



LOUISIANA HOSPITAL ASSOCIATION

LHA Update - HFMA Region 9

November 3, 2024

LHA Update

- Medicaid
- Special Session / Tax Reform
- Medicare Rulemaking
- Hot Topics & Looking Ahead



LOUISIANA HOSPITAL ASSOCIATION

Medicaid Updates

Medicaid Enrollment

- Louisiana Medicaid Enrollment \approx 1.6 M
 - For Context: LA Population \approx 4.6 M
- Medicaid MCO Enrollment \approx 1.45 M
- Medicaid Expansion \approx 542 K of Medicaid Population Covered through Expansion

Sources: LDH Enrollment Trends Report Sept. 2024; July 2019 U.S. Census Population Estimate for LA; Managed Care Enrollment by Plan & Parish Report Aug. 2024.

Medicaid

- **HCR 3: Rep. Jack McFarland (R-Jonesboro)**
 - Maintains the historical hospital base-rate increases and continues the hospital and LPR directed payment programs and, outlines the assessment structure for SFY 2024 – 2025.
 - [HCR 3](#) was enrolled June 2.

Medicaid Directed Payment Program

- **SFY 2022 – 2023**
 - Final reconciliation calculations were completed earlier this year, and actual reconciliation reflected through adjustments to SFY 2024-25 payments.
- **SFY 2023 – 2024**
 - Payment period has been completed; runout period is underway, and reconciliation calculations will occur early CY 2025 (similar cadence to SFY 22-23).
- **SFY 2024 – 2025**
 - Payment period began July 1, 2024 and will run through June 30, 2025.

Medicaid Directed Payment Program

- **SFY 2025 – 2026**

- LDH and Milliman continue to engage with the LHA and its members for dialogue and input on future program design.
- Similar to previous program cadence, LDH plans to submit the SFY 2025 – 2026 preprint by late March/early April 2025.
- Payment year will run July 1, 2025 through June 30, 2026.

Medicaid Directed Payments: Looking Ahead

- CMS published rulemaking on April 22, 2024 that affects Medicaid supplemental payment programs.
 - LDH and its contractor are working to fully understand any operational impacts to our programs and how to address in future years.
 - Provisions of interest include payment limits/ACR, historical utilization, separate payment terms, programmatic evaluation, deadlines, and financing.
 - The Department will likely evaluate various policy-driven components of future programs including, but not limited to, services, acuity, quality program intersection, and access.



