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State/Territory Name: LA

State Plan Amendment (SPA) : 22-0008

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

June 15, 2022

Patrick Gillies
Medicaid Executive Director
Louisiana Medicaid Program
Louisiana Department of Health
Bureau of Health Services
Financing 628 North Fourth Street
Post Office Box 91030
Baton Rouge, Louisiana 70821-9030

RE: Louisiana TN 22-0008

Dear Mr. Patrick Gillies:

We have reviewed the proposed Louisiana State Plan Amendment (SPA) to Attachment 4.19-B, 22-0008, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 21, 2022. The purpose of this SPA is to amend the provisions governing outpatient hospital services in order to provide reimbursement for laboratory testing for Coronavirus Disease 2019 (COVID-19) separately from outpatient hospital surgery fee schedule payments.



Based upon the information provided by the State, we have approved the amendment with an effective date of February 11, 2022. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Monica Neiman at: Monica.Neiman@cms.hhs.gov.

Sincerely,

Todd McMillion

Todd McMillion
Director
Division of Reimbursement Review

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER 22-0008	2. STATE LA		
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE <u>XIX</u> OF THE SOCIAL SECURITY ACT			
5. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.321 1905(a)(30) Other Medical Care, or Other Types of Remedial Care (recognized by State law) 1905(a)(30)(A) of the ACT		4. PROPOSED EFFECTIVE DATE February 11, 2022			
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Item 2.a, Page 1a(3) Attachment 4.19-B, Item 2.a, Page 2a Attachment 4.19-B, Item 2.a, Pages 4-4a Attachment 4.19-B, Item 2.a, Page 5a Attachment 4.19-B, Item 2.a, Page 6 Attachment 4.19-B, Item 2.a, Page 10		6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2022</u> \$ <u>48,939</u> b. FFY <u>2023</u> \$ <u>93,856</u>			
9. SUBJECT OF AMENDMENT The purpose of this SPA is to amend the provisions governing outpatient hospital services in order to provide reimbursement for laboratory testing for Coronavirus Disease 2019 (COVID-19) separately from outpatient hospital surgery fee schedule payments.		8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Same (TN 20-0018) Same (TN 20-0018) Same (TN 10-54) Same (TN 13-30) Same (TN 10-12) Same (TN 13-21)			
10. GOVERNOR'S REVIEW (Check One) <table style="width:100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The Governor does not review State Plan material. </td> </tr> </table>				<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The Governor does not review State Plan material.
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The Governor does not review State Plan material.				
11. SIGNATURE OF STATE AGENCY OFFICIAL 		15. RETURN TO Patrick Gillies, Medicaid Executive Director Louisiana Department of Health 628 North 4th Street P.O. Box 91030 Baton Rouge, LA 70821-9030			
12. TYPED NAME Ruth Johnson, designee for Dr. Courtney N. Phillips		13. TITLE Secretary			
14. DATE SUBMITTED March 31, 2022		16. DATE RECEIVED March 31, 2022			
FOR CMS USE ONLY					
16. DATE RECEIVED March 31, 2022		17. DATE APPROVED June 15, 2022			
PLAN APPROVED - ONE COPY ATTACHED					
18. EFFECTIVE DATE OF APPROVED MATERIAL February 11, 2022		19. SIGNATURE OF APPROVING OFFICIAL 			
20. TYPED NAME OF APPROVING OFFICIAL Todd McMillion		21. TITLE OF APPROVING OFFICIAL Director, Division of Reimbursement Review			
22. REMARKS The State requests a pen and ink change to boxes 5 and 7.					

STATE OF LOUISIANA

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:

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.

Effective for dates of service on or after January 1, 2019, the reimbursement rates paid to non-rural, non-state hospitals for outpatient surgery shall be increased by 11.56 percent of the rates on file as of December 31, 2018. Hospitals participating in public-private partnerships shall be exempted from this rate increase.

Effective for dates of service on or after January 1, 2020, the reimbursement rates paid to non-rural, non-state hospitals for outpatient surgery shall be increased by 3.2 percent of the rates on file as of December 31, 2019. Hospitals participating in public-private partnerships shall be exempted from this rate increase.

