EXHIBIT C

QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS WITH THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE

DEPARTMENT/AGENCY Department of Human Services
DIVISION Division of Medical Services
DIVISION DIRECTOR Andrew Allison, PhD
CONTACT PERSON Robbie Nix
ADDRESS P.O Box 1437, Slot S295, Little Rock, AR 72203
PHONE NO. 682-8577 **FAX NO.** 682-2480 **E-MAIL** Robert.nix@arkansas.gov
NAME OF PRESENTER AT COMMITTEE MEETING Marilyn Strickland
PRESENTER E-MAIL marilyn.strickland@arkansas.gov

INSTRUCTIONS

A. **Please make copies of this form for future use.**
B. **Please answer each question completely using layman terms. You may use additional sheets, if necessary.**
C. **If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.**
D. **Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:**

> **Donna K. Davis**
> **Administrative Rules Review Section**
> **Arkansas Legislative Council**
> **Bureau of Legislative Research**
> **Room 315, State Capitol**
> **Little Rock, AR 72201**

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1. What is the short title of this rule?

   EPISODE-1-12 and State Plan Amendment #2012-014

2. What is the subject of the proposed rule?

   To add Congestive Heart Failure (CHF) episodes and Total Joint Replacement episodes to both the Episodes of Care Medicaid manual and the Arkansas State Plan.

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes ____ No __X__.

   If yes, please provide the federal rule, regulation, and/or statute citation.

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes_____ No__X__.

   If yes, what is the effective date of the emergency rule? ______________________________

   When does the emergency rule expire? ____

   Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes______ No______

5. Is this a new rule? Yes ___ No _X_ If yes, please provide a brief summary explaining the regulation.

   Does this repeal an existing rule? Yes______ No _X_ If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

   Is this an amendment to an existing rule? Yes _X_ No ____ If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule? If codified, please give Arkansas Code citation.

   Arkansas Statute 20-76-201

7. What is the purpose of this proposed rule? Why is it necessary?

   The purpose of the proposed rule is to add Congestive Heart Failure (CHF) episodes and Total Joint Replacement episodes to both the Episodes of Care Medicaid manual and the Arkansas State Plan. Medicaid has established a payment improvement initiative to incentivize improved care quality, efficiency, and economy. The program uses episode-based data to evaluate the quality, efficiency, and economy of care delivered in the course of the episode, and to apply payment incentives.

   The proposed rule is necessary so that providers are aware of Arkansas Medicaid requirements for Congestive Heart Failure (CHF) episodes and Total Joint Replacement episodes.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b).

   https://www.medicaid.state.ar.us/InternetSolution/general/comment/comment.aspx

9. Will a public hearing be held on this proposed rule? Yes _X_ No____.
   If yes, please complete the following:
   Date: **TBA**
   Time: **TBA**
   Place: **TBA**

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

    October 21, 2012

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

    January 1, 2013

12. Do you expect this rule to be controversial? Yes_____ No _X_ If yes, please explain.

13. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

    Medical associations, interested providers, and advocacy organizations. Their positions for or against is not known at this time.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT **Department of Human Services**
DIVISION **Division of Medical Services**
PERSON COMPLETING THIS STATEMENT **Tom Show**
TELEPHONE NO. **682-2483** **FAX NO.** **682-3889** **EMAIL:** **tom.show@arkansas.gov**

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE EPISODE-1-12 and State Plan Amendment #2012-014

1. Does this proposed, amended, or repealed rule have a financial impact?
   Yes __X__ No ____.

2. Does this proposed, amended, or repealed rule affect small businesses?
   Yes __X__ No ____.

   If yes, please attach a copy of the economic impact statement required to be filed with the Arkansas Economic Development Commission under Arkansas Code § 25-15-301 et seq.

3. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please give the incremental cost for implementing the rule. Please indicate if the cost provided is the cost of the program.

Current Fiscal Year		**Next Fiscal Year**	
General Revenue	________	General Revenue	________
Federal Funds	________	Federal Funds	________
Cash Funds	________	Cash Funds	________
Special Revenue	________	Special Revenue	________
Other (Identify)	________	Other (Identify)	________
Total	________	Total	________

5. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule? Identify the party subject to the proposed rule and explain how they are affected.

