

DEPARTMENT OF HUMAN SERVICES, DIVISION OF MEDICAL SERVICES

SUBJECT: Prosthetics Rate Review – State Plan Amendment (SPA) and Prosthetics Provider Manual

DESCRIPTION:

Statement of Necessity

Current procedure code and rate review were requested by the Division of Medical Services (DMS). The review reflected outdated procedure codes and rates for reimbursement. The purpose of the revisions to the Prosthetics Provider Manual and the State Plan Amendment (SPA) is to improve alignment of Prosthetic and Orthotic supplies with current Medicare codes and rates for reimbursement, and to update the SPA to align with provider manuals. Medicaid will reimburse ninety percent (90%) of the current Arkansas Medicare non-rural rate. A rural rate will not be applied. Codes that do not have a Medicare comparable code or rate will be reimbursed at eighty percent (80%) of the Arkansas Blue Cross/Blue Shield (BCBS) rate unless manual pricing is otherwise documented using the provider invoice. The changes will allow an update of rates and align with Medicare codes to improve Medicare crossover billing.

Rule Summary

The State Plan Amendment (SPA) revisions are:

- Attachment 3.1-A Page 3c -For Specialized Wheelchairs provided to eligible recipients replaced “of all ages” with “two (2) years of age and older”;
- Attachment 3.1-A Page 5c:
 - (5) – Added “Services for recipients who are under twenty-one (21) years of age do not require prior authorization” for orthotic appliances;
 - Replaced “age” with “years of age”; and
 - Added “...in the Procedure Code Table Link in Section II ...”;
 - (6) – Added “Services for recipients who are under twenty-one (21) years of age do not require prior authorization” for prosthetic devices;
 - Replaced “age” with “years of age”;
 - Replaced “twenty thousand dollars (\$20,000)” with “sixty thousand dollars (\$60,000)”;
 - Added “...in the Procedure Code Table Link in Section II ...”; and
 - Added a hyper link to the Procedure Code Table in Section II;
- Attachment 3.1-B Page 3e - For Specialized Wheelchairs provided to eligible recipients replaced “of all ages”, with “two (2) years of age and older”;
- Attachment 3.1-B Page 5b:
 - (5) - Added “Services for recipients who are under twenty-one (21) years of age do not require prior authorization” for orthotic appliances;
 - Replaced “age” with “years of age”;

- Added "...in the Procedure Code Table Link in Section II ...";
 - (6) - Added "Services for recipients who are under twenty-one (21) years of age do not require prior authorization" for prosthetic devices;
 - Replaced "age" with "years of age";
 - Replaced "twenty thousand dollars (\$20,000)" with "sixty thousand dollars (\$60,000)";
 - Added "...in the Procedure Code Table Link in Section II ..."; and
 - Added a hyper link to the Procedure Code Table in Section II;
- Attachment 4.19-B Page 4c:
 - Added "Effective for dates of service on or after January 1, 2023, reimbursement rate maximums for orthotic appliances and prosthetic devices will be set at ninety percent (90%) of the January 1, 2022, Medicare non-rural rate for the State of Arkansas. For orthotic and prosthetic codes not listed on the Medicare fee schedule, reimbursement rate maximums for dates of service on or after January 1, 2023, will be set at eighty percent (80%) of the January 1, 2022, Arkansas Blue Cross/Blue Shield rate, or manually priced";
 - Added a hyperlink to the Medicaid Fee Schedules provider list; and
- Prosthetics Provider Manual
 - Updated Table of Contents – 212.212 and 212.213.
 - Section 212.212 Replaced "All ages" with "two (2) years of age and older"; and
 - Section 212.213 Replaced "Age two (2) through adulthood" with "two (2) years of age and older".
- Updated stylistic formatting of age and numerical references throughout all pages.

PUBLIC COMMENT: A public hearing was held on this rule on October 5, 2022. The public comment period expired on October 24, 2022. The agency provided the following summary of the public comments it received and its responses to those comments:

Commenter's Name: David Chandler, Senior Director of Payer Relations, American Association for Homecare

COMMENT: The American Association for Homecare (AAHomecare) is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. Generally, we do not support rate reductions below Medicare published rates by geographic region, especially in this current market environment. This is also a critical time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market due to (1) the current COVID-19 public health emergency (PHE), (2) the recall of a major manufacturer's enteral formulas, and (3) well-documented supply chain challenges. As is the case with most health care providers during the current pandemic, providers of enteral formulas have experienced significantly increased costs of doing business. Therefore, it is critically important that access is not further reduced or eliminated due to unsustainable rate reductions.

AAHomecare is the national association representing durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) suppliers, manufacturers, and other stakeholders in the homecare community. Our members are proud to be part of the continuum of care that assures that the families and individuals you cover receive cost effective, safe, and reliable homecare products and services. Our members supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), oxygen therapy, positive airway pressure devices, ventilator services, complex rehabilitation technology (CRT) and many other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, nursing homes and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care in the home. Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services in the home altogether. On behalf of our members who are providing enteral formula to patients in Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain-related cost increases.

As has been the case for other parts of the health care sector, the PHE has contributed to the substantial cost increases HME suppliers have incurred. Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with 30-day supply. The cost for personal protective equipment (PPE), vital to protecting patients and employees while providing services in a home-based setting, has also increased significantly. A tight job market has increased staffing costs; many suppliers have had to employ contract staffing and pay retention bonuses to keep existing employees, including Clinical Dietitians and Technicians who may provide direct patient care in the home.

In February 2022, a major formula manufacturer announced a voluntary recall and subsequently ceased production of formula in one of their plants in Michigan. The manufacturer produced a range of formulas, notably formulas used for infants and children with severe allergies, renal failure, intestinal failure, and various metabolic disorders. According to The American Journal of Clinical Nutrition, many of these formulas had limited alternatives or a limited supply, which was rapidly depleted following a surge in demand. (1) This impacted the already strained supply chain and exacerbated shortages in the market.

Increased costs are impacting access to these products due to limited availability for raw materials and ingredients that manufacturers require to produce these formulas, along with product containers. The COVID-19 pandemic has also affected manufacturers' workforces and their ability to sustain unexpected increases in production due to a major enteral nutrition manufacturer's extended plant closure. (2) Unfortunately, many other

industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid.

