

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – INPATIENT HOSPITAL CARE:

CITATION                      Medical and Remedial Care and Services  
42 CFR                        Item 1  
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**F. Distinct Part Psychiatric Units**

1. Effective for services on or after January 1, 1989, psychiatric units within an acute care general hospital which meet the criteria for exemption from Medicare’s Prospective Payment System (PPS) shall have admissions to this unit carved out and handled separately as a sub-provider. A separate provider number shall be assigned to differentiate admissions to these units and their related costs from other hospital admissions and costs. Separate costs centers must be established as costs related to Distinct Part Psychiatric Unit admissions shall not be allowed in the cost settlement process applicable to other admissions. Rather, reimbursement for inpatient services provided in these units shall be a prospective statewide per diem rate.
- ~~2. Effective for dates of service October 21, 2003 the reimbursement is increased for inpatient psychiatric hospital services provided in a state owned or operated free standing psychiatric hospital or distinct part psychiatric unit to a per diem rate based on the 50<sup>th</sup> percentile facility for costs as reported on the cost report for the year ending between July 1, 2001 and June 30, 2002. The costs utilized to determine the 50<sup>th</sup> percentile facility will include all free standing psychiatric hospitals and distinct part psychiatric units providing services to Medicaid recipients in the state. Costs will be trended to the midpoint of the rate year using the Medicare PPS Market Basket Index.~~
- 3.2. Effective for dates of service on or after January 1, 2020, the prospective per diem rate paid to state owned free-standing psychiatric hospitals, and distinct part psychiatric units within state owned acute care hospitals, shall be increased by indexing to 32 percent of the small rural hospital prospective per diem rate in effect on January 1, 2019. Psychiatric hospitals and units whose per diem rates as of January 1, 2019, excluding the graduate medical education portion of the per diem, are greater than 32 percent of the January 1, 2019 small rural hospital rate, shall not be increased.  
  
Effective for dates of service on or after January 1, 2021, the prospective per diem rate paid to state owned free-standing psychiatric hospitals, and distinct part psychiatric units within state owned acute care hospitals, shall be increased by 3.2 percent of the per diem rate on file as of December 31, 2020.
- 4.3. Effective March 1, 1994, a unit in a PPS exempt hospital which meets PPS exempt psychiatric unit criteria as specified II.B.2. shall also be considered a Distinct Part Psychiatric Unit included in the methodology described above.

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- 5.4. Effective for dates of service on or after July 1, 2004, the reimbursement is increased for inpatient psychiatric hospital services provided in private and public non-state owned and operated distinct part psychiatric units based on the weighted average for costs reported on the cost report ending in SFY 2002. The costs utilized to determine the weighted average shall include all free-standing psychiatric hospitals and distinct part psychiatric units providing services to Medicaid recipients in the state. Costs shall be trended to the midpoint of the rate year using the Medicare PPS Market Basket Index.
- ~~6. Effective for dates of service on or after August 1, the inpatient psychiatric per diem rates paid to private hospitals are increased by 3.85 percent of the rates in effect on July 31, 2006.~~
- 7.5. For dates of service on or after September 1, 2007, the prospective per diem rate paid to non-rural private (non-state) distinct part psychiatric units shall be increased by 4.75 percent of the rate on file for August 31, 2007.
- 8.6. Effective for date of service on or after July 1, 2008, distinct part psychiatric services provided in small rural hospitals as defined in D.3.b shall be reimbursed at a prospective per diem rate. The per diem rate shall be the median cost plus ten percent which shall be calculated based on each hospital's year-end cost report period ending in calendar year 2006. If the cost reporting period is not a full period (twelve months), the latest filed full period cost report shall be used. The Medicaid cost per inpatient psychiatric day for each small rural hospital shall be inflated from their applicable cost reporting period to the mid pint of the implementation year (December 31, 2008) by the Medicare market basket inflation factor for PPS hospitals, then arrayed from high too low to determine the median inpatient acute cost per day for all small rural hospitals. The payment rate for inpatient psychiatric services in small rural hospitals shall be the median cost amount plus ten percent. The median cost and rates shall be rebased at least every other year using the latest filed full period cost reports as filed in accordance with Medicare timely filing guidelines.
- 9.7. Effective for dates of service on or after February 20, 2009, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 3.5 percent of the rate on file as of February 19, 2009. Distinct part psychiatric units that operate within an acute care hospital that qualifies as a high Medicaid hospital, as defined below, are exempt from the rate reduction.
- a. High Medicaid hospitals as defined in Louisiana R.S. 46.979. For the purposes of qualifying for the exemption to the reimbursement reduction as a High Medicaid hospital, the following conditions must be met.
- (1) The inpatient Medicaid days utilization rate for high Medicaid hospitals shall be calculated based on the cost report filed for the period ending in state fiscal year 2007 and received by the Department prior to April 20, 2008.
  - (2) Only Medicaid covered days for inpatient hospital services, which include newborn and distinct part psychiatric unit days, are included in this calculation
  - (3) Inpatient stays covered by Medicare Part A cannot be included in the determination of the Medicaid inpatient utilization days rate.