Effective for dates of service on or after January 1, 2021, the reimbursement rates paid to non-rural, non-state hospitals for outpatient surgery shall be increased by 3.2 percent of the rates on file as of December 31, 2020. 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.

Effective for dates of service on or after February 11, 2022, the Medicaid Program shall provide reimbursement for Coronavirus Disease 2019 (COVID-19) laboratory testing in addition to the outpatient surgery fee schedule flat fee reimbursement amount claim payment. The procedure codes and rates applicable to COVID-19 testing are published on the Louisiana Medicaid website at www.lamedicaid.com. The COVID-19 laboratory testing claim payment shall be a final payment and shall not be subject to cost settlement.

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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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.

Interim payment shall be one hundred percent of each hospital's cost to charge ratio as calculated from the latest filed cost report. Final reimbursement shall be one hundred percent of allowable cost as calculated through the cost report settlement process. Final cost is identified by mapping outpatient charges to individual cost centers on the Medicare Hospital Cost Report then multiplying such charges by the cost centers' individual cost to charge ratios. Dates of service associated with the charges match the rate year on the Medicare Hospital Cost Report.

Effective for dates of services on or after August 1, 2012, the reimbursement rate paid to state-owned hospitals for outpatient surgery, outpatient clinic services, outpatient laboratory services and outpatient hospital services, other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reduced by 10 percent of the fee schedule on file as of July 31, 2012. Final reimbursement shall be at 90 percent of allowable cost through the cost settlement process.

Effective for dates of service on or after January 1, 2020, the reimbursement rates paid to state-owned hospitals for outpatient surgery and outpatient clinic services shall be increased by 14.67 percent of the rates on file as of December 31, 2019.

Effective for dates of service on or after January 1, 2020, the reimbursement rates paid to state-owned hospitals for outpatient rehabilitation services shall be increased by 3.2 percent of the rates on file as of December 31, 2019.

Effective for dates of service on or after January 1, 2020, the reimbursement rates paid to 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 11 percent of the rates on file as of December 31, 2019. Final reimbursement shall be at 100 percent of allowable cost as calculated through the cost report process.

Effective for dates of services on or after January 1, 2021, the reimbursement rates paid to state-owned hospitals for outpatient surgery shall be increased by 3.2 percent of the fee schedule rates on file as of December 31, 2020.

Effective for dates of service on or after January 1, 2021, the reimbursement rates paid to state-owned hospitals for outpatient laboratory services shall be reimbursed at 100 percent of the current Medicare clinical laboratory fee schedule.

Effective for dates of service on or after February 11, 2022, the Medicaid Program shall provide reimbursement for Coronavirus Disease 2019 (COVID-19) laboratory testing in addition to the outpatient surgery fee schedule reimbursement amount claim payment. The procedure codes and rates applicable to COVID-19 testing are published on the Louisiana Medicaid website at www.lamedicaid.com. The COVID-19 laboratory testing claim payment shall be a final payment and shall not be subject to cost settlement.

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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f. Supplemental Payment for State Hospitals

A supplemental payment shall be issued to state owned and operated hospitals for outpatient hospital services subject to the payment limits of 42 CFR §447.321. The outpatient upper payment limit for state hospitals will be determined using the latest available cost report and corresponding claims data to determine the reasonable costs in accordance with the Medicare principles of reimbursement. The supplemental payment calculation shall be the difference between outpatient costs using the Medicare principles of reimbursement less the Medicaid reimbursement for outpatient services for each state hospital. This amount shall be trended forward to the mid-point of the current state fiscal year based on the Centers for Medicare and Medicaid Services (CMS) Hospital Market Basket Index for PPS hospitals. This supplemental payment calculation is an annual calculation of which a fourth will be distributed on a quarterly basis. Payments are made at the beginning of the quarter.

Reimbursement for Outpatient Services in Small Rural Hospital

Effective for dates of service on or after July 1, 2008, small rural hospitals as defined in D.3.b. shall be reimbursed for outpatient clinical diagnostic laboratory services at a fee schedule amount which will be equal to 100% of the Medicare Clinical Laboratory Services Fee Schedule amount. The fee schedule is published on the Medicaid provider website at www.lamedicaid.com.

