

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER:  2009-011	2. STATE  ARKANSAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE  July 1, 2009	
5. TYPE OF PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  447.321		7. FEDERAL BUDGET IMPACT: a. FFY 2009 \$ 0 b. FFY 2010 \$ 39,570,000	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 3.1-A, Page 1c Attachment 3.1-B, Page 2c Attachment 4.19-B Page 1a and 1aa		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Same, Approved 8-8-03, TN 03-07 Same, Approved 8-8-03, TN 03-07 Same, Approved 4-1-03, TN 03-01	
10. SUBJECT OF AMENDMENT:  The Arkansas Title XIX State Plan has been amended to identify a new outpatient access payment.			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE: [Redacted]		16. RETURN TO:  Division of Medical Services PO Box 1437, Slot S295 Little Rock, AR 72203-1437  Attention: Carolyn Patrick	
13. TYPED NAME: Mike R. Jeffus			
14. TITLE: Director, Division of Medical Services			
15. DATE SUBMITTED: May 8, 2009			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 11 May, 2009		18. DATE APPROVED: 19 December, 2009	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 July, 2009		20. [Redacted]:	
21. TYPED NAME: Bill Brooks		22. TITLE: Associate Regional Administrator Div of Medicaid & Children's Health	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 3.1-A  
Page 1c

AMOUNT, DURATION AND SCOPE OF  
SERVICES PROVIDED

Revised: July 1, 2009

CATEGORICALLY NEEDY

2.a. Outpatient Hospital Services (Continued)

Outpatient Surgical Procedures

Coverage of outpatient surgical procedures are limited to procedures which the Arkansas Medicaid Program has determined to be safe and effective when performed on an outpatient basis.

Since outpatient surgical procedures are limited to approved **medically necessary** services, no additional benefit limitations are imposed.

Treatment/Therapy Services

The covered outpatient hospital treatment/therapy services include, but are not limited to the following:

- Dialysis
- Radiation therapy
- Chemotherapy administration
- Physical therapy
- Occupational therapy
- Speech therapy
- Respiratory therapy
- Factor 8 injections
- Burn therapy

Treatment/therapy services are included in the outpatient hospital services limit of twelve (12) visits per State Fiscal Year.

SUPERSEDES: TN- 03-07

STATE <u>Arkansas</u>	A
DATE REC'D <u>5-11-09</u>	
DATE APPV'D <u>12-14-09</u>	
DATE EFF <u>7-1-09</u>	
HCFA 179 <u>09-11</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 3.1-B  
Page 2c

AMOUNT, DURATION AND SCOPE OF  
SERVICES PROVIDED

Revised: July 1, 2009

MEDICALLY NEEDY

2.a. Outpatient Hospital Services (Continued)

Outpatient Surgical Procedures

Coverage of outpatient surgical procedures are limited to procedures which the Arkansas Medicaid Program has determined to be safe and effective when performed on an outpatient basis.

Since outpatient surgical procedures are limited to approved **medically necessary** services, no additional benefit limitations are imposed.

Treatment/Therapy Services

The covered outpatient hospital treatment/therapy services include, but are not limited to the following:

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Treatment/therapy services are included in the outpatient hospital services limit of twelve (12) visits per State Fiscal Year.

SUPERSEDES: TN- 03-07

STATE <u>Arkansas</u>	A
DATE REC'D <u>5-11-09</u>	
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HCFA 179 <u>09-11</u>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 4.19-B  
Page 1aa

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

Revised: July 1, 2009

2. a. Outpatient Hospital Services (continued)

(3) Arkansas State Operated Teaching Hospitals

Effective for cost reporting periods June 30, 2000 or after, outpatient hospital services provided at an Arkansas State Operated Teaching Hospital will be reimbursed based on reasonable costs with interim payments in accordance with 2.a.(1) and a year-end cost settlement.

Arkansas Medicaid will use the lesser of the reasonable costs or customary charges to establish cost settlements. Except for graduate medical education costs, the cost settlements will be calculated using the methods and standards used by the Medicare Program. Graduate medical education costs are reimbursed as described in Attachment 4.19-A, Page 8a for inpatient hospital services.

(4) Augmentative Communication Device Evaluation

Effective for dates of service on or after September 1, 1999, reimbursement for an Augmentative Communication Device Evaluation is based on the lesser of the provider's actual charge for the service or the Title XIX (Medicaid) maximum. The XIX (Medicaid) maximum is based on the current hourly rate for both discipline of therapy involved in the evaluation process. The Medicaid maximum for speech therapy is \$ 25.36 per (20 mins.) unit x's 3 units per date of service (DOS) and occupational therapy is \$ 18.22 per (15 mins.) unit x's 4 per DOS equals a total of \$ 148.96 per hour. Two (2) hours per DOS is allowed. This would provide a maximum reimbursement rate DOS of \$ 297.92.

(5) Outpatient/Clinic-Indian Health Services

Effective for dates of service on or after November 1, 2002 covered outpatient/clinic services provided by Indian Health Services (IHS) and Tribal 638 Health Facilities will be reimbursed the HIS outpatient/clinic rate published by the Office of Management and Budget (OMB). Covered HIS outpatient/clinic services include only those services that are covered under other Arkansas Medicaid Programs. This rate is an all inclusive rate with no year-end cost settlement. The initial rate is the published HIS outpatient rate for calendar year 2002. The rate will be adjusted to the OMB published rate annually or for any other period identified by OMB.