With further rate reductions, it may become extremely difficult for suppliers to continue providing life-sustaining enteral nutrition and supplies to those who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions.

AAHomecare and our HME supplier members share your goal of providing quality and timely products and services to Medicaid recipients and improving patient outcomes while lowering overall health care expenses. Our members are happy to work with you to help determine optimal solutions for patients and HME providers alike. Please let us know if you would like further information about the current HME market situation. We are available to discuss and provide additional details as needed.

References:

(1) *“Infant and child formula shortages: now is the time to prevent recurrences”* – *American Journal of Clinical Nutrition* – May 17, 2022 –

<https://academic.oup.com/ajcn/advance-article/doi/10.1093/ajcn/nqac149/6587046>

(2) *“A break in the baby formula supply chain”* – *Georgia Tech* – May, 27, 2022

<https://news.gatech.edu/news/2022/05/27/break-baby-formula-supply-chain>

RESPONSE: Enteral Products are not included these rate adjustments.

Commenter’s Name: Robert Rankin, Executive Director, Healthcare Nutrition Council

Comment: The Healthcare Nutrition Council (HNC) is providing comments on the Prosthetics Rate Review and related rate reductions for enteral formula products. HNC is an association representing manufacturers (1) of enteral nutrition (EN) formulas and oral nutrition supplements (ONS), including those categorized as medical foods, and parenteral nutrition (PN). Our mission is to improve patient outcomes by advancing nutrition policies and actions that raise awareness and optimize access of essential nutrition support therapies across the continuum of care.

It is widely recognized that nutritional status plays a significant role in health outcomes and healthcare costs. Addressing malnutrition is essential to improving overall healthcare and may ultimately reduce the economic burden incurred when caring for the oldest and sickest Americans. Disease-related malnutrition can manifest in patients across all spectrums of body mass index, ranging from under to overweight individuals. Malnutrition often is associated with acute and chronic diseases and injury, such as cancer, stroke, infection, trauma, and surgical procedures. Large-scale studies have shown that as many as half of hospitalized patients and 35% to 85% of older age long-term care residents are undernourished.(2,3,4,5)

HNC is requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping, continue to impact patient access to these life-supporting nutrition formulas. Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services for patients who have no other nutrition alternatives.

As has been the case for other parts of the health care sector, cost increases have been exacerbated by the Public Health Emergency (PHE). Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with a 30-day supply. Increased costs are impacting access to these products due to limited availability of raw materials and ingredients that manufacturers require to produce these formulas, along with product containers. Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid. Our ultimate goal is to make sure patients continue to have access to nutrition products they need.

With further rate reductions, it may become extremely difficult for suppliers to continue to provide life-sustaining enteral nutrition and supplies to those who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care and place patients at nutrition risk.

To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions.

Malnutrition continues to be a crucial component in reducing hospital-acquired conditions, lowering healthcare costs and improving the health and well-being of vulnerable Medicare beneficiaries. HNC urges you to halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases. HNC stands ready to work with the Arkansas Division of Medical Services to address these policies as one means to improve the public health system. If you have any questions or would like additional information, please contact Justine Coffey, JD, LLM, Healthcare Nutrition Council, at jcoffey@healthcarenutrition.org or 202-207-1109.

References:

1 HNC members are Abbott Nutrition, Nestle Healthcare Nutrition, and Nutricia North America.

2 Robinson MK, Trujillo EB, Mogensen KM, et al: Improving nutritional screening of hospitalized patients: The role of prealbumin. JPEN J Parenter Enteral Nutr. 2003 27:389-395.

3 Chima CS, Barco K, Dewitt MLA, et al: Relationship of nutritional status to length of stay, hospital costs, discharge status of patients hospitalized in the medicine service. *J Am Diet Assoc* 1997 97:975-978.

4 Braunschweig C, Gomez S, Sheean PM: Impact of declines in nutritional status on outcomes in adult patients hospitalized for more than 7 days. *J Am Diet Assoc* 2000 100:1316-1322.

5 Crogan NL, Pasvogel A: The influence of protein-calorie malnutrition on quality of life in nursing homes. *J Gerontol A Biol Sci Med Sci* 2003 58A(2):159-164.

RESPONSE: Enteral Products are not included in these rate adjustments.

Commenter's Name: Billi Graham, Med South Medical Inc d/b/a Family Choice Nutrition

COMMENT: Med South Medical Inc d/b/a Family Choice Nutrition is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. This is a difficult time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market;

- (1) the recall of a major manufacturer's enteral formulas
- (2) the current COVID-19 Public Health Emergency
- (3) the well-documented supply chain challenges

As is the case with most health care providers during the pandemic, providers of enteral formulas have experienced substantially increased costs of doing business. Consequently, it is crucial that access is not further reduced or eliminated due to unsustainable rate reductions.

Med South Medical Inc d/b/a Family Choice Nutrition is part of the continuum of care that assures that families and individuals you cover receive cost effective, safe, and reliable homecare products and services. We supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products and services in the home all together. As a locally-owned business who provides enteral formula to patients throughout Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for Med South Medical Inc d/b/a Family Choice Nutrition to continue providing life-sustaining enteral nutrition

and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

Please let us know if you would like further information about the current DME market situation. We are available to discuss and provide additional details as needed.

RESPONSE: Enteral Products are not included in these rate adjustments.

Commenter's Name: Chuck Bari, Woodsprings Pharmacy and Home Medical

COMMENT: Woodsprings Pharmacy and Home Medical is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products.

This is a difficult time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market;

- (1) the recall of a major manufacturer's enteral formulas
- (2) the current COVID-19 Public Health Emergency
- (3) the well-documented supply chain challenges

As is the case with most health care providers during the pandemic, providers of enteral formulas have experienced substantially increased costs of doing business. Consequently, it is crucial that access is not further reduced or eliminated due to unsustainable rate reductions.

Woodsprings Pharmacy and Home Medical is part of the continuum of care that assures that families and individuals you cover receive cost effective, safe, and reliable homecare products and services. We supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products and services in the home all together. As a locally-owned business who provides enteral formula to patients throughout Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for Woodsprings Pharmacy and Home Medical to continue providing life-sustaining enteral nutrition and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

Please let us know if you would like further information about the current DME market situation. We are available to discuss and provide additional details as needed.

RESPONSE: Enteral Products are not included in these rate adjustments.

