



Louisiana Medicaid Supplemental Payments – An Update

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Overview

- Types of Supplemental Payments:
 - Hospital
 - Physician
 - Dental
 - Ambulance
- Qualifications, eligibility and payment calculation vary by program
- Factors that have shaped the current programs:
 - 2015 – LDH substantially expanded Medicaid Managed Care
 - 2016 – Federal MCO Rules (Pass Through Payments, Directed Payments, “Undirected” payments)
 - 2021 – Medicaid Directors Letter



Physician Supplemental Payments



What are Physician Supplemental Payments?

- Medicaid payments in addition to base payments for specific services
 - Either in “legacy,” fee-for-service Medicaid program, or
 - As supplemental payments in Medicaid managed care programs (often referred to as “FMP” or full Medicaid pricing)



History of Physician Supplemental Payment Program

- Started Fee for Service in 2012
- Started FMP in July 2015
 - Based on FFS participants
- Started FMP in July 2015
- FMP Program has grown
 - \$4.5 M per month in first 7 months (Mercer 1)
 - \$8 M per month in Mercer 2 pre-expansion
 - \$39 M per month currently
- Annual enrollment period for each program separately now



Qualifying Criteria

- Licensed by the State of Louisiana
- Enrolled as a Medicaid Provider
- Provider must have one of the following relationships with a governmental hospital:
 - Employed directly by the governmental entity
 - Under contract to provide services at the governmental entity
 - Under contract to provide services in affiliation with a governmental entity



Eligible Practitioner Types

- Physician
- Physician Assistant
- Certified Registered Nurse Practitioner
- Certified Registered Nurse Anesthetist



Eligible Practitioner Types

- Typical physicians
 - Employed
 - Hospital based doctors
 - ER, hospitalist, radiology, anesthesiology
- Creative opportunities
 - “Medicaid clinic option”
 - Other proceduralists
 - Other physician groups



How is the Payment Calculated?

- Difference between Medicaid payments and average commercial rate
- Calculation (by Medicaid Billing ID):
 - Three largest commercial payers by volume
 - Allowable for top codes (80%)
 - Weighted average of CPT allowed amounts to calculate overall conversion factor
 - Conversion factors set to Medicare
- Rebased every three years
- Actuarial study



Deadlines and Timing

- Program functions around annual actuarial study
- Participation currently limited to those groups included in the latest actuarial study
- 2 year enrollment period to get in program



New Providers & Transitions Issues

- Must have claims history
 - Typically two year history required
 - Exceptions for Type C providers
- Must have sufficient claims to establish ACR
 - Default is 100% Medicare
- Significant issues when changing hospital based physicians



Limitations & Future of Physician FMP

- Federal regulations limit sources of funding
- Originally limited to governmental hospitals, but now more open under certain circumstances
- MCO Rules related to directed, undirected and pass-through
- January 2021 Medicaid Directors Letter



Hospital Supplemental Payments



Overall limit on amount of Medicaid that can be paid to hospitals

- A. State, non-state governmental, and non-governmental
- B. Each group can receive no more than the total FFS DSH limit
 - 1) Medicaid shortfall
 - 2) Uncompensated care
- C. Paid as fee for service or DSH supplemental payments



FFS Supplemental Payments Used for:

- A. Public Private Partnerships (i.e.,
Charity hospital privatizations)
- B. Rural hospital payments
- C. Hospital service district payments
- D. Many others



2015 – LDH Expands Medicaid Managed Care

- A. One result was a reduction in the total amount that can be paid
- B. To bridge gap, started making “undirected payments” to MCOs
 - 1) LDH pays a single supplemental PMPM and publishes Hospital Access Report



Current Status of Hospital Payments

- A. January 2021 Medicaid Directors Letter
- B. Directed payment model
 - 1) LDH working with Milliman to develop model
- C. Preprint



Ambulance Supplemental Payments



Fee For Service(i.e., non-managed care) – originally

- A. All Louisiana ambulance providers are eligible to participate
 - 1) Governmental providers (known as “LUGs”)
 - 2) Non-Governmental Providers
- B. Quarterly supplemental payments based on “Upper Payment Limit”
- C. The state share of these Medicaid payments is funded by IGTs from LUGs



Ambulance Assessment

- A. In 2019, Louisiana Legislature enacted an “assessment” on non-governmental ambulance providers
 - 1) Relates to FFS Payments (not Managed Care)
- B. State sets assessment rate to cover the state share of fee-for-service UPL gap payments
- C. Governmentals continue to make IGTs for their payment
- D. With assessments and IGTs, both governmental and non-governmental providers get 100% of their UPL gap



Managed Care

- A. In 2015, LDH expanded Medicaid managed care, thereby reducing the amount of FFS supplemental UPL payments
- B. To offset, started making ambulance FMP payments to MCOs
- C. IPA
 - 1) Contracts with members and MCOs for supplemental FMP payments
 - 2) Bills MCOs for FMP payments and distributes them to members
 - a. Allocates payments based on historic utilization



Dental Supplemental Payments



What are Dental Supplemental Payments?

- A. Dental supplemental payments became effective July 1, 2020, first payments made in 2021
- B. Total PMPM calculated as the “community rate level”
 - 1) Defined as the rates paid by MCNA/DentaQuest (Dental MCO) commercial PPO fee for the same service
 - 2) Payments averaging approximately \$2.1 Million Per Month



Eligibility and Enrollment

- Eligibility
 - Dentist licensed by the State of Louisiana
 - Enrolled as a Louisiana Medicaid Provider
 - Employed by, under contract to provide services at or in affiliation with the LSU School of Dentistry
- Louisiana Medicaid Dental IPA, Inc.
- Annual enrollment by dental providers/group practices based on Medicaid Billing IDs



How are Dental FMP Payments Calculated

- A. Payments are allocated based on 3 categories:
 - 1) Preventative services
 - 2) Services to Children
 - 3) Services in Dental HPSAs and Rural Areas
- B. Since the start of the program, approximately 275 providers/groups participate and continues to grow
- C. Quarterly Payments



Uncertain Future for all FMP Programs:

- A. LDH plans to restructure the program to “directed payments”
 - 1) MCOs will be required to distribute the funding directly to the providers
 - 2) Payments will be based on current (instead of historic) utilization
 - 3) Funding will still be IGT-based with possibility of assessment
- B. The devil’s in the details



QUESTIONS