are reimbursed at the lower of:

- 1) billed charges; or
- 2) the State maximum amount (70 percent of the Medicare APC payment rates as published in the August 9, 2002 Federal Register). The fee schedule is published on the Medicaid provider website at [www.lamedicaid.com](http://www.lamedicaid.com).

Effective for dates of service on or after February 20, 2009, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital facility fees shall be reduced by 3.5 percent of the fee schedule on file as of February 19, 2009.

Effective for dates of service on or after August 4, 2009, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital facility fees for office/outpatient visits shall be reduced by 5.65 percent of the fee schedule on file as of August 3, 2009.

Effective for the dates of service on or after February 3, 2010, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital facility fees for office/outpatient visits shall be reduced by 5 percent of the fee schedule on file as of February 2, 2010.

Effective for the dates of service on or after August 1, 2010, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital facility fees for office/outpatient visits shall be reduced by 4.6 percent of the fee schedule on file as of July 31, 2010.

Effective for the dates of service on or after January 1, 2011, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital facility fees for office/outpatient visits shall be reduced by 2 percent of the fee schedule on file as of December 31, 2010.

Effective for dates of service on or after August 1, 2012, the reimbursement rates paid to non-rural, non-state hospitals for outpatient hospital facility fees for office/outpatient visits shall be reduced by 3.7 percent of the fee schedule on file as of July 31, 2012.

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

Effective for dates of service on or after February 1, 2013, the reimbursement rates paid to non-rural, non-state hospitals for outpatient hospital facility fees for office/outpatient visits shall be reduced by 1 percent of the fee schedule on file as of January 31, 2013.

Effective for dates of service on or after January 1, 2017, the reimbursement rates paid to non-rural, non-state hospitals for outpatient clinic services shall be increased by 7.03 percent of the rates on file as of December 31, 2016. Our Lady of the Lake Regional Medical Center shall be exempted from this rate increase.

Effective for dates of service on or after January 1, 2018, the reimbursement rates paid to non-rural, non-state hospitals for outpatient clinic services shall be increased by 4.82 percent of the rates on file as of December 31, 2017. Hospitals participating in public-private partnerships shall be exempted from this rate increase.

**Outpatient hospital surgery facility fees** are reimbursed at the lower of:

- 1) billed charges; or
- 2) established Medicaid payment rates assigned to each Healthcare Common Procedure Coding System (HCPCS) code based on the Medicare payment rates for ambulatory surgery center services. These rates are published on the Medicaid provider website at [www.lamedicaid.com](http://www.lamedicaid.com).

Effective for dates of service on or after February 20, 2009, the reimbursement paid to non-rural, non-state hospitals for outpatient surgery shall be reduced by 3.5 percent of the fee schedule on file as of February 19, 2009.

Effective for dates of service on or after August 4, 2009, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital facility surgery fees shall be reduced by 5.65 percent of the fee schedule on file as of August 3, 2009.

Effective for the dates of service on or after February 3, 2010, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital surgery facility fees shall be reduced by 5 percent of the fee schedule on file as of February 2, 2010.

Effective for the dates of service on or after August 1, 2010, the reimbursement paid to non-rural, non-state hospitals for outpatient surgery facility fees shall be reduced by 4.6 percent of the fee schedule on file as of July 31, 2010.

Effective for the dates of service on or after January 1, 2011, the reimbursement paid to non-rural, non-state hospitals for outpatient surgery facility fees shall be reduced by 2 percent of the fee schedule on file as of December 31, 2010.

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Effective for dates of service on or after August 1, 2012, the reimbursement rates paid to non-rural, non-state hospitals for outpatient surgery facility fees shall be reduced by 3.7 percent of the fee schedule on file as of July 31, 2012.

Effective for dates of service on or after February 1, 2013, the reimbursement rates paid to non-rural, non-state hospitals for outpatient surgery facility fees shall be reduced by 1 percent of the fee schedule on file as of January 31, 2013.

Effective for dates of service on or after January 1, 2017, the reimbursement rates paid to non-rural, non-state hospitals for outpatient surgery, shall be increased by 7.03 percent of the rates on file as of December 31, 2016. Our Lady of the Lake Regional Medical Center shall be exempted from this rate increase.

Effective for dates of service on or after January 1, 2018, the reimbursement rates paid to non-rural, non-state hospitals for outpatient surgery, shall be increased by 4.82 percent of the rates on file as of December 31, 2017. Hospitals participating in public-private partnerships shall be exempted from this rate increase.

Current HCPS codes and modifiers shall be used to bill for all outpatient hospital surgery services.

