



**LOUISIANA DEPARTMENT OF HEALTH
FQHC AND RHC
CHANGE IN SCOPE
FILING REQUIREMENTS AND GUIDELINES**

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Purpose

This policy outlines the procedures necessary for an adjustment to the Medicaid Prospective Payment System (PPS) rate for any HRSA approved change in scope of service furnished by Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) that have an initial PPS per visit rate established based on the individual center's scope of services. An adjustment to the Medicaid PPS rate will not be made for those FQHCs that have an initial PPS rate established using the statewide weighted average payment per encounter.

Definition of Change in Scope (CIS)

An increase or decrease in the scope of service is defined as one of the following:

- the addition of specialty and non-primary covered services that were not included in the base line rate calculations, or
- the deletion of specialty and non-primary covered services that were included in the base line rate calculations, or
- the relocation of service sites, that also included the addition or deletion of specialty and non-primary covered services that were or were not included in the base line rate calculation, or
- the relocation of service site that also affects the budget.

Any HRSA approved change in scope of services must be related to a Louisiana Medicaid covered FQHC or RHC service.

For FQHCs and RHCs with multiple locations, adding a service to another location that was included in the base rate of the host location will not be considered for an adjustment to the FQHC and RHCs Medicaid PPS rate unless both sites submit a change in scope cost report.

Filing Requirements

The FQHC or RHC is responsible for notifying the Louisiana Medicaid Program, Bureau of Health Service Financing, in writing, of any HRSA approved changes in scope of services provided. The FQHC or RHC must utilize the survey in Appendix A in the FQHC or RHC provider manual located on www.lamedicaid.com to report these changes.

The survey should be submitted to the below address:

Louisiana Department of Health
Healthy Louisiana Program
Attn: Irma Gauthier, Program Manager 1B
628 North 4th Street
Baton Rouge, LA 70802

Or

Via email to Irma.Gauthier2@la.gov

The HRSA approved change in scope of service must be in operation for a minimum of 6 months prior to submitting a Change in Scope of Services Request Form. This will allow ample documentation in the change in expenditures to determine the interim rate for the HRSA approved change in scope of service.

The FQHC or RHC must complete the Provider Change in Scope of Services Request Form and submit all of the supporting documentation as defined in the Provider Change in Scope Form Instructions. The link for the documents is www.lrcaudit.com

All documents should be submitted to:

Leblanc, Robertson, Chisholm & Associates, LLC (LRCA, LLC) at
Attn: Ms. Priscilla Smith
5555 Hilton Avenue
Suite 605
Baton Rouge, LA 70808
FAX: 225-246-6242

Documentation Requirements

1. Medicaid cost report prior to the CIS, including a Working Trial Balance that supports cost reported on W/S A.
2. The current Medicaid cost report that includes the CIS, including a Working Trial Balance that supports cost reported on W/S A.

Note: The Medicaid cost reports received from Rural Health Clinic (RHC) providers will be utilized in the review of the change in scope documents. Federally Qualified Health Centers (FQHC) providers are required to complete the Medicaid cost reports using the forms provided on the www.lrcaudit.com website.

3. The request and all required supporting documentation for the adjustment based on a HRSA approved change in scope of services must be submitted within one year of the cost report fiscal year end that includes the commencement of the qualifying change in scope of services.

Example:

A provider with a 12/31 FYE has a change in scope effective 04/15/2010. The request and documentation must be submitted by 12/31/2011.

Provider with a 6/30 FYE has a change in scope effective 06/28/2011. The request and documentation must be submitted by 06/30/2012.

Rate Change Formula

Acronyms

- NR = New reimbursement rate adjusted for the increase or decrease in the HRSA approved scope of services
- PPS = Current Medicaid PPS rate in effect
- VE= Present number of total visits excluding the visits associated with the HRSA approved change in scope
- CISC= Expected change in costs due to the HRSA approved change in scope of service
- CISV= Expected change in number of visits due to the HRSA approved change in scope of service

Formula

Rate Change Formula: $NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$

Examples of Rate Change Calculation (for HRSA Approved Changes in Scope)

For all examples assume your FQHC has a Medicaid PPS rate of \$100.00 per visit with 10,000 visits per year.