   Current Fiscal Year **Next Fiscal Year**

6. What is the total estimated cost by fiscal year to the agency to implement this rule? Is this the cost of the program or grant? Please explain. **(The Medicaid program projects program savings resulting from the Healthcare Payment Improvement Initiative in the following amounts)**

Current Fiscal Year (2013)	**Next Fiscal Year (2014)**
$ 15,589 State	$ 19,190 State
$ 36,669 Federal	$ 45, 444 Federal
$ 52,258 Total Savings	$64,634 Total Savings

ECONOMIC IMPACT STATEMENT
(As Required under Arkansas Code § 25-15-301)

Department: Arkansas Department of Human Services
Division: Medical Services
Person Completing this Statement: Tom Show
Telephone Number: 501-682-2483 **Fax Number:** 501-682-3889
EMAIL: Tom.Show@Arkansas.gov

Short Title of this Rule: EPISODE-1-12 and State Plan Amendment #2012-014

(1) The type or types of small businesses that will be directly affected by the proposed rule, bear the cost of the proposed rule, or directly benefit from the proposed rule.

Health Care providers providing services for conditions covered under episodes included in the Arkansas Health Care Payment Improvement Initiative.

(2) A description of how small businesses will be adversely affected.

Some health care providers may benefit from the episode performance payment model, while those providing services that do not meet certain cost and quality standards will see reduced provider revenue. Impact to any individual provider will depend on the provider's behavior and performance.

(3) A reasonable determination of the dollar amounts the proposed rule will cost small businesses in terms of fees, administrative penalties, reporting, recordkeeping, equipment, construction labor, professional services, revenue loss, or other costs associated with compliance.

No additional incremental costs to providers are expected. The net revenue impact to any individual provider will depend on their current standard of care and any improvement they make.

(4) A reasonable determination of the dollar amounts of the costs to the agency of implementing the proposed rule, as well as the financial benefit to the agency of implementing the rule.

The Department projects savings resulting from implementation of this initiative to be $64,634 in SFY 2014. 2014 is the first year that the full impact of this initiative would be realized.

(5) Whether and to what extent alternative means exist for accomplishing the objectives of the proposed rule that might be less burdensome to small businesses and why such alternatives are not being proposed.

Not Applicable

(6) A comparison of the proposed rule with federal and state counterparts.

Not Applicable

Summary for EPISODE-1-12 and State Plan Amendment #2012-014

Effective January 1, 2013 Arkansas Medicaid proposes to add Congestive Heart Failure (CHF) episodes and Total Joint Replacement episodes to the Episodes of Care Medicaid manual and Arkansas State Plan to incentivize improved care quality, efficiency, and economy. The program uses episode-based data to evaluate the quality, efficiency, and economy of care delivered in the course of the episode, and to apply payment incentives.

Division of Medical Services
Program Development & Quality Assurance

P.O. Box 1437, Slot S-295 · Little Rock, AR 72203-1437
501-682-8368 · Fax: 501-682-2480

TO: Arkansas Medicaid Health Care Providers – All Providers

DATE: January 1, 2013

SUBJECT: Provider Manual Update Transmittal EPISODE-1-12

PROPOSED

REMOVE Section	Date	INSERT Section	Date
____	____	213.000	1-1-13
____	____	213.100	1-1-13
____	____	213.200	1-1-13
____	____	213.300	1-1-13
____	____	213.400	1-1-13
____	____	213.500	1-1-13
____	____	213.600	1-1-13
____	____	213.700	1-1-13
____	____	214.000	1-1-13
____	____	214.100	1-1-13
____	____	214.200	1-1-13
____	____	214.300	1-1-13
____	____	214.400	1-1-13
____	____	214.500	1-1-13
____	____	214.600	1-1-13
____	____	214.700	1-1-13

Explanation of Updates

Sections 213.000, 213.100, 213.200, 213.300, 213.400, 213.500, 213.600, and 213.700 are new sections with information pertaining to the Congestive Heart Failure (CHF) episode of care.

Sections 214.000, 214.100, 214.200, 214.300, 214.400, 214.500, 214.600, and 214.700 are new sections with information pertaining to the Total Joint Replacement episode of care.

