

DECLARATION OF EMERGENCY

Department of Health and Hospitals Bureau of Health Services Financing

Inpatient Hospital Services
Non-Rural, Non-State Hospitals
Outlier Payment Methodology
(LAC 50:V.954)

The Department of Health and Hospitals, Bureau of Health Services Financing amends LAC 50:V.954 in the Medical Assistance Program as authorized by R.S. 36:254 and pursuant to Title XIX of the Social Security Act. This Emergency Rule is promulgated in accordance with the provisions of the Administrative Procedure Act, R. S. 49:953(B)(1) et seq., and shall be in effect for the maximum period allowed under the Act.

The Department of Health and Hospitals, Office of the Secretary, Bureau of Health Services Financing adopted provisions governing the reimbursement methodology for payments to disproportionate share hospitals for catastrophic costs associated with providing medically necessary services to children less than six years of age (*Louisiana Register*, Volume 20, Number 6). These provisions also addressed payments to all acute care hospitals for catastrophic costs associated with providing medically necessary services to infants one year of age or younger. An outlier payment is calculated on an individual case basis and paid at cost if the covered charges for medically necessary services exceed a designated percent of the prospective payment. The June 20, 1994 Rule was subsequently amended to: 1) reduce the outlier payments made to private (non-state) hospitals by amending the definition of marginal cost; 2) change the base period for the hospital calculation of payments; and 3) establish a deadline for receipt of the written request for outlier payments (*Louisiana Register*, Volume 29, Number 6).

In anticipation of projected expenditures in the Medical Vendor Program exceeding the funding allocated in the General Appropriations Act for state fiscal year 2010, the department determined that it was necessary to amend the provisions of the June 20, 2003 Rule to reduce outlier payments made to non-rural, non-state hospitals and to repromulgate these provisions governing outliers in a codified format for inclusion in the *Louisiana Administrative Code* (*Louisiana Register*, Volume 35, Number 5). Act 122 of the 2009 Regular Session of the Louisiana Legislature allocated additional funds to the Medical Vendor Program for the purpose of making supplemental payments to private providers to lessen the impact of potential budget reductions in state fiscal year 2010. The department promulgated an Emergency Rule to repeal the payment reduction provisions of the May 1, 2009 Emergency Rule which reduced the outlier payments made to non-rural, non-state hospitals (*Louisiana Register*, Volume 35, Number 8). This Emergency Rule is being promulgated to continue the provisions of the August 4, 2009 Emergency Rule.

Effective December 3, 2009, the Department of Health and Hospitals, Bureau of Health Services Financing repeals the payment reduction provisions of the May 1, 2009 Emergency Rule governing outlier payments.

Title 50

PUBLIC HEALTH—MEDICAL ASSISTANCE

Part V. Hospital Services

Subpart 1. Inpatient Hospitals

Chapter 9. Non-Rural, Non-State Hospitals

Subchapter B. Reimbursement Methodology

§954. Outlier Payments

A. Pursuant to §1902(s)(1) of Title XIX of the Social Security Act, additional payments called outlier payments shall be made to hospitals for catastrophic costs associated with inpatient services provided to:

1. children less than six years of age who receive services in a disproportionate share hospital setting; and
2. infants less than one year of age who receive services in any acute care hospital setting.

B. The marginal cost factor for outlier payments is considered to be 100 percent of costs after the costs for the case exceed the sum of the hospital's prospective payment and any other payment made on behalf of the patient for that stay by any other payee.

1. Repealed.

C. To qualify as a payable outlier claim, a deadline of not later than six months subsequent to the date that the final claim is paid shall be established for the receipt by the department of the written request for outlier payments.

D. The hospital specific cost to charge ratio shall be reviewed bi-annually and updated according to the current cost report data.

E. Outlier payments are not payable for transplant procedures.

- F. - H. Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 36:254 and Title XIX of the Social Security Act.

HISTORICAL NOTE: Promulgated by the Department of Health and Hospitals, Bureau of Health Services Financing, LR 35:

Interested persons may submit written comments to Jerry Phillips, Bureau of Health Services Financing, P.O. Box 91030, Baton Rouge, LA 70821-9030. He is responsible for responding to inquiries regarding this Emergency Rule. A copy of this Emergency Rule is available for review by interested parties at parish Medicaid offices.

Alan Levine
Secretary

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