Commenter's Name: Michelle Brooks, Office Manager, Medical Solutions of Arkansas LLC

COMMENT: Medical Solutions of Arkansas LLC is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. Medical Solutions is probably the largest incontinent and boost provider in Northeast Arkansas. We absolutely do not support rate reductions, and do not support rates below Medicare published rates especially in this current market environment.

As the office manager for Medical Solutions if these changes take place, it will no longer be viable for our company to offer these supplies and could potentially close our doors. I met with our vendor in person earlier this month and was informed of a blanket price increase to our account effective 11-1-22. There will be absolutely no way we can continue to operate with these proposed reimbursements. I strongly encourage you to reach out to the major vendors in this sector to confirm price increases are indeed actively taking place. This increase in cost and decrease in reimbursement poses a real threat to our company and employees alike. On the other hand, if Medicaid is moving toward no longer "wanting" to reimburse for these services please just let that be known to the public and beneficiaries vs masking this proposal as a decrease in reimbursement so we align with other states. What we need a true picture of the current situation (2022) and an increase in reimbursement.

Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services in the home all together.

On behalf of Medical Solutions of Arkansas and suppliers, homecare, and durable medical equipment companies who are providing enteral formula to patients in Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

As we speak Vanilla Boost is on back order with an expected ETA of mid-November. As has been the case for other parts of the health care sector, the PHE has contributed to the substantial cost increases HME suppliers have incurred. Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with 30-day supply. The cost for personal protective equipment (PPE), vital to protecting patients and employees while providing services in a home-based setting, has also increased significantly. A tight job market has increased staffing costs. We are currently working with just 3 employees in the office when we had 5!!

Increased costs are impacting access to these products due to limited availability for raw materials and ingredients that manufacturers require to produce these formulas, along with product packaging. The COVID-19 pandemic has also affected manufacturers' workforces and their ability to sustain unexpected increases in production. Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid.

In the standard formula category, B4150, this proposal would trigger a 37.7% rate reduction to rates that are lower than the neighboring states Texas and Louisiana (see chart below). A disruption in access could lead to adverse health outcomes and increase overall cost of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the PHE and the global supply chain challenges.

Nutrition

HCPCS Code	AR Avg Rate	Payment Method	Medicare Avg Rate (AR region)	Medicare % Diff	LA Avg Rate	LA % Diff	TX Avg Rate	TX % Diff
B4160 [†]	\$1.07	Purchase			\$1.68	-57.0%	\$1.11	-3.7%
B4150 [†]	\$0.77	Purchase	\$0.48	37.7%	\$1.00	-29.9%	\$1.05	-36.4%
B4100	\$0.88	Purchase			\$0.93	-5.7%	\$0.72	18.2%
B4161 [†]	\$1.88	Purchase			\$2.84	-51.1%	\$2.93	-55.9%
Average				37.7%		-35.9%		-19.4%

[†] Arkansas Medicaid covers this code for beneficiaries <21 years only
MP = Manually priced

Nutritional status plays a significant role in health outcomes and healthcare costs. Addressing the nutritional needs of beneficiaries requiring enteral nutrition is essential to improving their overall healthcare and may ultimately reduce the economic burden incurred when caring for the AR Medicaid beneficiaries.

Aligning with the recently presented National Strategy from the White House Conference on Hunger, Nutrition and Health, we share the goal of maintaining access to quality and timely nutrition products and services to Medicaid recipients and improving patient outcomes while lowering overall health care expenses using nutrition. Our goal is to improve access, not decrease access with lower AR Medicaid rates, and promote nutrition

and health by maintaining access to life-sustaining enteral nutrition which can only occur if the rates are not so low that suppliers cannot continue to maintain access to these products for AR Medicaid beneficiaries.

A reduction in reimbursement will drastically cut and potentially eliminate access in our area as Medical Solutions would not be able to offer this product category.

RESPONSE: Enteral Products are not included in these rate adjustments.

Commenter's Name: Christy Banks, RD LD

COMMENT: My name is Christy Banks, Registered Dietitian and I am a tax-paying, law-abiding concerned citizen of Little Rock, AR. I'm writing with comments regarding the Prosthetics Rate Review and related rate reductions proposed for enteral formula products. From 2007 to 2014, I worked with cardiac and pre-term patients at Arkansas Children's Hospital. During that time, I observed on a first-hand basis just how vital access to adequate nutrition is to sustain life, improve quality of life, and support brain and muscle development. Children with sufficient intake of calories, protein and fat can thrive and often overcome their serious diagnosis with consistent availability of the prescribed formulas. This is a remarkably difficult time for Arkansas Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market such as: the recall of a major manufacturer's enteral formulas; the current COVID-19 Public Health Emergency; the well-documented supply chain challenges.

As is the case with most health care providers during the pandemic, providers of enteral formulas have experienced substantially increased costs of doing business. Consequently, it is crucial that patient's access is not further reduced or eliminated due to unsustainable rate reductions.

Local DME and Home Infusion Companies are part of the continuum of care that assures that families and individuals covered by AR Medicaid receive cost effective, safe, and reliable homecare products and services. They supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products and services in the home all together. On behalf of locally-owned businesses who provide enteral formula to patients throughout Arkansas, I am requesting that you cease any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for DME and Home Infusion Companies to continue providing life-sustaining enteral nutrition and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access would lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, I ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

AR Medicaid rates are considerably lower than rates in surrounding states, and are due for a market adjustment. For several special formulas the product costs more than the amount reimbursed by Medicaid.

Nutrition

HCPCS Code	AR Avg Rate	Payment Method	Medicare Avg Rate (AR region)	Medicare % Diff	LA Avg Rate	LA % Diff	TX Avg Rate	TX % Diff
B4160*	\$1.07	Purchase			\$1.68	-57.0%	\$1.11	-3.7%
B4150*	\$0.77	Purchase	\$0.48	37.7%	\$1.00	-29.9%	\$1.05	-36.4%
B4161*	\$1.88	Purchase			\$2.84	-51.1%	\$2.93	-55.9%

Please contact me if you would like further information about the current DME market situation. I am available to discuss and provide additional details as needed.

RESPONSE: Enteral Products are not included in these rate adjustments.

The proposed effective date is January 1, 2023.

FINANCIAL IMPACT: The agency indicated that this rule has a financial impact.

