

NOTICE OF INTENT

Department of Health and Hospitals  
Bureau of Health Services Financing

Professional Services Program  
Physician Services  
Reimbursement Rate Adjustment  
(LAC 50:IX.15113)

The Department of Health and Hospitals, Bureau of Health Services Financing proposes to amend LAC 50:IX.15113 in the Medical Assistance Program as authorized by R.S. 36:254 and pursuant to Title XIX of the Social Security Act. This proposed Rule is promulgated in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq.

The Department of Health and Hospitals, Bureau of Health Services Financing provides Medicaid reimbursement to physicians and nurse midwives for the delivery of infants. The department promulgated a Rule which amended the provisions governing the reimbursement methodology for physician services in order to reduce the reimbursement rates and revise the formatting of these provisions (*Louisiana Register*, Volume 39, Number 12).

The department now proposes to amend the provisions governing the reimbursement methodology for physician services in order to increase the reimbursement rate paid to physicians for the administration of the drug, 17 Hydroxyprogesterone (17P). The drug, 17P, is a primary tool utilized to reduce the occurrences of premature births in pregnant women with a history

of pre-term delivery. With its increased use, the department anticipates a dramatic reduction in pre-term births which directly correlates to an expected reduction in the high costs to the Medicaid Program associated with the treatment of pre-term babies.

## Title 50

### PUBLIC HEALTH-MEDICAL ASSISTANCE Part IX. Professional Services Program Subpart 15. Reimbursement

#### Chapter 151. Reimbursement Methodology

#### Subchapter B. Physician Services

#### §15113. Reimbursement

A. - L.3. ...

M. Effective for dates of service on or after June 20, 2015, the reimbursement for the physician-administered drug, 17 Hydroxyprogesterone (17P), shall increase to \$69 per dose.

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 36:1252 (June 2010), amended LR 36:2282 (October 2010), LR 37:904 (March 2011), LR 39:3300, 3301 (December 2013), amended LR 41:

Implementation of the provisions of this Rule may be contingent upon the approval of the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS),

if it is determined that submission to CMS for review and approval is required.

In compliance with Act 1183 of the 1999 Regular Session of the Louisiana Legislature, the impact of this proposed Rule on the family has been considered. It is anticipated that this proposed Rule may have a positive impact on family functioning, stability or autonomy as described in R.S. 49:972 by reducing the risk of premature births.

In compliance with Act 854 of the 2012 Regular Session of the Louisiana Legislature, the poverty impact of this proposed Rule has been considered. It is anticipated that this proposed Rule may have a positive impact on child, individual, or family poverty in relation to individual or community asset development as described in R.S. 49:973 by reducing the financial burden on families that incur costs associated with children born prematurely.

In compliance with House Concurrent Resolution (HCR) 170 of the 2014 Regular Session of the Louisiana Legislature, the provider impact of this proposed Rule has been considered. It is anticipated that this proposed Rule will have no impact on the staffing level requirements or qualifications required to provide the same level of service, and may reduce the total direct or indirect cost to the provider to provide the same level of service, and enhance the provider's ability to provide

the same level of service since this proposed Rule increases the payment to providers for the same services they already render.

Interested persons may submit written comments to J. Ruth Kennedy, Bureau of Health Services Financing, P.O. Box 91030, Baton Rouge, LA 70821-9030 or by email to MedicaidPolicy@la.gov. Ms. Kennedy is responsible for responding to inquiries regarding this proposed Rule. A public hearing on this proposed Rule is scheduled for Wednesday April 29, 2015, at 9:30 a.m. in Room 118, Bienville Building, 628 North Fourth Street, Baton Rouge, LA. At that time all interested persons will be afforded an opportunity to submit data, views or arguments either orally or in writing. The deadline for receipt of all written comments is 4:30 p.m. on the next business day following the public hearing.

Kathy H. Kliebert

Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES

Person  
Preparing  
Statement: Cedric E. Clark  
Phone: 342-2339

Dept.: Health and Hospitals  
Office: Bureau of Health Services  
Financing

Return  
Address: P.O. Box 91030  
Baton Rouge, LA

Rule Title: Professional Services Program  
Physician Services  
Reimbursement Rate Adjustment

Date Rule Takes Effect: June 20, 2015

SUMMARY

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. The following summary statements, based on the attached worksheets, will be published in the Louisiana Register with the proposed agency rule.

ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS  
(SUMMARY)

I. It is anticipated that implementation of this proposed rule will result in estimated net state general fund programmatic savings of \$7,698 for FY 14-15, \$97,532 for FY 15-16 and \$100,458 for FY 16-17. Costs associated with increasing the rate for physician-administered 17 Hydroxyprogesterone (17P) will be directly offset by a larger savings realized from a reduction in expenditures for the treatment of premature babies in the Hospital and Professional Services Programs. It is anticipated that \$432 (\$216 SGF and \$216 FED) will be expended in FY 14-15 for the state's administrative expense for promulgation of this proposed rule and the final rule. The numbers reflected above are based on a blended Federal Medical Assistance Percentage (FMAP) rate of 62.17 percent in FY 15-16. The enhanced rate of 62.11 percent for the first three months of FY 15 is the federal rate for disaster-recovery FMAP adjustment states.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS  
(Summary)

It is anticipated that the implementation of this proposed rule will reduce federal revenue collections by approximately \$12,729 for FY 14-15, \$160,285 for FY 15-16 and \$165,094 for FY 16-17. It is anticipated that \$216 will be collected in FY 14-15 for the federal share of the administrative expenses for promulgation of this proposed rule and the final rule. The numbers reflected above are based on a blended Federal Medical Assistance Percentage (FMAP) rate of 62.17 percent in FY 15-16. The enhanced rate of 62.11 percent for the first three months of FY 15 is the federal rate for disaster-recovery FMAP adjustment states.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR  
NON-GOVERNMENTAL GROUPS (Summary)

This proposed Rule amends the provisions governing the reimbursement methodology for physician services in order to increase the reimbursement rate for the administration of the drug, 17P, which is utilized as a treatment to reduce premature births in pregnant women with a history of pre-term delivery. It is anticipated that implementation of this proposed rule will reduce programmatic expenditures in the Medicaid Program by approximately \$20,859 for FY 14-15, \$257,817 for FY 15-16 and \$265,552 for FY 16-17. The expected net savings in the Professional Services Program is due to a corresponding reduction in costs in the Hospital and Professional Services Programs as a result of reducing the number of pre-term births and the treatment of premature babies.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

It is anticipated that the implementation of this proposed rule will not have an effect on competition. However, it is anticipated that the implementation of this proposed rule may have a positive effect on employment as it will increase payments for the physician-administered 17P drug. The increase in payments may improve the financial standing of physicians and could possibly cause an increase in employment opportunities.



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Signature of Agency Head  
or Designee

J. Ruth Kennedy, Medicaid Director  
Typed name and Title of  
Agency Head or Designee



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DHH/BHSF Budget Head



\_\_\_\_\_  
Legislative Fiscal Officer  
or Designee

3/10/15

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Date of Signature

3/10/15

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Date of Signature

FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberations on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

*This proposed Rule amends the provisions governing the reimbursement methodology for physician services in order to increase the reimbursement rate for the administration of the drug, 17P, which is utilized as a treatment to reduce premature births in pregnant women with a history of pre-term delivery.*

- B. Summarize the circumstances that require this action. If the action is required by federal regulations, attach a copy of the applicable regulation.

*The Department of Health and Hospitals, Bureau of Health Services Financing provides Medicaid reimbursement to physicians and nurse midwives for the delivery of infants. The department promulgated a Rule which amended the provisions governing the reimbursement methodology for physician services in order to reduce the reimbursement rates and revise the formatting of these provisions (Louisiana Register, Volume 39, Number 12).*

*The department now proposes to amend the provisions governing the reimbursement methodology for physician services in order to increase the reimbursement rate paid to physicians for the administration of the drug, 17 Hydroxyprogesterone (17P). The drug, 17P, is a primary tool utilized to reduce the occurrences of premature births in pregnant women with a history of pre-term delivery. With its increased use, the department anticipates a dramatic reduction in pre-term births which directly correlates to an expected reduction in the high costs to the Medicaid Program associated with the treatment of pre-term babies.*

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

*No. This proposed rule will result in a reduction in programmatic expenditures in the Medicaid Program by approximately \$20,427 for FY 14-15, \$257,817 for FY 15-16, and \$265,552 for FY 16-17. In FY 14-15, \$432 is included for the state's administrative expense for promulgation of this proposed rule and the final rule.*

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

- (a)  If yes, attach documentation.  
(b)  If no, provide justification as to why this rule change should be published at this time.

FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET

I. A. COST OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase or (decrease) in cost to implement the proposed action?

COST	FY 14-15	FY 15-16	FY 16-17
PERSONAL SERVICES			
OPERATING EXPENSES	\$432	\$0	\$0
PROFESSIONAL SERVICES			
OTHER CHARGES	(\$20,859)	(\$257,817)	(\$265,552)
REPAIR & CONSTR.			
POSITIONS (#)			
<b>TOTAL</b>	<b>(\$20,427)</b>	<b>(\$257,817)</b>	<b>(\$265,552)</b>

2. Provide a narrative explanation of the costs or savings shown in "A.1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

*The expenses reflected above are the estimated reductions in expenditures in the Medicaid Program. In FY 14-15, \$432 will be spent for the state's administrative expense for promulgation of this proposed rule and the final rule.*

3. Sources of funding for implementing the proposed rule or rule change.

Source	FY 14-15	FY 15-16	FY 16-17
STATE GENERAL FUND	(\$7,698)	(\$97,532)	(\$100,458)
SELF-GENERATED			
FEDERAL FUND	(\$12,729)	(\$160,285)	(\$165,094)
OTHER (Specify)			
<b>Total</b>	<b>(\$20,427)</b>	<b>(\$257,817)</b>	<b>(\$265,552)</b>

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

*Yes, sufficient funds are available to implement this rule.*

B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THIS PROPOSED ACTION.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustment in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

*This proposed rule has no known impact on local governmental units.*

FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET

2. Indicate the sources of funding of the local governmental unit that will be affected by these costs or savings.

*There is no known impact on the sources of local governmental unit funding.*

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

- A. What increase or (decrease) in revenues can be expected from the proposed action?

REVENUE INCREASE/DECREASE	FY 14-15	FY 15-16	FY 16-17
STATE GENERAL FUND			
AGENCY SELF-GENERATED			
RESTRICTED FUNDS*			
FEDERAL FUNDS	(\$12,729)	(\$160,285)	(\$165,094)
LOCAL FUNDS			
<b>Total</b>	<b>(\$12,729)</b>	<b>(\$160,285)</b>	<b>(\$165,094)</b>

\*Specify the particular fund being impacted

- B. Provide a narrative explanation of each increase or decrease in revenue shown in "A". Describe all data, assumptions, and methods used in calculating these increases or decreases.

*The expenses reflected above are the estimated reductions in the federal share of Medicaid Program expenditures. In FY 14-15, \$216 will be collected for the federal share of the administrative expense for promulgation of this proposed rule and the final rule.*

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS

- A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effects on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.)

*This proposed Rule amends the provisions governing the reimbursement methodology for physician services in order to increase the reimbursement rate for the administration of the drug, 17P, which is utilized as a treatment to reduce premature births in pregnant women with a history of pre-term delivery.*

- B. Also, provide an estimate of any revenue impact resulting from this rule or rule change to these groups.

*It is anticipated that implementation of this proposed rule will reduce programmatic expenditures in the Medicaid Program by approximately \$20,859 for FY 14-15, \$257,817 for FY 15-16 and \$265,552 for FY 16-17. The expected net savings in the Professional Services Program is due to a corresponding reduction in costs in the Hospital and Professional Services Programs as a result of reducing the number of pre-term births and the treatment of premature babies.*

IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

*It is anticipated that the implementation of this proposed rule will not have an effect on competition. However, it is anticipated that the implementation of this proposed rule may have a positive effect on employment as it will increase payments for the physician-administered 17P drug. The increase in payments may improve the financial standing of physicians and could possibly cause an increase in employment opportunities.*