The paper version of this update transmittal includes revised pages that may be filed in your provider manual. See Section I for instructions on updating the paper version of the manual. For electronic versions, these changes have already been incorporated.

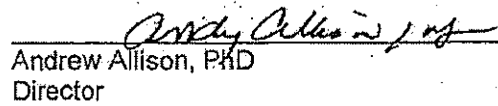
If you have questions regarding this transmittal, please contact the Arkansas Payment Improvement Initiative Center at 1-866-322-4696 (Toll-Free) within Arkansas or locally and Out-of-State at (501) 301-8311.

If you need this material in an alternative format, such as large print, please contact our Americans with Disabilities Act Coordinator at 501-682-6453 (Local); 1-800-482-5850, extension 2-6453 (Toll-

Free) or to obtain access to these numbers through voice relay, 1-800-877-8973 (TTY Hearing Impaired).

Arkansas Medicaid provider manuals (including update transmittals), official notices, notices of rule making and remittance advice (RA) messages are available for downloading from the Arkansas Medicaid website: www.medicaid.state.ar.us.

Thank you for your participation in the Arkansas Medicaid Program.



Andrew Allison, PhD
Director

PROPOSED

TOC Required

213.000 CONGESTIVE HEART FAILURE (CHF) EPISODES

213.100 Episode Definition/Scope of Services 1-1-13

A. *Episode subtypes:* There are no subtypes for this episode type.

B. *Episode trigger:* Inpatient admission with a primary diagnosis code for heart failure

C. *Episode duration:* Episodes begin at inpatient admission for heart failure. Episodes end at the latter of 30 days after the date of discharge for the triggering admission or the date of discharge for any inpatient readmission initiated within 30 days of the initial discharge. Episodes shall not exceed 45 days post-discharge from the triggering admission.

D. *Episode services:* The episode will include all of the following services rendered within the episode's duration:

1. Inpatient facility and professional fees for the initial hospitalization and for all cause readmissions
2. Emergency or observation care
3. Home health services
4. Skilled nursing facility care due to acute exacerbation of CHF (services not included in episode for patients with SNF care in 30 days prior to episode start)
5. Durable medical equipment

PROPOSED

213.200 Principal Accountable Provider 1-1-13

The Principal Accountable Provider (PAP) for an episode is the admitting hospital for the trigger hospitalization.

213.300 Exclusions 1-1-13

Episodes meeting one or more of the following criteria will be excluded:

A. Beneficiaries do not have continuous Medicaid enrollment for the duration of the episode

B. Beneficiaries under the age of 18 at the time of admission

C. Beneficiaries with any cause inpatient stay in the 30 days prior to the triggering admission

D. Beneficiaries with any of the following comorbidities diagnosed in the period beginning 365 days before the episode start date and concluding on the episode end date: 1) End-Stage Renal Disease; 2) organ transplants; 3) pregnancy; 4) mechanical or left ventricular assist device (LVAD); 5) intra-aortic balloon pump (IABP)

E. Beneficiaries with diagnoses for malignant cancers in the period beginning 365 days before the episode start date and concluding on the episode end date. The following types of cancers will not be criteria for episode exclusion: colon, rectum, skin, female breast, cervix uteri, body of uterus, prostate, testes, bladder, lymph nodes, lymphoid leukemia, monocytic leukemia

F. Beneficiaries who received a pacemaker or cardiac defibrillator in 6 months prior to the start of the episode or during the episode

G. Beneficiaries with any of the following statuses upon discharge: 1) transferred to acute care or inpatient psych facility; 2) left against medical advice; 3) expired

213.400 Adjustments 1-1-13

No adjustments are included in this episode type.

213.500 Quality Measures 1-1-13

A. *Quality measures "to pass":*

1. Percent of patients with LVSD who are prescribed an ACEI or ARB at hospital discharge – must meet minimum threshold of 85%.

B. *Quality measures "to track":*

1. Frequency of outpatient follow-ups within 7 and 14 days after discharge
2. For qualitative assessments of left ventricular ejection fraction (LVEF), proportion of patients matching: hyperdynamic, normal, mild dysfunction, moderate dysfunction, severe dysfunction
3. Average quantitative ejection fraction value
4. 30-day all cause readmission rate
5. 30-day heart failure readmission rate
6. 30-day outpatient observation care rate – utilization metric

The following quality measures require providers to submit data through the provider portal: qualitative assessment of LVEF, average quantitative ejection fraction value.