Example 1: A new service is added with 1,000 additional visits per year expected at a cost of \$140 per visit.

$$NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) + \$140,000}{(10,000 + 1,000)}$$

$$NR = \frac{\$1,140,000}{11,000}$$

$$NR = \$103.64$$

Example 2: A new service is added with 1,000 additional visits per year expected at a cost of \$70 per visit.

$$NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) + \$70,000}{(10,000 + 1,000)}$$

$$NR = \frac{\$1,070,000}{11,000}$$

$$NR = \$97.27$$

Example 3: A service is deleted with 1,000 fewer visits per year expected at a cost of \$120 per visit.

$$NR = \frac{(PPS \times VE) + CISC}{(VE + CISV)}$$

$$NR = \frac{(\$100 \times 10,000) - \$120,000}{(10,000 - 1,000)}$$

$$\text{NR} = \frac{\$880,000}{9,000}$$

$$\text{NR} = \$97.78$$

Example 4: A service is deleted with 1,000 fewer visits per year expected at a cost of \$70 per visit.

$$\text{NR} = \frac{(\text{PPS} \times \text{VE}) + \text{CICS}}{(\text{VE} + \text{CISV})}$$

$$\text{NR} = \frac{(\$100 \times 10,000) - \$70,000}{(10,000 - 1,000)}$$

$$\text{NR} = \frac{\$930,000}{9,000}$$

$$\text{NR} = \$103.33$$

Example 5: A new service (i.e. X-Ray) is added at a cost of \$20,000. Visits are not expected to increase.

$$\text{NR} = \frac{(\text{PPS} \times \text{VE}) + \text{CICS}}{(\text{VE} + \text{CISV})}$$

$$\text{NR} = \frac{(\$100 \times 10,000) + \$20,000}{(10,000)}$$

$$\text{NR} = \frac{\$1,020,000}{10,000}$$

$$\text{NR} = \$102.00$$

Example 6: The Provider relocates to a new site and adds dental services that were not provided in the base year. Total cost prior to move was \$500,000 and total cost after move is \$650,000 (\$150,000 dental services). 1000 dental visits are provided at the new site.

$$\text{NR} = \frac{(\text{PPS} \times \text{VE}) + \text{CICS}}{(\text{VE} + \text{CISV})}$$

$$\text{NR} = \frac{(\$100 \times 10,000) + \$150,000}{(10,000 + 1000)}$$

$$\text{NR} = \frac{\$1,150,000}{11,000}$$

$$\text{NR} = \$104.55$$

Example 7: The Provider relocates to a new site. Total cost prior to move was \$500,000 and total cost after move is \$575,000 (\$75,000 increase related to building rent).

$$\text{NR} = \frac{(\text{PPS} \times \text{VE}) + \text{CICS}}{(\text{VE} + \text{CISV})}$$

$$\text{NR} = \frac{(\$100 \times 10,000) + \$75,000}{(10,000)}$$

$$\text{NR} = \frac{\$1,075,000}{10,000}$$

$$\text{NR} = \$107.50$$

Example 8: Cost increases \$300,000 from the base year however, no new services are added and site relocation has not occurred.

There will be no change in PPS rate as the increase of cost alone does not constitute a change in scope.

Processing of Rate Change

- LRCA will conduct a review of the PPS per visit rate change request submitted by the FQHC or RHC in a reasonable timeframe once all documents are received.
- LRCA will notify LDH via email of the interim established PPS rate.
- LDH will process the interim rate to the published fee schedule.

PPS Rate Effective Dates and Notifications

- The interim rate determined by LRCA and approved by LDH will be effective with the next state fiscal year (7/1/XX) after the rate is established.
- The FQHC or RHC will receive a letter from LRCA with the new established interim PPS rate and the due dates of the first – two (2) full years cost reports that include the change in scope.
- LRCA will determine the final PPS rate after review of the applicable cost reports and supporting documentation. The final rate will be effective with the next state fiscal year (7/1/xx) after the rate is established. LRCA will calculate any payments owed or due resulting from the reconciliation of the interim and final rate determinations.
- The FQHC or RHC will receive a letter from LDH with the new final PPS rate, effective date, and any payments owed or due resulting from the reconciliation of the interim and final rate determinations.