SUPERSEDES: IN- 03-01

STATE <u>Arkansas</u>	A
DATE REC'D <u>5-11-09</u>	
DATE APPV'D <u>12-14-09</u>	
DATE EFF <u>7-1-09</u>	
HCFA 179 <u>09-11</u>	

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

Revised: July 1, 2009

2.a. Outpatient Hospital Services (continued)

**Outpatient Hospital Access Payments**

Effective for services provided on or after July 1, 2009, all privately operated hospitals within the State of Arkansas except for rehabilitative hospitals and specialty hospitals as defined in Arkansas Code Ann. § 20-77-1901 (7) (D) and (E) shall be eligible to receive outpatient hospital access payments. The outpatient hospital access payments are considered supplemental payments and do not replace any currently authorized Medicaid outpatient hospital payments. The outpatient hospital access payments shall be determined on the basis of cost and calculated as follows:

1. For each rate year the state shall identify, on the basis of paid claims adjudicated through the State's MMIS, reimbursement for outpatient hospital services that were delivered by the private hospitals eligible for this supplemental payment.
2. The state shall estimate the amount of cost for the same dates of service identified in step one using Medicare cost principles consistent with the upper payment limit (UPL) requirements set forth in 42 CFR 447.321. The State will utilize cost data in a manner approved by CMS.
3. The maximum allowable aggregate Medicaid outpatient hospital access payment for private hospitals shall not exceed the difference between the results of step one (Medicaid based payment) and results of step two (Medicaid outpatient hospital services cost).
4. The maximum allowable aggregate Medicaid outpatient hospital access payment for private hospitals identified in step three shall be divided by the total Medicaid outpatient hospital services base payment for eligible hospitals identified in step one to arrive at an adjustment percentage. This percentage will be calculated annually.
5. Each eligible hospital's outpatient hospital access payment shall be determined by multiplying the Medicaid outpatient hospital services payment identified in step one by the adjustment factor determined in step four. The current year's adjustment will be based on cost data from the most recently audited fiscal year for which there is complete data. In this manner, the State will make supplemental payment to eligible hospitals for current year Medicaid utilization.

Outpatient hospital access payments shall be paid on a quarterly basis.

For hospitals that, for the most recently audited cost report period filed a partial year cost report, such partial year cost report data shall be annualized to determine their outpatient access payment; provided that such hospital was licensed and providing services throughout the entire cost report period. Hospitals with partial year cost reports that were not licensed and providing services throughout the entire cost report period shall receive pro-rated adjustments based on the partial year data.

(2) Pediatric Hospitals

Effective for claims with dates of service on or after April 1, 1992, outpatient hospital facility services provided at a pediatric hospital will be reimbursed based on reasonable costs with interim payments and a year-end cost settlement. **The State will utilize cost data in a manner approved by CMS consistent with the method used for identifying cost for the private hospital access payments.**

Arkansas Medicaid will use the lesser of the reasonable costs or customary charges to establish cost settlements. Except for graduate medical education costs, the cost settlements will be calculated using the methods and standards used by the Medicare Program. Graduate medical education costs are reimbursed based on Medicare cost rules in effect prior to the September 29, 1989, rule change.

(over)

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1301 Young Street, Room 833  
Dallas, Texas 75202



**Division of Medicaid & Children's Health, Region VI**

December 14, 2009

Our Reference: SPA AR 09-11

Mr. Roy Jeffus, Director  
Division of Medical Services  
Arkansas Department of Human Services  
Post Office Box 1437  
Little Rock, Arkansas 72203-1437

Dear Mr. Jeffus:

We have reviewed the State's proposed amendment to the Arkansas State Plan submitted under Transmittal Number 09-11 dated May 8, 2009. This amendment provides that all privately operated hospitals within the State of Arkansas except for rehabilitative hospitals and specialty hospitals shall be eligible to receive outpatient hospital access payments.

Based on the information submitted, we have approved the amendment for incorporation into the official Arkansas State Plan with an effective date of July 1, 2009. Enclosed is a copy of the signed CMS-179 and approved plan page(s).

If you have any questions, please contact Scott Harper at (214) 767-6564.

Sincerely,

A large black rectangular redaction box covering the signature of Bill Brooks.

Bill Brooks  
Associate Regional Administrator

Enclosures

**Marks, Marsha L. (CMS/SC)**

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**From:** Marks, Marsha L. (CMS/SC)  
**Sent:** Thursday, January 21, 2010 1:39 PM  
**To:** CMS CMSO\_508\_SPA  
**Cc:** Harper, Scott S. (CMS/SC); Cieslicki, Mary E. (CMS/CMSO); Ross, Mark S. (CMS/CMSO); Jackson, Teresa K. (CMS/CMCHO); Cano, Margaret R. (CMS/SC)  
**Subject:** Approval Pkg for AR 09-11  
**Attachments:** AR-09-11 approval letter.doc; Final Approval Pkg for 09-11.pdf

See Attached.

State: Arkansas

**Brief Description:** This amendment provides that all privately operated outpatient hospitals within the State of Arkansas except for rehabilitative hospitals and specialty hospitals shall be hospitals shall be eligible to receive outpatient hospital access payments. They are considered supplemental payments and do not replace any current currently authorized Medicaid outpatient hospital payments. The State demonstrated the outpatient hospital services UPL and that provider assessment, funding the non-Federal share of payment is acceptable.

**Approval Date:** 19 December, 2009

**Effective Date:** 1 July, 2009

**Marsha Marks** // Dept of Health & Human Services // Centers for Medicare & Medicaid Services // Dallas Regional Office // Division of Medicaid & Children's Health // Dallas Texas 75202 // 214-767-6280 // Fax 214-767-0322 // [marsha.marks@cms.hhs.gov](mailto:marsha.marks@cms.hhs.gov)