DEPARTMENT OF HEALTH AND HOSPITALS

STATE OF LOUISIANA UNION JUSTICE

FACTS

January 18, 2011

Improvements to Louisiana's Proposal for Coordinated Care Networks in Medicaid

Louisiana Department of Health and Hospitals Secretary Bruce D. Greenstein and a team of more than 10 DHH staff members have held nine public forums and countless meetings with legislators, providers, advocacy groups, health care organizations and other stakeholders to get input on Louisiana's proposal to implement Coordinated Care Networks in Louisiana Medicaid. As a direct result of this feedback, DHH has made several improvements to the CCN proposal, including:

- **Using a competitive procurement process (Request for Proposals) to limit the number of CCNs operating in the state.** DHH recognizes that it would be burdensome for providers to manage administrative processes with many CCNs, and this would make it confusing for enrollees to select a health plan. A competitive process allows the state to be selective and contract with only the best networks that demonstrate they can deliver the health care improvements Louisiana needs.
- **Establishing a rate floor to prevent CCNs from cutting providers' rates to achieve savings**. CCNs would have to reimburse providers at least the rate they would be paid in fee-for-service Medicaid. But, while the rate floor is fixed, the rate ceiling is not – in certain circumstances, CCNs and providers can negotiate higher rates.
- **Including Medical Loss Ratio (MLR) requirements in CCN contracts to ensure a certain percentage of program funds go toward direct patient care, limiting insurance companies' profits and administrative costs**. In other states with programs similar to what Louisiana is proposing, profits for Medicaid managed care organizations are only in the range of 2 percent. In this proposal, MLR is set at 85 percent, and if actual MLR is less, the difference must be refunded to the state.
- **Mandating prompt pay requirements so providers receive timely reimbursements for their services.** DHH has shortened the timeframe in which CCNs must pay 99 percent of clean claims to 30 business days, and will require CCNs to pay interest for any clean claims still unpaid on the 30th day.
- **Enhancing the appeals process for denied claims**. Prepaid CCNs cannot be the final determiner of medical necessity. Through the state fair hearing process, DHH will be the final determiner, and will hear appeals on denials of medical necessity. CCNs must have a process for independent arbitration to resolve provider appeals and grievances. The state would treat any systemic denial of claims by a CCN as fraud.
- **Carving out Graduate Medical Education (GME) funding paid to hospitals from the CCN model.** This was a direct suggestion for improvement provided by hospital groups so the state, not CCNs, continues handling GME rate and payment.

For more information, please visit www.MakingMedicaidBetter.com to see the latest news and information on the proposal for coordinated care networks, e-mail coordinatedcarenetworks@la.gov or call toll-free 1-888-342-6207.

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Proposed Implementation Timeline

Date	Rulemaking Action
1/20/2011	Notice of Intent for CCN Rule submitted to Legislative Fiscal Office
2/20/2011	Notice of Intent Published in the *Louisiana Register;* public comment period begins.
3/30/2011	Public hearing on the Notice of Intent
4/10/2011	Oversight report submitted to Governor, Legislature & Attorney General
6/20/11	Anticipated publication of final rule in the *Louisiana Register*
Date	**Procurement and Implementation Action**
4/11/2011	Target date for issuance of Request for Proposals (below dates dependent on meeting this goal)
4/18/2011	Bidder's Conference
5/15/2011	Deadline for posting responses to written questions
6/24/2011	Deadline for Proposals
6/27 - 7/29/2011	Evaluation of Proposals and Recommendation for Award
8/1/2011	Announcement of Contract Awards
8/1 - 8/31/2011	Contract negotiations
8/15 – 10/31/11	On-site Readiness Reviews; CMS Approval of Contracts and Submission of State Plan Amendments
11/1/2011	Choice letters mailed to Phase 1 enrollees
1/1/2012	Go live date for Phase 1 Enrollees