Special Session / Tax Reform

FY 25-26 State Budget Outlook

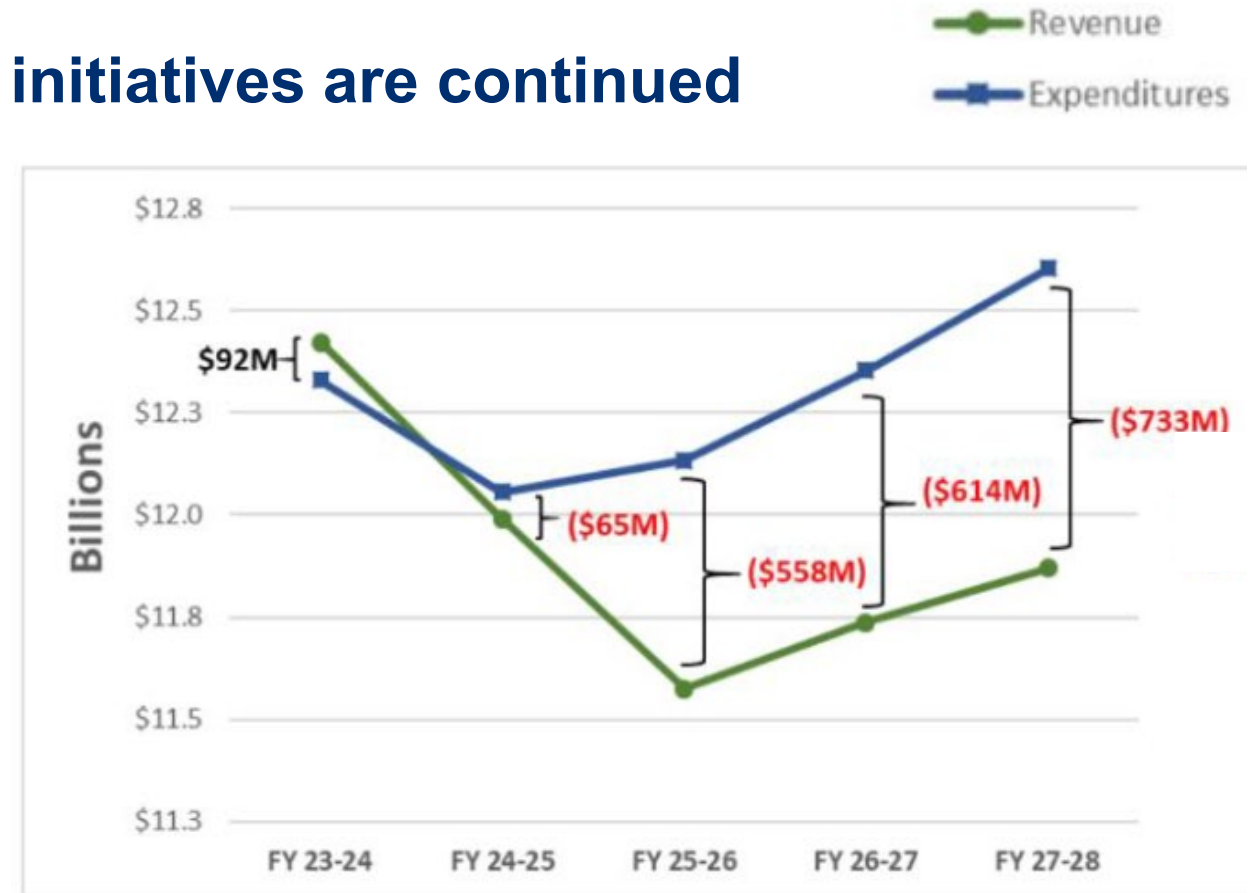
Fiscal Cliff:

≈ \$340M Projected Shortfall

+ \$248M if certain education initiatives are continued

Drivers:

- 0.45% Sales Tax Rolloff
 - ~\$455M
- 2% Sales Tax on Utilities Expires
 - ~\$211M
- Vehicle Sales Tax Dedication to TTF
 - ~\$320M-\$340M
- Estimated Shortfall
 - FY 26 \$558M
 - FY 27 \$614M
 - FY 28 \$733M



Source: 5-Year Baseline Projection Presented to JLCB on 01/17/24

Jeff Landry hopes to win legislative approval for tax revamp in November

BY TYLER BRIDGES | Staff writer Sep 12, 2024 Updated Sep 13, 2024 2 min to read



The governor discussed his plan on Monday with legislative leaders and Richard Nelson, his point man on tax issues.

“I’m hopeful we can make big changes this year,” said Nelson, the state revenue secretary who ran for governor last year with an ambitious plan to phase-out the state’s income tax system.

Senate President Cameron Henry, R-Metairie, and his members blocked Landry’s efforts earlier this year to call the constitutional convention, saying that the governor had failed to outline exactly what he wanted to do.

Louisiana senators want more details on Landry tax plan before proposed special session

BY JULIE O'DONOGHUE - SEPTEMBER 24, 2024 5:01 AM



Louisiana Revenue Secretary Richard Nelson wants to lower income tax rates for many Louisiana households, but expand the sales tax rate. (Photo by Henrietta Wildsmith)

Louisiana legislators, particularly those in the Senate, want more information about Gov. Jeff Landry’s plan to overhaul the state’s tax system before they commit to a special legislative session in November to pass new tax laws.

Landry’s Revenue Secretary Richard Nelson has pitched a session focused on tax changes to be held between the Nov. 5 presidential election and Thanksgiving on Nov. 28.

“We would like to see a special session between now and the end of the year,” Nelson said during a presentation to lawmakers last week.