Effective for dates of service on or after July 1, 2008, small rural hospitals as defined in D.3.b. shall be reimbursed for **outpatient surgeries, rehabilitation services, and outpatient hospital facility fees** as follows:

Interim payment for claims shall be the Medicaid fee schedule payment currently in effect for each service. A quarterly interim cost settlement payment shall be made to each small rural hospital to estimate a payment of one hundred ten percent of allowable cost for fee schedule services. The interim cost settlement payment shall be calculated by subtracting the actual quarterly payments for dates of services from one hundred ten percent of the allowable costs of the quarterly claims. The cost to charge ratio from the latest filed cost report shall be applied to quarterly charges for the outpatient claims paid by fee schedule and multiplied by one hundred ten percent to determine allowable cost. Final reimbursement shall be one hundred ten percent of allowable cost as calculated through the cost report settlement process.

Effective for dates of service on or after February 11, 2022, the Medicaid Program shall provide reimbursement for Coronavirus Disease 2019 (COVID-19) laboratory testing in addition to the outpatient surgery fee schedule reimbursement amount claim payment. The procedure codes and rates applicable to COVID-19 testing are published on the Louisiana Medicaid website at www.lamedicaid.com. The COVID-19 laboratory testing claim payment shall be a final payment and shall not be subject to cost settlement.

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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Effective for the dates of service on or after August 1, 2010, small rural hospitals as defined below shall be reimbursed for outpatient hospital surgery services, rehabilitation services, and outpatient hospital facility fees up to the Medicare outpatient upper payment limit.

Qualifying Criteria:

- a. Public (non-state) small rural hospital- a small rural hospital as defined in Attachment 4.19-A, Section D .3. b. (1) which is owned by a local government and as of August 1, 2010 has a certified neonatal intensive care unit.
- b. Private small rural hospital- a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1)(i)

Effective for dates of service on or after July 1, 2008, small rural hospitals as defined in D.3.b. shall be reimbursed for **outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services, and outpatient hospital facility fees as follows:**

Interim payment shall be one hundred ten percent of each hospital's cost to charge ratio as calculated from the latest filed cost report. Final reimbursement shall be one hundred ten percent of allowable cost as calculated through the cost report settlement process. Final cost is identified by mapping outpatient charges to individual cost centers on the Medicare Hospital Cost Report then multiplying such charges by the cost centers' individual cost to charge ratios. Dates of service associated with the charges match the rate year on the Medicare Hospital Cost Report.

Effective for the dates of service on or after August 1, 2010, small rural hospitals as defined below shall be reimbursed for **outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees** up to the Medicare outpatient upper payment limit.

Qualifying Criteria:

- a. Public (non-state) small rural hospital- a small rural hospital as defined in Attachment 4.19-A, Section D.3 .b. (1) which is owned by a local government and as of August 1, 2010 has a certified neonatal intensive care unit.
- b. Private small rural hospital- a small rural hospital as defined in Attachment 4.19-A, Section D.3.b.(1)(i)

STATE OF LOUISIANA

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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:

6. For each hospital, add the differences of the Medicaid costs less Medicaid payments for the cost-based services and the fee-for-service rate services.
7. Trend the difference forward to the midpoint of the current state fiscal year using the CMS Market Basket Index for PPS hospitals.
8. The sum of the difference for each hospital for all hospitals in the group is the upper payment limit for that group of hospitals.

Maximum payments shall not exceed the upper payment limit pursuant to 42CFR 447.321.

Reimbursement for In-State Outpatient Children's Specialty Hospitals

a. Qualifications

In order to qualify to receive Medicaid reimbursement as an in-state children's specialty hospital, a non-rural, non-state acute care hospital must meet the following criteria. The hospital must:

- 1) be recognized by Medicare as a prospective payment system (PPS) exempt children's specialty hospital;
- 2) not qualify for Medicare disproportionate share hospital payments; and
- 3) have a Louisiana Medicaid inpatient days utilization rate greater than the mean plus two standard deviations of the Medicaid utilization rates for all hospitals in the state receiving Medicaid payments.

b. Reimbursement Methodology

- 1) Effective for the dates of service on or after September 1, 2009, the reimbursement amount paid to children's specialty hospitals that meet the above qualifications shall be reimbursed as follows for **outpatient surgeries and rehabilitation services (physical, occupational, and speech therapy):**

Initial payments shall be equal to the Medicaid fee schedule payments per Item 2.a., Page 1. After the fiscal year end cost report is filed, final annual payment for these services will be 97 percent of cost as calculated per the cost report.

