

# EXHIBIT I

## DEPARTMENT OF HUMAN SERVICES, MEDICAL SERVICES

**SUBJECT:** Arkansas Medicaid State Plan Amendment #2010-005; Levonorgestrel-Releasing Intrauterine Contraceptive System (Mirena)

**DESCRIPTION:** DHS will increase the Medicaid maximum reimbursement rate for hormone producing intrauterine devices effective for claims with dates of service occurring on or after July 1, 2010. The rate is increased to ensure availability of this type of IUD for Arkansas Medicaid beneficiaries.

**PUBLIC COMMENT:** No public hearing was held. The public comment period expired on July 27, 2010.

One comment was received regarding this rule. Dr. John Baka, Obstetrics and Gynecology, Benton, AR, commented that the Family Planning increase proposal for Levonorgestrel-Releasing Intrauterine Contraceptive System (Mirena) is much needed.

The proposed effective date is October 1, 2010.

**CONTROVERSY:** This is not expected to be controversial.

**FINANCIAL IMPACT:** The estimated cost to implement this rule is \$305,712 for the current fiscal year (2010-2011) of which \$30,571 is the state share and \$275,141 is the federal share. For the next fiscal year (2011-2012), the total estimated cost is \$305,712 of which \$30,571 is the state share and \$275,141 is the federal share.

### **Economic Impact Statement**

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.

Medical providers who provide family planning services.

2. A description of how small business will be adversely affected. Medical providers will not be adversely affected but will in fact be reimbursed an increased reimbursement rate for this IUD (old rate = \$448.29, new rate = 703.305. The new rate will cover the current cost of the IUD.

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 cost associated with compliance. It is projected that the affected medical providers of this IUD will receive an additional \$306,000 annually in Medicaid compensation for providing this IUD.

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 that an additional \$306,000 annually will be paid to Medicaid providers.

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. N/A

6. A comparison of the proposed rule with federal and state counterparts. N/A

**LEGAL AUTHORIZATION:** Arkansas Code § 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. Arkansas Code § 20-77-107 specifically authorizes the department to "establish and maintain an indigent medical care program."

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

Revised: July 1, 2010

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4.c. Family Planning Services

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

1. The Title XIX (Medicaid) maximum for Family Planning services is 100% of the current physician Medicaid maximum.

At the beginning of each calendar year, the State Agency will negotiate with the affected provider group representatives to arrive at a mutually acceptable increase or decrease from the maximum rate. Market forces, such as private insurance rate, medical and general inflation figures, changes in practice costs and changes in program requirements, will be considered during the negotiation process. Any agreed upon increase or decrease will be implemented at the beginning of the following State Fiscal Year, July 1, with any appropriate State Plan changes.

2. **Intrauterine Devices (IUDs)**

Reimbursement for the intrauterine device (IUD) is based on 100% of the manufacturer's list price as of July 1, 2003. **Effective for claims with dates of service July 1, 2010 and after, the levonorgestrel releasing IUD is reimbursed based on 100% of the manufacturer's list price as of May 5, 2010.**