

EXHIBIT K

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 Dawn Stehle
CONTACT PERSON Seth Blomeley
ADDRESS P.O. Box 1437, Slot S295, Little Rock, AR 72203
PHONE NO. 501-320-6425 FAX NO. 501-404-4619 E-MAIL seth.blomeley@dhs.arkansas.gov
NAME OF PRESENTER AT COMMITTEE MEETING Tami Harlan
PRESENTER E-MAIL tami.harlan@dhs.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
One Capitol Mall, 5th Floor
Little Rock, AR 72201

1. What is the short title of this rule? Episode of Care 3-16
2. What is the subject of the proposed rule? To add Uncomplicated Pediatric Pneumonia Episode of Care 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
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
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
If yes, please provide a brief summary explaining the regulation. _____

Does this repeal an existing rule? Yes No
If yes, a copy of the repealed rule is to be included with your completed questionnaire.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 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 the 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 Uncomplicated Pediatric Pneumonia Episodes of Care to both the Episodes of Care Medicaid manual and the Arkansas State Plan. Medicaid established a payment improvement initiative to incentivize improved care quality, efficiency and economy. The program uses Medicaid paid claims 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 to inform Arkansas Medicaid providers of the Arkansas Medicaid requirements for Uncomplicated Pediatric Pneumonia 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/general/comment/comment.aspx>

9. Will a public hearing be held on this proposed rule? Yes No

If yes, please complete the following:

Date: July 11, 2016

Time: 5:30 pm - 7:00 pm

Central Arkansas Library
Darragh Center Auditorium
100 Rock Street

Place: Little Rock, AR 72201

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)
July 26, 2016

11. What is the proposed effective date of this proposed rule? (Must provide a date.)
October 1, 2016

12. Do you expect this rule to be controversial? Yes No

While the Medicaid paid claims-based payment improvement initiative does not change current reimbursement processes, there is a risk that providers could incur a negative incentive payment that would require them to remit money back to Arkansas Medicaid.

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 David Walker
TELEPHONE NO. 320-6335 **FAX NO.** 501-404-4619 **EMAIL:** David.Walker@dhs.arkansas.gov

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

SHORT TITLE OF THIS RULE Episode of Care 3-16 - Uncomplicated Pediatric Pneumonia

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

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

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

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

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

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

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

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

Current Fiscal Year

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____

Other (Identify) _____

Other (Identify) _____

Total _____

Total _____

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

Current Fiscal Year

Next Fiscal Year

General Revenue	(30,142.81)
Federal Funds	(71,075.48)
Cash Funds	_____
Special Revenue	_____
Other (Identify)	_____
Total	(101,218.29)

General Revenue	(40,328.36)
Federal Funds	(95,092.58)
Cash Funds	_____
Special Revenue	_____
Other (Identify)	_____
Total	(135,420.94)

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

Current Fiscal Year

Next Fiscal Year

\$ _____

\$ _____

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

Current Fiscal Year

Next Fiscal Year

\$ (30,142.81)

\$ (40,328.36)

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

Yes No

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

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and



Division of Medical Services
Program Development & Quality Assurance

P.O. Box 1437, Slot S295 · Little Rock, AR 72203-1437
501-320-6428 · Fax: 501-404-4619
TDD/TTY: 501-682-6789



TO: Arkansas Medicaid Health Care Providers – Episodes of Care
EFFECTIVE DATE: October 1, 2016
SUBJECT: Provider Manual Update Transmittal EPISODE-3-16-UPP

<u>REMOVE</u>		<u>INSERT</u>	
Section	Effective Date	Section	Effective Date
—	—	225.000	10-1-16
—	—	225.100	10-1-16
—	—	225.200	10-1-16
—	—	225.300	10-1-16
—	—	225.400	10-1-16
—	—	225.500	10-1-16
—	—	225.600	10-1-16
—	—	225.700	10-1-16

PROPOSED

Explanation of Updates

Sections 225.000, 225.100, 225.200, 225.300, 225.400, 225.500, 225.600 and 225.700 are added to provide information pertaining to the uncomplicated pediatric pneumonia (UPP) 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 the Program Development and Quality Assurance Unit at (501) 320-6429.

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.


Dawn Stehle
Director

TOC required

225.000 UNCOMPLICATED PEDIATRIC PNEUMONIA (UPP) EPISODES

225.100 Episode Definition/Scope of Services 10-1-16

A. Episode subtypes:

There are no subtypes for this episode type

B. Episode trigger:

Episode is triggered by an emergency department (ED) visit or inpatient hospital stay where the primary diagnosis is pneumonia.

C. Episode duration:

Episode begins on the date of admission to the ED or inpatient facility and ends 30 days after discharge from facility.

D. Episode services:

The following services are included in the episode:

1. During the trigger event: all diagnostic and treatment services beginning with, and during, the ED and/or inpatient hospitalization, with primary diagnoses indicating pneumonia
2. Hospital readmission based on these criteria:
 - a. All cause readmissions from facility discharge day 1 through day 3
 - b. Relevant complications from day 4 through day 30
3. Within 30 days post-discharge: related services (i.e., outpatient facility services, professional services, related medications, treatment for complications)

PROPOSED

225.200 Principal Accountable Provider 10-1-16

For each episode, the Principal Accountable Provider (PAP) is the ED or inpatient facility where the pneumonia is diagnosed.

225.300 Exclusions 10-1-16

Global exclusions from Section 200.300 are applied to this episode.

Episode specific exclusions:

- A. Beneficiaries who are less than the age of 6 months or greater than the age of 12 years on the date of the trigger
- B. Beneficiaries with extraordinarily high- or low-cost episodes
- C. Beneficiaries with one or more of the following comorbidities within 365 days prior to the pneumonia:
 1. Hospital acquired pneumonia
 2. Ventilator acquired pneumonia
 3. Clinically pertinent structural and lung disorders
 4. Clinically pertinent respiratory disorders

5. Clinically pertinent immune disorders
6. Sickle cell anemia
7. Multiple sclerosis
8. Plegias
9. Clinically pertinent congenital anomalies
10. Coma
11. Tracheostomy status
12. HIV

225.400 Adjustments 10-1-16

For the purpose of determining a PAP's performance, the total reimbursement attributable to the PAP is risk-adjusted for uncomplicated pediatric pneumonia episodes in which patients have comorbidities, including the following related health conditions:

- A. Asthma
- B. Lung disorders
- C. Recurrent pneumonia
- D. Respiratory disorders

PROPOSED

225.500 Quality Measures 10-1-16

- A. *Quality measures "to pass"*:
 1. Rate of chest imaging with a passing rate of at least 75%
- B. *Quality measures "to track"*:
 1. Use of inappropriate antibiotics in children ages 6 months through 4 years of age

225.600 Thresholds for Incentive Payments 10-1-16

- A. The acceptable threshold is \$ 837.00.
- B. The commendable threshold is \$539.00.
- C. The gain sharing limit is \$144.00.
- D. The gain sharing percentage is 50%.
- E. The risk sharing percentage is 50%.

225.700 Minimum Case Volume 10-1-16

The minimum case volume is 5 valid episodes per 12-month performance period.

TOC required

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