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Special COVID-19 Letter of Direction #16-1

Date: March 16, 2021

To: Centennial Care 2.0 Managed Care Organizations

From: Nicole Comeaux, Director, Medical Assistance Division 

Subject: COVID-19 Non-DRG Hospital Payment Rates Effective April 1, 2020-June 30, 2020;
Repeal and Replace Special COVID-19 LOD 16

Title: 2020 COVID Non-DRG Hospital Payment Rate Increase

The purpose of this Letter of Direction (LOD) is to provide guidance to the Centennial Care 2.0 Managed Care Organizations (MCOs) for implementation of a 12.4% rate increase to Prospective Payment System exempt (PPS-exempt) rehabilitation hospitals (Provider type 202), inpatient hospital rehabilitation hospitals (Provider type 203), PPS-exempt psychiatric hospitals (Provider type 204), and psychiatric hospitals (Provider type 205). The purpose of this direction is to assure that these hospitals have the resources needed to address the outbreak and Medicaid members receive continuation of essential services with minimal disruption or delay. The hospital increases described in this LOD are in recognition of reduced hospital utilization during the public health emergency. This rate increase is applicable only to in-state providers.

The Department acknowledges that services billed by provider types 202-205 may be paid using different methodologies from the Medicaid fee-for-service (FFS) program under Centennial Care. HSD is not directing the MCOs to revise their payment methodologies; however, the increase described in this LOD are applicable to these non-DRG reimbursed hospital providers at the percentage set forth by the Department below.

The MCOs should increase Medicaid reimbursement rates for all services for provider types 202-205 by increasing their specific hospital percentage by 12.4% for dates of service April 1, 2020 through June 30, 2020. The rate increase is applicable for all services including Residential Treatment Services (RTC) that are billed under provider types 202-205.

Rate Increase Implementation Timeframes and Reporting

The MCOs should implement changes associated with these instructions, including system changes and provider contract negotiations expeditiously and no later than 90 days from the date of issuance of this LOD. For any claims submitted after April 1, 2020 for Provider types 202-205 with dates of service of April 1, 2020 through June 30, 2020 but not paid based on these new parameters, the MCOs are to readjust payments retroactive to April 1, 2020 no more than 90 days of issuance of this LOD. HSD directs the MCOs to provide weekly updates to HSD on the status of implementation and claim reprocessing every Friday by 5:00 PM until further directed by HSD to cease reporting.

This Special COVID-19 LOD will sunset upon completion of all claims processing. Reporting requirements will cease after the claims run out period.