- 2) Effective for the dates of service on or after September 1, 2009, the reimbursement amount paid to children's specialty hospitals that meet the above qualifications shall be reimbursed as follows for **outpatient hospital services other than clinical diagnostic laboratory, outpatient surgeries, rehabilitation services, and outpatient hospital facility fees:**

Initial payments shall be 97 percent of the hospital's interim cost to charge ratio as calculated from the latest filed cost report. After the fiscal year end cost report is filed, final annual payment for these services will be 97 percent of cost as calculated per the cost report.

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- 3) Effective for the dates of service on or after February 3, 2010, the reimbursement paid to children's specialty hospitals for outpatient surgery services, rehabilitation services provided to recipients over the age of 3, and 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 percent of the fee schedule on file as of February 2, 2010. Final reimbursement shall be 92.15 percent of allowable cost as calculated through the cost report settlement process.

Effective for the dates of service on or after February 3, 2010, the reimbursement paid to children's specialty hospitals for outpatient hospital clinic services, and clinical diagnostic laboratory services shall be reduced by 5 percent of the fee schedule on file as of February 2, 2010.

Effective for dates of service on or after February 11, 2022, the Medicaid Program shall provide reimbursement for Coronavirus Disease 2019 (COVID-19) laboratory testing in addition to the outpatient surgery fee schedule reimbursement amount claim payment. The procedure codes and rates applicable to COVID-19 testing are published on the Louisiana Medicaid website at www.lamedicaid.com. The COVID-19 laboratory testing claim payment shall be a final payment and shall not be subject to cost settlement.

STATE OF LOUISIANA

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:

Reimbursement for Our Lady of the Lake Hospital, Inc.

Effective for dates of service on or after April 15, 2013, Our Lady of the Lake Hospital, Inc. shall be reimbursed as follows:

1. **Outpatient Surgery:** The reimbursement amount for outpatient hospital surgery services shall be an interim payment equal to the Medicaid fee schedule amount on file for each service, and a final reimbursement will be cost settled using the final audited cost report CMS-2552-1 0 to 95 percent of allowable Medicaid costs.

Effective for dates of service on or after February 11, 2022, the Medicaid Program shall provide reimbursement for Coronavirus Disease 2019 (COVID-19) laboratory testing in addition to the outpatient surgery fee schedule reimbursement amount claim payment. The procedure codes and rates applicable to COVID-19 testing are published on the Louisiana Medicaid website at www.lamedicaid.com. The COVID-19 laboratory testing claim payment shall be a final payment and shall not be subject to cost settlement.

2. **Clinic Services:** The reimbursement amount for outpatient clinic services shall be an interim payment equal to the Medicaid fee schedule amount on file for each service, and a final reimbursement will be cost settled using the final audited cost report CMS-2552-1 0 to 95 percent of allowable Medicaid costs.
3. **Laboratory Services:** The reimbursement amount for outpatient clinical diagnostic laboratory services shall be the Medicaid fee schedule amount on file for each service.
4. **Rehabilitative Services:** The reimbursement amount for outpatient clinic services shall be an interim payment equal to the Medicaid fee schedule amount on file for each service, and a final reimbursement will be cost settled using the final audited cost report CMS-2552-1 0 to 95 percent of allowable Medicaid costs.
5. **Other Outpatient Hospital Services:** Outpatient hospital services other than clinical diagnostic laboratory services, outpatient surgeries, rehabilitation services and outpatient hospital facility fees shall be reimbursed a hospital specific cost to charge ratio calculation based on the latest filed cost report. The final reimbursement will be cost settled using the final audited cost report CMS-2552-1 0 to 95 percent of allowable Medicaid costs.