Per the agency, the total cost to implement this rule is \$1,235,000 for the current fiscal year (\$350,493 in general revenue and \$884,507 in federal funds) and \$2,470,000 for the next fiscal year (\$700,986 in general revenue and \$1,769,014 in federal funds). The total estimated cost by fiscal year to state, county, and municipal government to implement this rule is \$350,493 for the current fiscal year and \$700,986 for the next fiscal year.

The agency indicated that there is a new or increased cost or obligation of at least \$100,000 per year to a private individual, private entity, private business, state government, county government, municipal government, or to two or more of those entities combined. Accordingly, the agency provided the following written findings:

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

The purpose of the revisions to the Prosthetics Provider Manual and the State Plan Amendment (SPA) is to improve alignment of Prosthetic/Orthotic supplies with current

Medicare codes and rates for reimbursement. The changes will allow an update of rates and align with Medicare codes to assist and improve Medicare crossover billing.

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

Current procedure code and rate review were requested by the Division of Medical Services (DMS). The review reflected outdated procedure codes and rates for reimbursement. The purpose of the revisions to the Prosthetics Provider Manual and the State Plan Amendment (SPA) is to improve alignment of Prosthetic/Orthotic supplies with current Medicare codes and rates for reimbursement.

(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;

Current procedure code and rate review were requested by the Division of Medical Services (DMS). The review reflected outdated procedure codes and rates for reimbursement. The purpose of the revisions to the Prosthetics Provider Manual and the State Plan Amendment (SPA) is to improve alignment of Prosthetic/Orthotic supplies with current Medicare codes and rates for reimbursement. Medicaid will reimburse ninety (90) percent of the current Arkansas Medicare non-rural rate. A rural rate will not be applied. Codes that do not have a Medicare comparable code or rate will be reimbursed at eighty (80) percent of the Arkansas Blue Cross/Blue Shield (BCBS) rate unless manual pricing is otherwise documented using the provider invoice. The changes will allow an update of rates and align with Medicare codes to assist and improve Medicare crossover billing.

(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;

N/A

(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

N/A

(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.

The Agency monitors State and Federal rules and policies for opportunities to reduce and control costs.

LEGAL AUTHORIZATION: The Department of Human Services has the responsibility to administer assigned forms of public assistance and is specifically authorized to maintain an indigent medical care program (Arkansas Medicaid). *See* Ark. Code Ann. §§ 20-76-201(1), 20-77-107(a)(1). The Department has the authority to make rules that are necessary or desirable to carry out its public assistance duties. Ark. Code Ann. § 20-76-201(12). The Department and its divisions also have the authority to promulgate rules as necessary to conform their programs to federal law and receive federal funding. Ark. Code Ann. § 25-10-129(b).



Division of Medical Services

P.O. Box 1437, Slot S295, Little Rock, AR 72203-1437

P: 501.682.8292 F: 501.682.1197

MEMORANDUM

TO: Interested Persons and Providers

FROM: Elizabeth Pitman, Director, Division of Medical Services

DATE: September 23, 2022

SUBJ: Prosthetics Rate Review – State Plan Amendment (SPA) and Prosthetics Provider Manual

As a part of the Arkansas Administrative Procedure Act process, attached for your review and comment are proposed rule revisions.

Public comments must be submitted in writing at the above address or at the following email address: ORP@dhs.arkansas.gov Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter's name and any personal information contained within the public comment, will be made publicly available and may be seen by various people.

If you have any comments, please submit those comments in writing, no later than .

All DHS proposed rules, public notices, and recently finalized rules may also be viewed at: [Proposed Rules & Public Notices](#).

NOTICE OF RULE MAKING

The Director of the Division of Medical Services (DMS) of the Department of Human Services announces for a public comment period of thirty (30) calendar days a notice of rulemaking for the following proposed rule under one or more of the following chapters, subchapters, or sections of the Arkansas Code: §§20-76-201, 20-77-107, and 25-10-129.

Effective January 1, 2023:

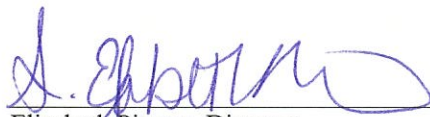
The Division of Medical Services revises the Prosthetics Provider Manual and the State Plan Amendment (SPA) to improve alignment of Prosthetic and Orthotic supplies with current Medicare codes and rates for reimbursement. The division also updates the SPA to align with provider manuals. Clarifies age ranges eligible for services in both the SPA and the Prosthetics Provider Manual. Medicaid will reimburse ninety percent (90%) percent of the current Medicare Arkansas non-rural rate. A rural rate will not be applied. Codes, that do not have an equivalent Medicare comparable code or rate, will be reimbursed at eighty percent (80%) percent of the Arkansas Blue Cross/Blue Shield (BCBS) rate unless manual pricing is otherwise documented using the provider invoice. The changes will allow an update of rates and align with Medicare codes to improve Medicare crossover billing. The projected annual cost of this change for state fiscal year (SFY) 2022 is \$1,235,000 and for SFY 2023 is \$2,470,000.

The proposed rule is available for review at the Department of Human Services (DHS) Office of Rules Promulgation, 2nd floor Donaghey Plaza South Building, 7th and Main Streets, P. O. Box 1437, Slot S295, Little Rock, Arkansas 72203-1437. You may also access and download the proposed rule at <https://humanservices.arkansas.gov/do-business-with-dhs/proposed-rules/>. Public comments must be submitted in writing at the above address or at the following email address: ORP@dhs.arkansas.gov. All public comments must be received by DHS no later than October 24, 2022. Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter's name and any personal information contained within the public comment, will be made publicly available and may be seen by various people.

A public hearing by remote access only through a Zoom webinar will be held on October 5, 2022, at 11:30 a.m. and public comments may be submitted at the hearing. Individuals can access this public hearing at <https://us02web.zoom.us/j/83275836656>. The webinar ID is 832 7583 6656. If you would like the electronic link, "one-tap" mobile information, listening only dial-in phone numbers, or international phone numbers, please contact ORP at ORP@dhs.arkansas.gov.

If you need this material in a different format, such as large print, contact the Office of Rules Promulgation at 501-534-4138.