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**Outpatient hospital services other than clinical diagnostic laboratory, outpatient surgeries, rehabilitation services, and outpatient hospital facility fees for office/outpatient visits are paid as follows:**

**In-state private hospital outpatient services** are reimbursed on a hospital specific cost to charge ratio calculation based on the latest filed cost reports. Updated cost to charge ratios will be calculated as filed cost reports are received. Cost to charge ratios for the hospitals on which a filed cost report was received will be adjusted at the beginning of the next quarter. Final reimbursement is adjusted to 83 percent of allowable cost through the cost report settlement process. The allowable costs are determined from the Medicare/Medicaid cost report for each hospital. The costs and charges on these cost reports are reported in accordance with the instructions in the HIM-15 (Medicare Reimbursement Manual).

Effective for dates of services on or after August 1, 2006, the outpatient rates paid to private hospitals for cost-based services are increased by 3.85 percent of the rates in effect on July 31, 2006. Final reimbursement will be 86.2 percent of allowable cost through the cost report settlement process.

Effective for dates of service on or after February 20, 2009, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital services other than clinical diagnostic laboratory services, facility fees for outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reduced by 3.5 percent of the rates effective as of February 19, 2009. Final reimbursement will be 83.18 percent of allowable cost through the cost settlement process.

Effective for dates of service on or after August 4, 2009, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital services other than clinical diagnostic laboratory services, facility fees for outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reduced by 5.65 percent of the rates effective as of August 3, 2009. Final reimbursement shall be at 78.48 percent of allowable cost through the cost settlement process.

Effective for dates of service on or after February 3, 2010, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital services other than clinical diagnostic laboratory services, facility fees for outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reduced by five percent of the rates effective as of February 2, 2010. Final reimbursement shall be at 74.56 percent of allowable cost through the cost settlement process.

Effective for dates of service on or after August 1, 2010, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital services other than clinical diagnostic laboratory services, facility fees for outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reduced by 4.6 percent of the rates effective as of July 31, 2010. Final reimbursement shall be at 71.13 percent of allowable cost through the cost settlement process.

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Effective for dates of service on or after January 1, 2011, the reimbursement paid to non-rural, non-state hospitals for outpatient hospital services other than clinical diagnostic laboratory services, facility fees for outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reduced by two percent of the rates effective as of November 30, 2010. Final reimbursement shall be at 69.71 percent of allowable cost through the cost settlement process.

Effective for dates of service on or after August 1, 2012, the reimbursement rates paid to non-rural, non-state hospitals for outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reduced by 3.7 percent of the rates in effect on July 31, 2012. Final reimbursement shall be at 67.13 percent of allowable cost through the cost settlement process.

Effective for dates of service on or after February 1, 2013, the reimbursement rates paid to non-rural, non-state hospitals for outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reduced by one percent of the fee schedule in effect on January 31, 2013. Final reimbursement shall be at 66.46 percent of allowable cost through the cost settlement process.

Effective for dates of service on or after January 1, 2017, the reimbursement rates paid to non-rural, non-state hospitals for outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be increased by 7.03 percent of the rates in effect as of December 31, 2016. Final reimbursement shall be at 71.13 percent of allowable cost through the cost settlement process.

Effective for dates of service on or after January 1, 2018, the reimbursement rates paid to non-rural, non-state hospitals for outpatient hospital services, other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be increased by 4.82 percent of the rates in effect as of December 31, 2017. Final reimbursement shall be 74.56 percent of allowable cost as calculated through the cost report settlement process.

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- (10) Effective for dates of service on or after January 1, 2017, the reimbursement rates paid to children's specialty hospitals for outpatient surgery, outpatient hospital services other than clinical diagnostic laboratory, outpatient surgeries, rehabilitation services and outpatient hospital facility fees for office/outpatient visits shall be increased by 7.03 percent of the rates in effect as of December 31, 2016.

Final reimbursement for outpatient surgery, and outpatient services other than rehabilitation services and outpatient facility fees for office/outpatient visits shall be 87.91 percent of allowable cost as calculated through the cost report settlement process.

- (11) Effective for dates of service on or after January 1, 2018, the reimbursement rates paid to children's specialty hospitals for outpatient surgery and outpatient hospital services other than rehabilitation services and outpatient hospital facility fees, shall be increased by 4.82 percent of the rates on file as of December 31, 2017. Final reimbursement shall be 92.15 percent of allowable cost as calculated through the cost report settlement process.
- (12) Effective for dates of service on or after January 1, 2018, the reimbursement rates paid to children's specialty hospitals for outpatient hospital clinic services and outpatient clinical diagnostic laboratory services shall be increased by 4.82 percent of the rates on file as of December 31, 2017. Medicaid payments for clinical laboratory services must not exceed the Medicare fee for the service, on a per test basis.

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