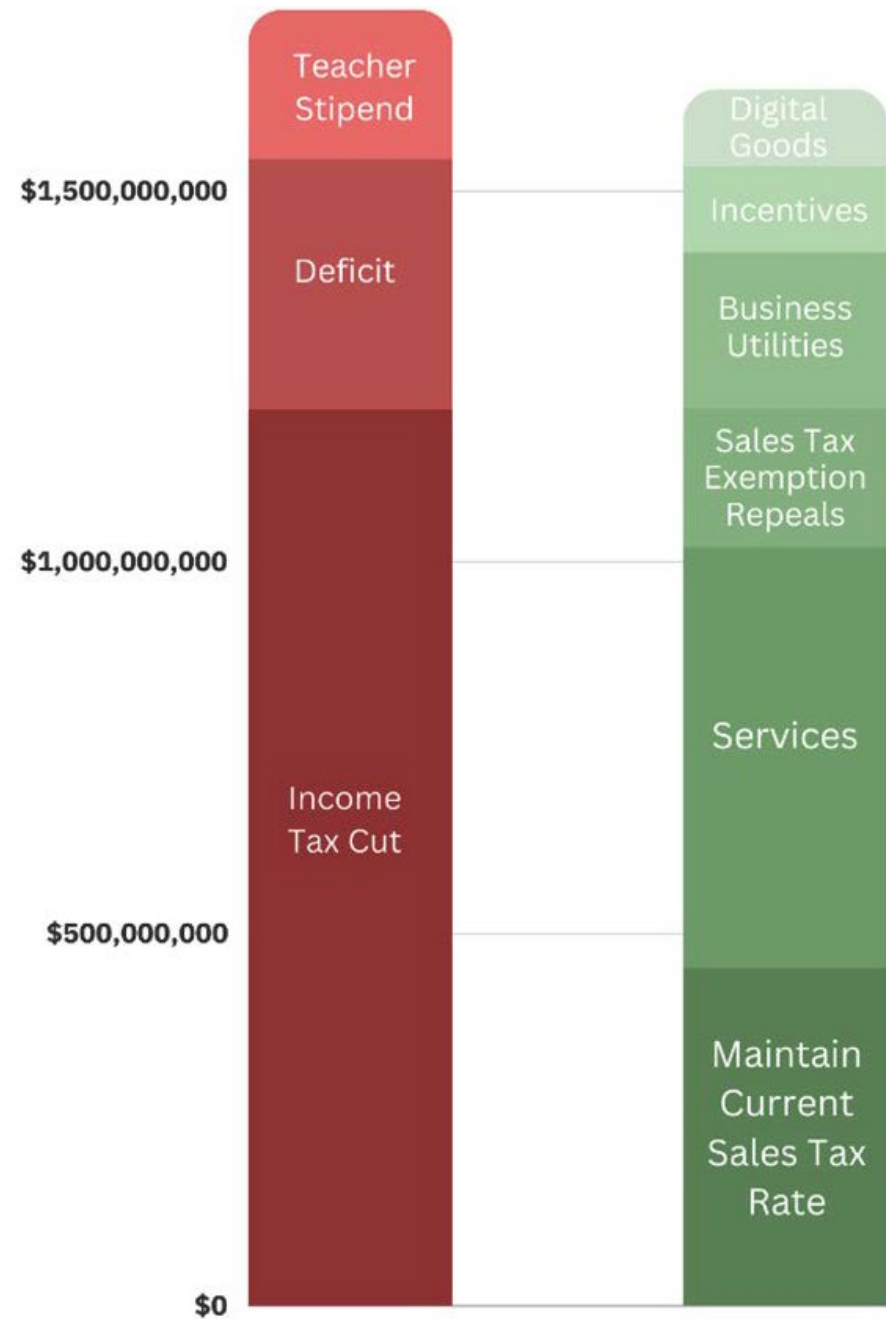
Administration's Tax Reform Solutions

Simplify Tax Structure

- Individual Income Tax Cut
 - Reduce Individual Income Tax Rates to a Single Flat Rate
 - Increase Standard Deduction
 - Simplify Tax Reduction Triggers
- Broaden Sales Tax Base
 - Eliminate and Consolidate Exemptions and Exclusions
 - Expand Base to Services and Digital Goods
 - Reduce Overall Rate
- Corporation Income Tax Reduction
- Eliminate Corporation Franchise Tax
- Inventory Tax Reform
- Severance Tax Reform

How Do We Pay For It?

