

ARKANSAS REGISTER

Proposed Rule Cover Sheet



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Name of Department _____

Agency or Division Name _____

Other Subdivision or Department, If Applicable _____

Previous Agency Name, If Applicable _____

Contact Person _____

Contact E-mail _____

Contact Phone _____

Name of Rule _____

Newspaper Name _____

Date of Publishing _____

Final Date for Public Comment _____

Location and Time of Public Meeting _____

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

Revised: ~~September 28,~~
2006 July 1, 2020

5. Physicians' Services

Reimbursement is based on the lesser of the amount billed or the maximum Title XIX (Medicaid) charge allowed. Reimbursement rates (payments) shall be as ordered by the United States District Court for the Eastern District of Arkansas in the case of Arkansas Medical Society v. Reynolds.

For dates of service occurring July 1, 1994 through March 31, 2004, reimbursement rates are set at 66% of the Arkansas Physician's Blue Cross/~~Blue~~ Shield (BC/~~BS~~) Fee Schedule dated October 1, 1993.

For dates of service occurring April 1, 2004 and after:

- A. Reimbursement rates are increased by ten percent (10%) up to a maximum or benchmark rate of eighty percent (80%) of the 2003 Arkansas Blue Cross and ~~/Blue~~ Shield (BC/~~BS~~) fee schedule. For rates that as of March 31, 2004, are equal to or greater than eighty percent (80%) of the 2003 BC/~~BS~~ fee schedule rate, no increase will be given. A minimum rate or floor amount of forty-five percent (45%) of the 2003 BC/~~BS~~ fee schedule rate will be reimbursed. For those rates that after the ten percent (10 %) increase is applied are still less than the floor amount, an additional increase will be given to bring these rates up to the floor amount.
- B. Reimbursement rates are capped at one hundred percent (100%) of the 2003 BC/~~BS~~ rate. Rates that exceed the cap as of March 31, 2004, ~~exceed the cap~~ shall be reduced in order to bring the rates in line with the cap by making four equal annual reductions beginning July 1, 2005.
- C. Adjustments to payment rates that are comprised of two components, e.g., a professional component and a technical services component, shall be calculated based on a combined payment rate that includes both components. After determining the increase or decrease applicable to the combined rate, the payment rate adjustment for each rate component shall be apportioned as follows:
 - (1) Increases: If one component rate, either technical or professional, exceeds the cap, the entire increase shall be apportioned to the other component. If neither rate component exceeds the cap, the increase shall be applied in proportion to the component's ratio to the combined rate (i.e., if the technical component rate is thirty percent (30%) of the combined rate, then thirty percent (30%) of the increase shall be applied to the technical component payment rate), up to the benchmark. Once a component rate is increased to the benchmark, any remaining increase shall be applied to the other component.
 - (2) Decreases: If one component rate, either technical or professional, is at the floor, the entire decrease shall be apportioned to the other component. If one component rate is above the cap, the entire decrease shall be apportioned to that component. If both component rates are above the cap, each component shall be reduced to the cap.
- D. For dates of service beginning September 28, 2006 through June 30, 2020, the maximum reimbursement rate for fitting of spectacles (procedure code 92340) is fifty-one dollars and twenty-two cents (\$51.22). The rate is based on eighty percent (80%) of the sixty-four dollars and two cents (\$64.02), which is the 2006 Arkansas Physician's Blue Cross/Blue Shield fee

schedule rate.

E. For dates of service beginning July 1, 2020, the maximum reimbursement rate for evaluation and management codes were increased based upon a routine rate study conducted by DMS in the Fall of 2019.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Department of Human Services

DIVISION Division of Medical Services

PERSON COMPLETING THIS STATEMENT Lynn Burton

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To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE SPA #2020-0008 Physicians' Evaluation & Management Code Rate Increase

1. Does this proposed, amended, or repealed rule have a financial impact? Yes ☒ No ☐
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes ☒ No ☐
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☒ No ☐

If an agency is proposing a more costly rule, please state the following:

- (a) How the additional benefits of the more costly rule justify its additional cost;

- (b) The reason for adoption of the more costly rule;

- (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

- (d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

- (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

General Revenue	_____
Federal Funds	_____
Cash Funds	_____
Special Revenue	_____
Other (Identify)	_____
Total	_____

Next Fiscal Year

General Revenue	_____
Federal Funds	_____
Cash Funds	_____
Special Revenue	_____
Other (Identify)	_____
Total	_____

(b) What is the additional cost of the state rule?

Current Fiscal Year

General Revenue	<u>\$1,307,543</u>
Federal Funds	<u>\$3,291,625</u>
Cash Funds	<u></u>
Special Revenue	<u></u>
Other (Identify)	<u></u>
Total	<u>\$4,599,168</u>

Next Fiscal Year

General Revenue	<u>\$1,307,543</u>
Federal Funds	<u>\$3,291,625</u>
Cash Funds	<u></u>
Special Revenue	<u></u>
Other (Identify)	<u></u>
Total	<u>\$4,599,168</u>

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

\$

Next Fiscal Year

\$

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6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ 1,307,543

Next Fiscal Year

\$ 1,307,543

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7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes ☒ No ☐

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;

As required by Executive Order 19-02, the rate review process for physicians' evaluation and management services was completed in January 2020. Based upon a rate review recommendation, a revision of the Arkansas Medicaid State Plan is necessary to increase rates for physicians' evaluation and management services.

- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;

As required by Executive Order 19-02, the rate review process for physicians' evaluation and management services was completed in January 2020. Based upon a rate review recommendation, a revision of the Arkansas Medicaid State Plan is necessary to increase rates for physicians' evaluation and management services.

(3) a description of the factual evidence that:

(a) justifies the agency's need for the proposed rule; and

(b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;

As required by Executive Order 19-02, the rate review process for physicians' evaluation and management services was completed in January 2020.

(4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

There are no less costly alternatives.

(5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

None at this time.

(6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and

None

(7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:

(a) the rule is achieving the statutory objectives;

(b) the benefits of the rule continue to justify its costs; and

(c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

Executive Order 19-02 requires physicians' evaluation and management services rates to be reviewed no less frequently than every four years.

Statement of Necessity and Rule Summary

SPA #2020-0008 Physicians' Evaluation & Management Code Rate Increase

Statement of Necessity

The Arkansas Department of Human Services (DHS), Division of Medical Services (DMS), intends to revise the Arkansas Medicaid State Plan maximum unit reimbursement rate for physicians' evaluation and management services, as required by Executive Order 19-02. A rate review was completed in January 2020. DHS bases the rate increases upon a rate review recommendation.

Rule Summary

A revision to the Arkansas Medicaid State Plan is necessary, effective for claims with dates of service on or after July 1, 2020, to increase the reimbursement rate maximums for evaluation and management codes (subject to a routine rate study performed by DMS in January 2020). All rates are published on the agency's website: (<http://medicaid.mmis.arkansas.gov/>).