The Arkansas Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act and is operated, managed and delivers services without regard to religion, disability, political affiliation, veteran status, age, race, color, or national origin. 4502100209



Elizabeth Pitman, Director
Division of Medical Services

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~~8-4-21~~ 1-1-23

Arkansas Medicaid covers specialized wheelchairs and wheelchair seating systems for individuals ~~age two (2) through adulthood~~ two (2) years of age and older.

Some items of specialized equipment require prior authorization from DHS or its designated vendor. [View or print form DMS-679 and instructions for completion.](#) [View or print contact information for how to submit the request.](#)

MARKKUP

AMOUNT, DURATION AND SCOPE OF
SERVICES PROVIDED
~~2002~~January 1, 2023

Revised: April 1,

CATEGORICALLY NEEDY

7.a.- Home Health Services

7.b. Based on a physician's prescription as to the medical necessity provided to eligible recipients at their place of residence, not to include institutions required to provide these services, for services above fifty (50) visits per recipient per State Fiscal Year, the provider must request an extension. Extension of the benefit limit will be provided for all recipients, including EPSDT, if determined medically necessary.

7.c. Medical supplies, equipment, and appliances suitable for use in the home

(1) Medical supplies are covered for eligible Medicaid recipients when determined medically necessary and prescribed by a physician. Services are provided in the recipient's home. (Home does not include a long-term care facility.) Supplies are limited to a maximum reimbursement of two hundred fifty dollars (\$250).~~00~~ per month, per recipient. As medical supplies are provided to recipients through the Home Health Program and the Prosthetics Program, the maximum reimbursement of two hundred fifty dollars (\$250).~~00~~ per month may be provided through either program, or a combination of the two (2). However, a recipient may not receive more than two hundred fifty dollars (\$250).~~00~~ in supplies, whether received through either of the programs or a combination of the two (2), unless an extension has been granted. Extensions will be considered for recipients who are under ~~age~~ twenty-one (21) years of age in the Child Health Services (EPSDT) Program if documentation verifies medical necessity. The provider must request an extension of the established benefit limit.

(2) Durable Medical Equipment (DME) - Services are covered in the recipient's home if prescribed by the recipient's physician as medically necessary. Some DME requires prior authorization. DME is limited to specific items. Specific DME is listed in Section III of the Prosthetics Provider Manual.

(3) Augmentative Communication Device

Services for recipients who are under twenty-one (21) years of age are covered as a result of a Child Health Services (EPSDT) screening and /referral. Services for recipients who are twenty-one (21) years of age and over ~~over age 21~~ are covered if prescribed by the recipient's physician as medically necessary. Prior authorization is required.

(4) Specialized Wheelchairs

Specialized Wheelchairs are provided for eligible recipients who are ~~of all ages~~ two (2) years of age and older ~~through adult~~ if prescribed by the recipient's physician as medically necessary. Prior authorization is required for some items. These items are listed in Section III of the Prosthetics Provider Manual.

AMOUNT, DURATION, AND SCOPE OF
SERVICES PROVIDED
2023

— Revised: April 1, 2002-January 1,

CATEGORICALLY NEEDY

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye, or by an optometrist (Continued)

c. Prosthetic Devices (Continued)

(5) Orthotic Appliances

Services for recipients who are under twenty-one (21) years of age under age 21 are not benefit limited.

Services for recipients who are under twenty-one (21) years of age under age 21 do not require prior authorization.

Services for recipients who are twenty-one (age-21) years of age and over are limited to three thousand dollars (\$3,000) per State Fiscal Year (July 1 through June 30). When the Medicaid maximum allowable for an orthotic appliance is five hundred dollars (\$500) or more, prior authorization is required. Specific covered orthotic appliances are listed in the Procedure Code Table link in Section III of the Prosthetics Provider Manual.

(6) Prosthetic Devices

Services for recipients who are under twenty-one (21) years of age under age 21 are not benefit limited.

Services for recipients who are under twenty-one (21) years of age under age 21 do not require prior authorization.

Services for recipients age-who are twenty-one (21) years of age and over are limited to \$20,000-sixty thousand dollars (\$60,000) per State Fiscal Year (July 1 through June 30). When the Medicaid maximum allowable for a prosthetic device is one thousand dollars (\$1,000) or more, prior authorization is required. Specific covered prosthetic devices are listed in the Procedure Code Table link in Section III of the Prosthetics Provider Manual. View or print the procedure codes and modifiers for Durable Medical Equipment (DME), oxygen equipment and supplies, orthotic appliances, prosthetic devices and medical supplies, procedures, and services.

AMOUNT, DURATION, AND SCOPE OF
SERVICES PROVIDED
2023

— Revised: April 1, 2002-January 1,

MEDICALLY NEEDY

7.a.- Home Health Services

7.b. Based on a physician's prescription as to medical necessity provided to eligible recipients at their place of residence, not to include institutions required to provide these services. ~~For services above fifty (50) visits~~ per recipient per State Fiscal Year, the provider must request an extension. Extension of the benefit limit will be provided for all recipients, including EPSDT, if determined medically necessary.

7.c. Medical supplies, equipment, and appliances suitable for use in the home-

(1) Medical supplies are covered for eligible Medicaid recipients when determined medically necessary and prescribed by a physician. Services are provided in the recipient's home. (Home does not include a long-term care facility.) Supplies are limited to a maximum reimbursement of two hundred fifty dollars (\$250).00 per month, per recipient. As medical supplies are provided to recipients through the Home Health Program and the Prosthetics Program, the maximum reimbursement of two hundred fifty dollars (\$250).00 per month may be provided through either program or a combination of the two (2). However, a recipient may not receive more than two hundred fifty dollars (\$250).00 in supplies, whether received through either of the ~~two~~ programs or a combination of the two (2), unless an extension has been granted. Extensions will be considered for recipients who are under twenty-one (21) years of age and 21 in the Child Health Services (EPSDT) Program; if documentation verifies medical necessity. The provider must request an extension of the established benefit limit.

(2) Durable Medical Equipment (DME) - Services are covered in the recipient's home if prescribed by the recipient's physician as medically necessary. Some DME requires prior authorization. DME is limited to specific items. Specific DME is listed in Section III of the Prosthetics Provider Manual.

(3) Augmentative Communication Device

Services for recipients who are under twenty-one (21) years of age 21 are covered as a result of a Child Health Services (EPSDT) screening and referral. Services for recipients who are over twenty-one (21) years of age and over 21 are covered if prescribed by the recipient's physician as medically necessary. Prior authorization is required.