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~~10.8~~ Effective for dates of service on or after August 4, 2009, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 6.3 percent of the rate on file as of August 3, 2009.

~~11.9~~ In-state Children's Specialty Hospitals

- a. 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. For dates of service on or after October 4, 2014, payment shall be prospective per diem rate that is 100 percent of the distinct part psychiatric cost per day as calculated per the "as filed" fiscal year end cost report ending during SFY 2014. The "as filed" cost report will be reviewed by the department for accuracy prior to determination of the final per diem rate.

Costs and per discharge/per diem limitation comparisons shall be calculated and applied separately for acute, psychiatric and each specialty service.
- c. Children's specialty hospitals shall be eligible for outlier payments for dates of service on or after October 4, 2014.
- d. Qualifying and receiving reimbursement as a children's specialty hospital shall not preclude these hospitals from participation in the Medicaid Program under the high Medicaid or graduate medical education supplemental payments provisions.
- e. Effective for dates of service on or after January 1, 2020, the prospective per diem rate paid to distinct part psychiatric units within children's specialty hospitals shall be increased by indexing to 32 percent of the small rural hospital prospective per diem rate in effect on January 1, 2019.
- f. Effective for dates of service on or after January 1, 2021, the inpatient per diem rates paid to distinct part psychiatric units within children's specialty hospitals shall be increased by 3.2 percent of the per diem rate on file as of December 31, 2020.

~~12.~~ Effective for dates of service on or after October 1, 2009, the prospective per diem rate paid to non-rural, ~~10.~~ non-state distinct part psychiatric units shall be increased by 3 percent of the rate on file.

~~13.~~ Effective for dates of service on or after February 3, 2010, the prospective per diem rate paid to non-rural, ~~11.~~ non-state distinct part psychiatric units shall be reduced by 5 percent of the rate on file as of February 2, 2010.

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- ~~14.~~ ~~12.~~ Effective for dates of service on or after August 1, 2010, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 4.6 percent of the rate on file as of July 31, 2010.
- ~~15.~~ ~~13.~~ Effective for dates of service on or after January 1, 2011, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units shall be reduced by 2 percent of the rate on file as of December 31, 2010.
- ~~16.~~ ~~14.~~ Effective for dates of service on or after February 10, 2012, a Medicaid enrolled non-state acute care hospital that enters into a Cooperative Endeavor Agreement (CEA) with the Department of Health, Office of Behavioral Health to provide inpatient psychiatric hospital services to Medicaid and uninsured patients, and which also assumes operation and management of a state owned and formerly state operated hospital distinct part psychiatric unit, shall be paid a per diem rate of \$581.11 per day.
- ~~17.~~ ~~15.~~ Effective for dates of service on or after January 1, 2017, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units within non-rural, non-state acute care hospitals shall be increased by 2 percent of the per diem rate on file as of December 31, 2016. Inpatient hospital psychiatric services provided under a section 15 of this part and Our Lady of the Lake Regional Medical Center shall be exempt from this rate increase.
- ~~18.~~ ~~16.~~ Effective for dates of service on or after January 1, 2018, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units within non-rural, non-state acute care hospitals, shall be increased by indexing to 31 percent of the small rural hospital prospective per diem rate in effect on January 1, 2017. Psychiatric hospitals and units whose per diem rates as of January 1, 2017, excluding the graduate medical education portion of the per diem, are greater than 31 percent of the January 1, 2017 small rural hospital shall not be increased. Inpatient hospital psychiatric service provided under a public-private partnership shall be exempt from this rate increase.
- ~~19.~~ ~~17.~~ Effective for dates of service on or after January 1, 2020, the prospective per diem rate paid to non-rural, non-state distinct part psychiatric units within non-rural, non-state acute care hospitals, shall be increased by indexing to 32 percent of the small rural hospital prospective per diem rate in effect on January 1, 2019.
- Psychiatric hospitals and units whose per diem rates as of January 1, 2019, excluding the graduate medical education portion of the per diem, are greater than 32 percent of the January 1, 2019 small rural hospital rate shall not be increased. Inpatient hospital psychiatric services provided under a public-private partnership by Our Lady of the Lake Regional Medical Center are reimbursed at 95 percent of allowable costs and shall be exempt from this rate increase.
- ~~20.~~ ~~18.~~ Effective for dates of service on or after January 1, 2021, the inpatient per diem rate paid to non-rural, non-state free-standing psychiatric hospitals, and distinct part psychiatric units within non-rural, non-state acute care hospitals shall be increased by 3.2 percent of the per diem rate on file as of December 31, 2020. Inpatient hospital psychiatric services provided under a public-private partnership shall be exempt from this rate increase.