

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -
OTHER TYPES OF CARE

Revised: April 1, 2003

2.a. Outpatient Hospital Services

(1) Acute Care/General

Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed. The Title XIX (Medicaid) maximum was established utilizing 80% of the **Blue Cross/Blue Shield** customary as reflected in their 10/90 publication.

For those procedures which Blue Shield did not have a comparable code, the rates were increased by 35%. The 35% represents the average overall increase for all services.

Effective for claims with dates of service on or after July 1, 1992, the Title XIX maximum rates were decreased by 20%.

Effective April 1, 2003, all Arkansas non-state government-owned or operated acute care/general hospitals (that is, all acute care government hospitals within the State of Arkansas that are neither owned nor operated by the State of Arkansas) shall qualify for an annual upper payment limit (UPL) reimbursement adjustment. Psychiatric hospitals, pediatric hospitals, rehabilitative hospitals and critical access hospitals are not eligible for an adjustment. Payment shall be made before the end of the State Fiscal Year (SFY). The adjustment will be calculated and based on each hospital's previous SFY outpatient Medicare-related upper payment limit (UPL as specified in 42 CFR 447.321) for Medicaid reimbursed outpatient services. The adjustments will be calculated as follows:

1. **For each qualifying hospital, Arkansas Medicaid will annually identify the total Medicaid outpatient expenditures during the most recent completed SFY.**
2. **For each qualifying hospital, the total Medicaid expenditures, as determined in step 1, are divided by 80% to estimate the amount that would have been paid using Medicare reimbursement principles.**
3. **The difference between step 1 identified Medicaid expenditures and step 2 estimated Medicare amounts is the UPL annual adjustment amount that will be reimbursed.**

Eligible hospitals that were not licensed and providing services throughout the most recent completed SFY shall receive a pro-rated adjustment based on the partial year data.

4. **Payment for SFY 2003 shall be prorated proportional to the number of days between April 1, 2003 and June 30, 2003 to the total number of days in SFY 2003.**

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -
OTHER TYPES OF CARE

Revised: April 1, 2003

2.a. Outpatient Hospital Services (continued)

(2) Pediatric Hospitals

Effective for claims with dates of service on or after April 1, 1992, outpatient hospital services provided at a pediatric hospital will be reimbursed based on reasonable costs with interim payments and a year-end cost settlement.

Arkansas Medicaid will use the lesser of the reasonable costs or customary charges to establish cost settlements. Except for graduate medical education costs and the gross receipts tax, the cost settlements will be calculated using the methods and standards used by the Medicare Program. The gross receipts tax is not an allowable cost. Graduate medical education costs are reimbursed based on Medicare cost rules in effect prior to the September 29, 1989, rule change.

(3) Arkansas State Operated Teaching Hospitals

Effective for cost reporting periods ending June 30, 2000 or after, outpatient hospital services provided at an Arkansas State Operated Teaching Hospital will be reimbursed based on reasonable costs with interim payments in accordance with 2.a.(1) and a year-end cost settlement.

Arkansas Medicaid will use the lesser of the reasonable costs or customary charges to establish cost settlements. Except for graduate medical education costs, the cost settlements will be calculated using the methods and standards used by the Medicare Program. Graduate medical education costs are reimbursed as described in Attachment 4.19-A, Page 8a for inpatient hospital services.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -
OTHER TYPES OF CARE

Revised: April 1, 2003

2.a. Outpatient Hospital Services (continued)

(4) Augmentative Communication Device Evaluation

Effective for dates of service on or after September 1, 1999, reimbursement for an Augmentative Communication Device Evaluation is based on the lesser of the provider's actual charge for the service or the Title XIX (Medicaid) maximum. The XIX (Medicaid) maximum is based on the current hourly rate for both disciplines of therapy involved in the evaluation process. The Medicaid maximum for speech therapy is \$25.36 per (20 mins.) unit x 3 units per date of service (DOS) and occupational therapy is \$18.22 per (15 mins.) unit x 4 units per DOS equals a total of \$148.96 per hour. Two (2) hours per DOS is allowed. This would provide a maximum reimbursement rate per DOS of \$297.92.

(5) Outpatient/Clinic-Indian Health Services

Effective for dates of service on or after November 1, 2002, covered outpatient/clinic services provided by Indian Health Services (IHS) and Tribal 638 Health Facilities will be reimbursed the IHS outpatient/clinic rate published by the Office of Management and Budget (OMB). Covered IHS outpatient/clinic services include only those services that are covered under other Arkansas Medicaid programs. This rate is an all-inclusive rate with no year-end cost settlement. The initial rate is the published IHS outpatient rate for calendar year 2002. The rate will be adjusted to the OMB published rate annually or for any other period identified by OMB.