213.600 Thresholds for Incentive Payments 1-1-13

A. The acceptable threshold is $6,644.

B. The commendable threshold is $4,722.

C. The gain sharing limit is $3,263.

D. The gain sharing percentage is 50%.

E. The risk sharing percentage is 50%.

PROPOSED

213.700 Minimum Case Volume 1-1-13

The minimum case volume is 5 total cases per 12-month period.

214.000 TOTAL JOINT REPLACEMENT EPISODES

214.100 Episode Definition/Scope of Services 1-1-13

A. *Episode subtypes:* There are no subtypes for this episode type.

B. *Episode trigger:* A surgical procedure for total hip replacement or total knee replacement

C. *Episode duration:* Episodes begin 30 days prior to the date of admission for the inpatient hospitalization for the total joint replacement surgery and end 90 days after the date of discharge.

D. *Episode services:* The following services are included in the episode:

1. From 30 days prior to the date of admission to the date of the surgery: All evaluation and management, hip- or knee-related radiology and all labs/imaging/other outpatient services
2. During the triggering procedure: all medical, inpatient and outpatient services
3. From the date of the surgery to 30 days after the date of discharge: All cause readmissions, non-traumatic revisions, complications, all follow-up evaluation & management, all emergency services, all home health and therapy, hip/knee radiology and all labs/imaging/other outpatient procedures

4. From 31 days to 90 days after the date of discharge: Readmissions due to infections and complications as well as hip or knee-related follow-up evaluation and management, home health and therapy and labs/imaging/other outpatient procedures

214.200 Principal Accountable Provider — 1-1-13

For each episode, the Principal Accountable Provider (PAP) is the orthopedic surgeon performing the total joint replacement procedure.

PROPOSED

214.300 Exclusions — 1-1-13

Episodes meeting one or more of the following criteria will be excluded:

A. Beneficiaries who are under the age of 18 at the time of admission

B. Beneficiaries with the following comorbidities diagnosed in the period beginning 365 days before the episode start date and concluding on the date of admission for the joint replacement surgery: 1) select autoimmune diseases, 2) HIV, 3) End-Stage Renal Disease, 4) liver, kidney, heart, or lung transplants, 5) pregnancy, 6) sickle cell disease, 7) fractures, dislocations, open wounds, and/or trauma

C. Beneficiaries with any of the following statuses upon discharge: 1) left against medical advice, 2) expired during hospital stay

D. Beneficiaries who do not have continuous Medicaid enrollment for the duration of the episode

214.400 Adjustments — 1-1-13

For the purposes of determining a PAP's performance, the total reimbursement attributable to the PAP is adjusted for total joint replacement episodes involving a knee replacement to reflect that knee replacements have higher average costs than hip replacements. Over time, Medicaid may add or subtract risk or severity factors in line with new research and/or empirical evidence.

214.500 Quality Measures — 1-1-13

A. *Quality measures "to track":*

1. 30-day, all-cause readmission rate
2. Frequency of use of prophylaxis against post-op Deep Venous Thrombosis (DVT)/Pulmonary Embolism (PE) (pharmacologic or mechanical compression)
2. Frequency of post-op DVT/PE
3. 30-day wound infection rate

The following quality measures require providers to submit data through the provider portal: use of prophylaxis against post-op Deep Venous Thrombosis (DVT)/Pulmonary Embolism (PE); occurrence of post-op Deep Venous Thrombosis (DVT)/Pulmonary Embolism (PE)

214.600 Thresholds for Incentive Payments — 1-1-13

A. The acceptable threshold is $12,469.

B. The commendable threshold is $8,098.

C. The gain sharing limit is $5,249.

D. The gain sharing percentage is 50%.

E. The risk sharing percentage is 50%.

214.700 Minimum Case Volume 1-1-13

The minimum case volume is 5 total cases per 12-month period.