(4) Specialized Wheelchairs

Specialized Wheelchairs are provided for eligible recipients who are of all ages two (2) years of age and older through adult if prescribed by the recipient's physician as medically necessary. Prior authorization is required for some items. These items are listed in Section III of the Prosthetics Provider Manual.

AMOUNT, DURATION, AND SCOPE OF
SERVICES PROVIDED
2023

— —Revised: April 1, 2002-January 1,

MEDICALLY NEEDY

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye, or by an optometrist (Continued)

c. Prosthetic Devices (Continued)

(5) Orthotic Appliances

Services for recipients who are under twenty-one (21) years of age-21 are not benefit limited.

Services for recipients who are under twenty-one (21) years of age age-21 do not require prior authorization.

Services for recipients age-who are twenty-one (21) years of age and over are limited to three thousand dollars (\$3,000) per State Fiscal Year (July 1 through June 30). When the Medicaid maximum allowable for an orthotic appliance is five hundred dollars (\$500) or more, prior authorization is required. Specific covered orthotic appliances are listed in the Procedure Code Table link in Section III of the Prosthetics Provider Manual.

(6) Prosthetic Devices

Services for recipients who are under twenty-one (21) years of ageunder age-21 are not benefit limited.

Services for recipients who are under twenty-one (21) years of ageunder age-21 do not require prior authorization.

Services for recipients age-who are twenty-one (21) years of age and over are limited to \$20,000-sixty thousand dollars (\$60,000) per State Fiscal Year (July 1 through June 30). When the Medicaid maximum allowable for a prosthetic device is one thousand dollars (\$1,000) or more, prior authorization is required. Specific covered prosthetic devices are listed in the Procedure Code Table link in Section III of the Prosthetics Provider Manual. View or print the procedure codes and modifiers for Durable Medical Equipment (DME), oxygen equipment and supplies, orthotic appliances, prosthetic devices and medical supplies, procedures, and services.

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

Revised:

September 1, 2006 January 1,

2023

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye, or by an optometrist (Continued)
- c. Prosthetic Devices (continued)
- (6) Orthotic Appliances and Prosthetic Devices

Reimbursement is based on the lesser of the amount billed or the Title XIX (Medicaid) maximum charge allowed. State developed fee schedule rates are the same for both public and private providers of orthotic appliances and prosthetic devices.

Effective for dates of service occurring on and after September 1, 2006, reimbursement rate maximums for Medicaid covered orthotic appliances and prosthetic devices are based on one hundred percent (100%) of the 2006 DMEPOS Medicare rates.

For the following procedure codes not reflecting a rate on the 2006 DMEPOS Medicare fee schedule, reimbursement rate maximums for dates of service occurring September 1, 2006, and after, will be based on one hundred percent (100%) of the 2006 Arkansas Blue Cross/Blue Shield rate:

A5510 = \$30.28, L0452 = \$263.81, L3202 = \$51.21, L3204 = \$50.12, L3206 = \$51.93, L3207 = \$52.67, L3208 = \$28.58, L3209 = \$39.53, L3211 = \$42.11, L3215 = \$93.94, L3216 = \$113.29, L3219 = \$105.26, L3221 = \$126.00, L3222 = \$139.22, L3230 = \$163.33, L3250 = \$331.47, L3253 = \$44.64, L3257 = \$32.95, L3265 = \$20.54, L3902 = \$1,980.19, L4205 = \$35.00, L4210 = \$28.27, L7500 = \$67.55, L7520 = \$15.00

Effective for dates of service on or after January 1, 2023, reimbursement rate maximums for orthotic appliances and prosthetic devices will be set at ninety percent (90%) of the January 1, 2023 2022 Medicare non-rural rate for the State of Arkansas. For orthotic and prosthetic codes not listed on the Medicare fee schedule, reimbursement rate maximums for dates of service on or after January 1, 2023, will be set at eighty percent (80%) of the January 1, 2023 2022, Arkansas Blue Cross/Blue Shield rate, or manually priced.

All rates are published on the agency's website [Fee Schedules - Arkansas Department of Human Services](#). Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

DHS Responses to Public Comments Regarding Prosthetics Rate Review -State Plan Amendment (SPA) and Prosthetics Provider Manual

David Chandler, Senior Director of Payer Relations

American Association for Homecare

Comment: The American Association for Homecare (AAHomecare) is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. Generally, we do not support rate reductions below Medicare published rates by geographic region, especially in this current market environment. This is also a critical time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market due to (1) the current COVID-19 public health emergency (PHE), (2) the recall of a major manufacturer's enteral formulas, and (3) well-documented supply chain challenges. As is the case with most health care providers during the current pandemic, providers of enteral formulas have experienced significantly increased costs of doing business. Therefore, it is critically important that access is not further reduced or eliminated due to unsustainable rate reductions.

AAHomecare is the national association representing durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) suppliers, manufacturers, and other stakeholders in the homecare community. Our members are proud to be part of the continuum of care that assures that the families and individuals you cover receive cost effective, safe, and reliable homecare products and services. Our members supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), oxygen therapy, positive airway pressure devices, ventilator services, complex rehabilitation technology (CRT) and many other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, nursing homes and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care in the home. Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services in the home altogether. On behalf of our members who are providing enteral formula to patients in Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain-related cost increases.

As has been the case for other parts of the health care sector, the PHE has contributed to the substantial cost increases HME suppliers have incurred. Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with 30-day supply. The cost for personal protective equipment (PPE), vital to protecting patients and employees while providing services in a home-based setting, has also increased significantly. A tight job market has increased staffing costs; many suppliers have had to employ contract staffing and pay retention bonuses to keep existing employees, including Clinical Dietitians and Technicians who may provide direct patient care in the home.

In February 2022, a major formula manufacturer announced a voluntary recall and subsequently ceased production of formula in one of their plants in Michigan. The manufacturer produced a range of formulas, notably formulas used for infants and children with severe allergies, renal failure, intestinal failure, and various metabolic disorders. According to The American Journal of Clinical Nutrition, many

of these formulas had limited alternatives or a limited supply, which was rapidly depleted following a surge in demand. (1) This impacted the already strained supply chain and exacerbated shortages in the market.