Louisiana Forward Tax
Reform Presentation
Oct. 8 from Dept. of Revenue



2024 Third Extraordinary Session

- Governor Landry issued the call on Oct. 26, 2024
- Session set to convene on Nov. 6, 2024
- Adjourns no later than Nov. 25, 2024
 - No bills have been filed as of Oct. 31, but anticipated in coming days



LOUISIANA HOSPITAL ASSOCIATION

Medicare Rulemaking

Medicare IPPS Final Rule

CMS issued the FFY 2025 IPPS Final Rule on Aug. 1.

- Increases inpatient payment rates by net 2.9%
- Estimated net impact of approximately \$52M for Louisiana hospitals before sequestration (after, \$26.3M)
- Other provisions of note include, but are not limited to:
 - Establishes a new mandatory CMMI model that will provide bundled payment for five surgical procedures
 - Creates a separate IPPS payment for small, independent hospitals to establish and maintain access to essential medicines
 - Distributes new GME slots under section 4122 of CAA 2023
 - Modifies questions and sub-measures in HCAHPS

Medicare OPPS Proposed Rule

CMS issued the CY 2025 OPPS Proposed Rule.

- Proposed increase of outpatient payment rates by 2.6%
- Estimated impact of \$39M for Louisiana hospitals before sequestration (after, \$17.9M)
- Other proposed provisions of note include, but are not limited to:
 - Pay separately for diagnostic radiopharmaceuticals with per-day costs above a threshold of \$630
 - Exclude qualifying cell and gene therapies from comprehensive ambulatory payment (C-APC) packaging
 - Implement temporary additional payments for certain non-opioid treatments for pain relief dispensed in the HOPD and ASC settings

CMS Discontinues Low Wage Index Policy for 2025

CMS implemented this policy to address growing disparities between wage index values for high- and low-wage index hospitals.

- Enacted in FFY 2020 for four years; extended for FFY 2024 and as proposed, would have been extended again for FFY 2025-2028
- Following a July court ruling, CMS issued an interim final rule on Sept. 30 that discontinues the low wage index policy and its related budget neutrality adjustment for FFY 2025.
- Between IPPS and OPSS, estimated impact is a loss of \$30 million for Louisiana hospitals, not including Medicare Advantage.
- To mitigate the resulting payment changes for hospitals, CMS will apply its standard 5% wage index decrease cap.
- Comments on this rule must be submitted by Nov. 29, 2024.



Hot Topics & Looking Ahead

Louisiana 340B Anti-Discrimination Law

Act 358 of 2023 Regular Session:

- Protects 340B entities from certain actions by health plans, PBMs, and drug manufacturers
- Specifically prohibits drug manufacturers from impeding 340B hospitals from utilizing contract pharmacies
- Legislation places enforcement through the Louisiana Attorney General's Office
- Constitutionality was challenged by PhRMA, AstraZeneca, and AbbVie immediately after law was enacted
- Response from other manufacturers has been mixed; some completely relaxed contract pharmacy restrictions while others implemented new restrictions.
- Louisiana federal court dismissed all claims on Sept. 30, 2024; unknown whether manufacturers will appeal

Workforce Legislation

- **HB 329: Rep. Brach Myers (R-Lafayette)**
 - Transfers administration of the Health Care Employment Reinvestment Opportunity (HERO) Fund from the Board of Regents to LDH
 - Establishes a new grant program to fund innovative partnerships between the industry and educational training programs
 - Aims to expand capacity of those programs and the ability to meet the state's needs
 - Includes appropriate flexibility to allow proposals to meet varying challenges in different markets
 - Act 607 is effective July 1, 2024.

2025 Regular Legislative Session

- Convenes April 14, 2025
- Adjourns not later than June 12, 2025
- “Fiscal” session:
 - Shorter duration
 - Limited number of bills

Education & Endorsed Programs

EDUCATION

3,691
Members Educated

82
Virtual Programs Hosted

39
In-Person Programs Held

10,000+
CEUs Offered

LHA SOLUTIONS ENDORSED PROGRAMS

LHA | SOLUTIONS

vizient

Qualivis

JACKSON
Physician Search

Airgas Healthcare
an Air Liquide company

 **UMC**
SOLUTIONS

 **MW**
MEDICAL WASTE MANAGEMENT

LAC
LA CREDENTIALS

SUNRx

Mediimpact

 **LHA**
TRUST
FUNDS

 **SpectraCorp**

CommerceHealthcare

HFA
HEALTHCARE FINANCIAL ASSISTANCE
INC.



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