

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -
OTHER TYPES OF CARE
2019

Revised: ~~July 1, 2015~~January 1,

8. Private Duty Nursing to enhance the effectiveness of treatment for ventilator-dependent beneficiaries, high technology non-ventilator beneficiaries or tracheotomy beneficiaries

Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed. The State is under a U. S. District Court order that sets out the process for rates to be determined. That process includes evaluation of rates based upon market forces as they impact on access. Payment of the resultant rates is ordered by the court.

The agency's private duty nursing fee schedule rates were set as of July 1, 2015 and are effective for fee schedule services on or after that date. All fee schedule rates are published on the agency's website (<https://medicaid.mmis.arkansas.gov/Provider/Docs/fees.aspx> ~~www.medicaid.state.ar.us~~). Except as noted in the plan, state developed fee schedule rates are calculated using the same method for both governmental and private providers of private duty nursing services.

Effective for dates of service on or after October 1, 1994, reimbursement for private duty nursing medical supplies is based on 100% of the Medicare maximum for medical supplies reflected in the 1993 Arkansas Medicare Pricing File not to exceed the Title XIX coverage limitations as specified in Attachment 3.1-A, page 3d, and Attachment 3.1-B, page 4a.

Effective for dates of service on or after July 1, 2015, RN and LPN hourly reimbursement rate maximums are set based on market analysis of salaries, fringe benefits and administrative/overhead costs. Market analysis included the following steps:

- Acquired 2013 wage rates from the Federal Bureau of Labor Statistics for Arkansas,
- Determining employee benefit costs by using Skilled Nursing Facility cost reports submitted as of July 1, 2014,
- Assessing overhead costs by calculating the percent of direct to indirect costs reported in the most recent audited Medicare Home Health cost reports by the top 70% of Medicaid reimbursed non-hospital home health providers during SFY 2007, and
- It was estimated that a private duty nurse will travel approximately 8 miles each hour.

Effective for dates of service on or after ~~July 1, 2015~~January 1, 2019, RN and LPN hourly reimbursement rate maximums are set based on market analysis of salaries, fringe benefits and administrative/overhead costs. Market analysis included the following steps:

- Wage rates from the Federal Bureau of Labor Statistics for Arkansas do not exceed two calendar years from the establishment of the hourly reimbursement rates.
- Determining employee benefit costs by using Skilled Nursing Facility cost reports submitted as of July 1st of the State Fiscal Year that precedes the effective date of the rates.
- Overhead costs percentage was calculated using Skilled Nursing Facility cost reports submitted as of July 1st of the State Fiscal Year that precedes the effective date of the rates, and
- It was estimated that a private duty nurse will travel approximately 8 miles each hour.

Any increases or decreases will be published on the agency's website.

SUMMARY FOR

Private Duty Nursing (PDN) Rate Calculation SPA # 2018-015

- A 1993 Consent Decree in the case *Arkansas Medical Society, et. al v. Department of Human Services* requires reimbursement for Private Duty Nursing to be adjusted annually based upon market forces as they impact on access.
- Arkansas Medicaid will increase maximum reimbursement rates for Private Duty Nursing (PDN), Registered Nurse (RN) services, and RN supervisory visits from \$54.00 to \$56.00 per hour; and Licensed Practical Nurse (LPN) services will increase from \$37.00 to \$38.00 per hour.
- The new maximum reimbursement rates are based on market analysis.
- These reimbursement changes are necessary to ensure access of Private Duty Nursing services for Arkansas Medicaid beneficiaries.
- The annual budget impact associated with this change is \$427,359.