PROPOSED

1. Inpatient Hospital Services (continued)

A. INCENTIVES TO IMPROVE CARE QUALITY, EFFICIENCY, AND ECONOMY (CONTINUED)

V. APPLICATION: Complete details including technical information regarding specific quality and reporting metrics, performance thresholds and incentive adjustments are available in the Episodes of Care Medicaid Manual available at https://www.medicaid.state.ar.us/InternetSolution/Provider/docs/docs.aspx and also at the Arkansas Health Care Payment Improvement Initiative website at http://www.paymentinitiative.org/Pages/default.aspx.

Effective for dates of service on or after October 1, 2012, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Perinatal Care Episodes**

Effective for dates of service on or after January 1, 2013, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Congestive Heart Failure (CHF) Episodes**
(2) **Total Joint Replacement Episodes**

PROPOSED

2.a. Outpatient Hospital Services (continued)

A. INCENTIVES TO IMPROVE CARE QUALITY, EFFICIENCY, AND ECONOMY (CONTINUED)

V. APPLICATION: Complete details including technical information regarding specific quality and reporting metrics, performance thresholds and incentive adjustments are available in the Episodes of Care Medicaid Manual available at https://www.medicaid.state.ar.us/InternetSolution/Provider/docs/docs.aspx and also at the Arkansas Health Care Payment Improvement Initiative website at http://www.paymentinitiative.org/Pages/default.aspx.

Effective for dates of service on or after October 1, 2012, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Perinatal Care Episodes**

Effective for dates of service on or after January 1, 2013, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Congestive Heart Failure (CHF) Episodes**
(2) **Total Joint Replacement Episodes**

PROPOSED

5. Physicians' Services (continued)

A. INCENTIVES TO IMPROVE CARE QUALITY, EFFICIENCY, AND ECONOMY (CONTINUED)

V. APPLICATION: Complete details including technical information regarding specific quality and reporting metrics, performance thresholds and incentive adjustments are available in the Episodes of Care Medicaid Manual available at https://www.medicaid.state.ar.us/InternetSolution/Provider/docs/docs.aspx and also at the Arkansas Health Care Payment Improvement Initiative website at http://www.paymentinitiative.org/Pages/default.aspx.

Effective for dates of service on or after October 1, 2012, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

PROPOSED

(1) **Acute Ambulatory Upper Respiratory Infection (URI) Episodes**
(2) **Perinatal Care Episodes**
(3) **Attention Deficit Hyperactivity Disorder (ADHD) Episodes**

Effective for dates of service on or after January 1, 2013, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Congestive Heart Failure (CHF) Episodes**
(2) **Total Joint Replacement Episodes**

23. Any other medical care and any other type of remedial care recognized under State law, specified by the Secretary. (Continued)

e. Emergency Hospital Services (Continued)

PROPOSED

A. INCENTIVES TO IMPROVE CARE QUALITY, EFFICIENCY, AND ECONOMY (CONTINUED)

V. APPLICATION: Complete details including technical information regarding specific quality and reporting metrics, performance thresholds and incentive adjustments are available in the Episodes of Care Medicaid Manual available at https://www.medicaid.state.ar.us/InternetSolution/Provider/docs/docs.aspx and also at the Arkansas Health Care Payment Improvement Initiative website at http://www.paymentinitiative.org/Pages/default.aspx.

Effective for dates of service on or after October 1, 2012, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Perinatal Care Episodes**

Effective for dates of service on or after January 1, 2013, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Congestive Heart Failure (CHF) Episodes**

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23. Any other medical care and any other type of remedial care recognized under State law, specified by the Secretary. (Continued)

    f. Critical Access Hospitals (CAH) (continued)

PROPOSED

A. INCENTIVES TO IMPROVE CARE QUALITY, EFFICIENCY, AND ECONOMY (CONTINUED)

V. APPLICATION: Complete details including technical information regarding specific quality and reporting metrics, performance thresholds and incentive adjustments are available in the Episodes of Care Medicaid Manual available at https://www.medicaid.state.ar.us/InternetSolution/Provider/docs/docs.aspx and also at the Arkansas Health Care Payment Improvement Initiative website at http://www.paymentinitiative.org/Pages/default.aspx.

Effective for dates of service on or after October 1, 2012, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Perinatal Care Episodes**

Effective for dates of service on or after January 1, 2013, the defined scope of services within the following episode(s) of care are subject to incentive adjustments:

(1) **Congestive Heart Failure (CHF) Episodes**