Increased costs are impacting access to these products due to limited availability for raw materials and ingredients that manufacturers require to produce these formulas, along with product containers. The COVID-19 pandemic has also affected manufacturers' workforces and their ability to sustain unexpected increases in production due to a major enteral nutrition manufacturer's extended plant closure. (2) Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid.

With further rate reductions, it may become extremely difficult for suppliers to continue providing life-sustaining enteral nutrition and supplies to those who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. AAHomecare and our HME supplier members share your goal of providing quality and timely products and services to Medicaid recipients and improving patient outcomes while lowering overall health care expenses. Our members are happy to work with you to help determine optimal solutions for patients and HME providers alike. Please let us know if you would like further information about the current HME market situation. We are available to discuss and provide additional details as needed.

References:

(1) "Infant and child formula shortages: now is the time to prevent recurrences" – *American Journal of Clinical Nutrition* – May 17, 2022 – <https://academic.oup.com/ajcn/advance-article/doi/10.1093/ajcn/nqac149/6587046>

(2) "A break in the baby formula supply chain" – *Georgia Tech* – May, 27, 2022
<https://news.gatech.edu/news/2022/05/27/break-baby-formula-supply-chain>

Response: Enteral Products are not included these rate adjustments.

Robert Rankin, Executive Director

Healthcare Nutrition Council

Comment: The Healthcare Nutrition Council (HNC) is providing comments on the Prosthetics Rate Review and related rate reductions for enteral formula products. HNC is an association representing manufacturers (1) of enteral nutrition (EN) formulas and oral nutrition supplements (ONS), including those categorized as medical foods, and parenteral nutrition (PN). Our mission is to improve patient outcomes by advancing nutrition policies and actions that raise awareness and optimize access of essential nutrition support therapies across the continuum of care.

It is widely recognized that nutritional status plays a significant role in health outcomes and healthcare costs. Addressing malnutrition is essential to improving overall healthcare and may ultimately reduce the economic burden incurred when caring for the oldest and sickest Americans. Disease-related malnutrition can manifest in patients across all spectrums of body mass index, ranging from under to overweight individuals. Malnutrition often is associated with acute and chronic diseases and injury, such as cancer, stroke, infection, trauma, and surgical procedures. Large-scale studies have shown that as many as half of hospitalized patients and 35% to 85% of older age long-term care residents are undernourished.(2,3,4,5)

HNC is requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping, continue to impact patient access to these life-supporting nutrition formulas. Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services for patients who have no other nutrition alternatives.

As has been the case for other parts of the health care sector, cost increases have been exacerbated by the Public Health Emergency (PHE). Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with a 30-day supply. Increased costs are impacting access to these products due to limited availability of raw materials and ingredients that manufacturers require to produce these formulas, along with product containers. Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid. Our ultimate goal is to make sure patients continue to have access to nutrition products they need.

With further rate reductions, it may become extremely difficult for suppliers to continue to provide life-sustaining enteral nutrition and supplies to those who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care and place patients at nutrition risk.

To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. Malnutrition continues to be a crucial component in reducing hospital-acquired conditions, lowering healthcare costs and improving the health and well-being of vulnerable Medicare beneficiaries. HNC urges you to halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases. HNC stands ready to work with the Arkansas Division of Medical Services to address these policies as one means to improve the public health system. If you have any questions or would like additional information, please contact Justine Coffey, JD, LLM, Healthcare Nutrition Council, at jcoffey@healthcarenutrition.org or 202-207-1109.

References:

- 1 HNC members are Abbott Nutrition, Nestle Healthcare Nutrition, and Nutricia North America.
- 2 Robinson MK, Trujillo EB, Mogensen KM, et al: Improving nutritional screening of hospitalized patients: The role of prealbumin. *JPEN J Parenter Enteral Nutr.* 2003 27:389-395.
- 3 Chima CS, Barco K, Dewitt MLA, et al: Relationship of nutritional status to length of stay, hospital costs, discharge status of patients hospitalized in the medicine service. *J Am Diet Assoc* 1997 97:975-978.
- 4 Braunschweig C, Gomez S, Sheean PM: Impact of declines in nutritional status on outcomes in adult patients hospitalized for more than 7 days. *J Am Diet Assoc* 2000 100:1316-1322.
- 5 Crogan NL, Pasvogel A: The influence of protein-calorie malnutrition on quality of life in nursing homes. *J Gerontol A Biol Sci Med Sci* 2003 58A(2):159-164.

Response: Enteral Products are not included in these rate adjustments.

Billi Graham

Med South Medical Inc dba Family Choice Nutrition

Comment: Med South Medical Inc dba Family Choice Nutrition is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. This is a difficult time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market;

(1) the recall of a major manufacturer's enteral formulas

(2) the current COVID-19 Public Health Emergency

(3) the well-documented supply chain challenges

As is the case with most health care providers during the pandemic, providers of enteral formulas have experienced substantially increased costs of doing business. Consequently, it is crucial that access is not further reduced or eliminated due to unsustainable rate reductions.

Med South Medical Inc dba Family Choice Nutrition is part of the continuum of care that assures that families and individuals you cover receive cost effective, safe, and reliable homecare products and services. We supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products and services in the home all together. As a locally-owned business who provides enteral formula to patients throughout Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for Med South Medical Inc dba Family Choice Nutrition to continue providing life-sustaining enteral nutrition and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

Please let us know if you would like further information about the current DME market situation. We are available to discuss and provide additional details as needed.

Response: Enteral Products are not included in these rate adjustments.

Chuck Bari

Woodsprings Pharmacy and Home Medical

Comment: Woodsprings Pharmacy and Home Medical is writing to provide comment regarding the Prosthetics Rate

Review and related rate reductions for enteral formula products.

This is a difficult time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market;

(1) the recall of a major manufacturer's enteral formulas

(2) the current COVID-19 Public Health Emergency

(3) the well-documented supply chain challenges

As is the case with most health care providers during the pandemic, providers of enteral formulas have

experienced substantially increased costs of doing business. Consequently, it is crucial that access is not further reduced or eliminated due to unsustainable rate reductions.

Woodsprings Pharmacy and Home Medical is part of the continuum of care that assures that families and individuals you cover receive cost effective, safe, and reliable homecare products and services. We supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, and other health care facilities to continue their care in the home setting. The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products

and services in the home all together. As a locally-owned business who provides enteral formula to patients throughout Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for Woodsprings Pharmacy and Home Medical to continue providing life-sustaining enteral nutrition and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

Please let us know if you would like further information about the current DME market situation. We are available to discuss and provide additional details as needed.

