

EXHIBIT H

DEPARTMENT OF HUMAN SERVICES, MEDICAL SERVICES

SUBJECT: EPISODE 3-14

DESCRIPTION: Effective October 1, 2014, Arkansas Medicaid proposes to adjust the thresholds for incentive payments for Perinatal Care episodes. The acceptable threshold for the Perinatal Care episodes will now be \$3,852 while the commendable threshold for the Perinatal Care episodes will now be \$3,245.

PUBLIC COMMENT: A public hearing was not held on this rule. The public comment period expired July 22, 2014. The Department received no public comments.

The proposed effective date for the final rule is October 1, 2014.

CONTROVERSY: This rule is expected to be controversial. While the episode based payment improvement initiative does not change current reimbursement, there is risk that providers could incur a negative incentive.

FINANCIAL IMPACT: The Medicaid Program projects program costs resulting from adjusting of thresholds in the Perinatal episodes in the following amounts: \$29,282 additional cost for the current fiscal year (\$8,694 in general revenue and \$20,588 in federal funds) and \$51,430 in savings for the next fiscal year (\$15,270 in savings in general revenue and \$36,160 savings in federal funds).

LEGAL AUTHORIZATION: Ark. Code Ann. § 20-76-201 authorizes the Department of Human Services to administer programs for the indigent and to "make rules and regulations" pertaining to the administration of those programs. Ark. Code Ann. § 20-77-107 specifically authorizes the Department to "establish and maintain an indigent medical care program."

Ark. Code Ann. § 25-10-129 directs the Department to promulgate rules to conform to federal law that affects "programs administered or funded by or through the department" as necessary to receive available federal funds.