Response: Enteral Products are not included in these rate adjustments.

Michelle Brooks, Office Manager

Medical Solutions of Arkansas LLC

Comment: Medical Solutions of Arkansas LLC is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. Medical Solutions is probably the largest incontinent and boost provider in Northeast Arkansas. We absolutely do not support rate reductions, and do not support rates below Medicare published rates especially in this current market environment.

As the office manager for Medical Solutions if these changes take place, it will no longer be viable for our company to offer these supplies and could potentially close our doors. I met with our vendor in person earlier this month and was informed of a blanket price increase to our account effective 11-1-22. There will be absolutely no way we can continue to operate with these proposed reimbursements. I strongly encourage you to reach out to the major vendors in this sector to confirm price increases are indeed actively taking place. This increase in cost and decrease in reimbursement poses a real threat to our company and employees alike. On the other hand, if Medicaid is moving toward no longer "wanting" to reimburse for these services please just let that be known to the public and beneficiaries vs masking this proposal as a decrease in reimbursement so we align with other states. What we need a true picture of the current situation (2022) and an increase in reimbursement.

Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services in the home all together.

On behalf of Medical Solutions of Arkansas and suppliers, homecare, and durable medical equipment companies who are providing enteral formula to patients in Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

As we speak Vanilla Boost is on back order with an expected ETA of mid November.

As has been the case for other parts of the health care sector, the PHE has contributed to the substantial cost increases HME suppliers have incurred. Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with 30-day supply. The cost for personal protective equipment (PPE), vital to protecting patients and employees while providing services in a home-based setting, has also increased significantly. A tight job market has increased staffing costs. We are currently working with just 3 employees in the office when we had 5!!

Increased costs are impacting access to these products due to limited availability for raw materials and ingredients that manufacturers require to produce these formulas, along with product packaging. The COVID-19 pandemic has also affected manufacturers' workforces and their ability to sustain unexpected increases in production. Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid.

In the standard formula category, B4150, this proposal would trigger a 37.7% rate reduction to rates that are lower than the neighboring states Texas and Louisiana (see chart below). A disruption in access could lead to adverse health outcomes and increase overall cost of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the PHE and the global supply chain challenges.

Nutrition

HCPCS Code	AR Avg Rate	Payment Method	Medicare Avg Rate (AR region)	Medicare % Diff	LA Avg Rate	LA % Diff	TX Avg Rate	TX % Diff
B4160 [†]	\$1.07	Purchase			\$1.68	-57.0%	\$1.11	-3.7%
B4150 [†]	\$0.77	Purchase	\$0.48	37.7%	\$1.00	-29.9%	\$1.05	-36.4%
B4100	\$0.88	Purchase			\$0.93	-5.7%	\$0.72	18.2%
B4161 [†]	\$1.88	Purchase			\$2.84	-51.1%	\$2.93	-55.9%
Average				37.7%		-35.9%		-19.4%

[†] Arkansas Medicaid covers this code for beneficiaries <21 years only

MP = Manually priced

Nutritional status plays a significant role in health outcomes and healthcare costs. Addressing the nutritional needs of beneficiaries requiring enteral nutrition is essential to improving their overall healthcare and may ultimately reduce the economic burden incurred when caring for the AR Medicaid beneficiaries.

Aligning with the recently presented National Strategy from the White House Conference on Hunger, Nutrition and Health, we share the goal of maintaining access to quality and timely nutrition products and services to Medicaid recipients and improving patient outcomes while lowering overall health care expenses using nutrition. Our goal is to improve access, not decrease access with lower AR Medicaid rates, and promote nutrition and health by maintaining access to life-sustaining enteral nutrition which

can only occur if the rates are not so low that suppliers cannot continue to maintain access to these products for AR Medicaid beneficiaries.

A reduction in reimbursement will drastically cut and potentially eliminate access in our area as Medical Solutions would not be able to offer this product category.

Response: Enteral Products are not included in these rate adjustments.

Christy Banks, RD LD

Comment: My name is Christy Banks, Registered Dietitian and I am a tax-paying, law-abiding concerned citizen of Little Rock, AR. I'm writing with comments regarding the Prosthetics Rate Review and related rate reductions proposed for enteral formula products. From 2007 to 2014, I worked with cardiac and pre-term patients at Arkansas Children's Hospital. During that time, I observed on a first-hand basis just how vital access to adequate nutrition is to sustain life, improve quality of life, and support brain and muscle development. Children with sufficient intake of calories, protein and fat can thrive and often overcome their serious diagnosis with consistent availability of the prescribed formulas. This is a remarkably difficult time for Arkansas Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market such as:

the recall of a major manufacturer's enteral formulas

the current COVID-19 Public Health Emergency

the well-documented supply chain challenges

As is the case with most health care providers during the pandemic, providers of enteral formulas have experienced substantially increased costs of doing business. Consequently, it is crucial that patient's access is not further reduced or eliminated due to unsustainable rate reductions.

Local DME and Home Infusion Companies are part of the continuum of care that assures that families and individuals covered by AR Medicaid receive cost effective, safe, and reliable homecare products and services. They supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products and services in the home all together. On behalf of locally-owned businesses who provide enteral formula to patients throughout Arkansas, I am requesting that you cease any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for DME and Home Infusion Companies to continue providing life-sustaining enteral nutrition and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access would lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, I ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

AR Medicaid rates are considerably lower than rates in surrounding states, and are due for a market adjustment. For several special formulas the product costs more than the amount reimbursed by

Medicaid.

Nutrition

HCPCS Code	AR Avg Rate	Payment Method	Medicare Avg Rate (AR region)	Medicare % Diff	LA Avg Rate	LA % Diff	TX Avg Rate	TX % Diff
B4160*	\$1.07	Purchase			\$1.68	-57.0%	\$1.11	-3.7%
B4150*	\$0.77	Purchase	\$0.48	37.7%	\$1.00	-29.9%	\$1.05	-36.4%
B4161*	\$1.88	Purchase			\$2.84	-51.1%	\$2.93	-55.9%

Please contact me if you would like further information about the current DME market situation. I am available to discuss and provide additional details as needed.

Response: Enteral Products are not included in these rate adjustments.