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State/Territory Name: Arkansas

State Plan Amendment (SPA) #: 20-0007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

June 18, 2020

Ms. Dawn Stehle
Deputy Director for Health and Medicaid Director
Arkansas Department of Human Services
112 West 8th Street, Slot S401
Little Rock, Arkansas 72201-4608

RE: Arkansas TN 20-0007

Dear Ms. Stehle:

We have reviewed the proposed Arkansas State Plan Amendment (SPA) to Attachment 4.19-B AR#20-0007, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on March 25, 2020. The State submitted this SPA to adjust the Durable Medical Equipment (DME) rates to comply with Section 1903(i)(27) of the Social Security Act (SSA).

Based upon the information provided by the State, we have approved the amendment with an effective date of April 1, 2020. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Tamara Sampson at 214-767-6431 or Tamara.Sampson@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 0 — 0 0 0 7

2. STATE

Arkansas

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
April 01, 2020

5. TYPE OF PLAN MATERIAL (Check One)

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION

42 USCS § 1396b

7. FEDERAL BUDGET IMPACT

a. FFY 2020 \$ (1,807,886)
b. FFY 2021 \$ (3,625,897)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B, page 2e

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Same, Approved 04/15/02, TN AR 02-09

10. SUBJECT OF AMENDMENT

Effective for dates of service occurring on or after April 1, 2020, the AR DHS/DMS will adjust the Medicaid maximum unit reimbursement rate for DME codes, subject to Section 1903(i)(27) of the SSA. DMS revises the Arkansas Medicaid State Plan to comply with the Social Security Act, as described in the State Medicaid Director (SMD) Letter 18-001.

11. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME
Janet Mann

14. TITLE
Director, Division of Medical Services

15. DATE SUBMITTED
3/25/2020

16. RETURN TO

Office of Rules Promulgation
PO Box 1437, Slot S295
Little Rock, AR 72203-1437

Attn: Alexandra Rouse

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED
6/18/2020

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
4/1/2020

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME
Todd McMillion

22. TITLE
Director, Division of Reimbursement Review

23. REMARKS

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

April 1, 2020

7. Home Health Services (Continued)

c. Medical Supplies, Equipment and Appliances Suitable for Use in the Home (continued)

- (2) Durable Medical Equipment (DME) - Reimbursement is based on amount billed not to exceed the Title XIX maximum.

Effective for claims with dates of service on or after April 1, 2020, the reimbursement rate maximums for codes subject to Section 1903(i)(27) of the Social Security Act will be set annually at the January 1 Medicare non-rural rate for the State of Arkansas. All rates are published on the agency's website (<http://medicaid.mmis.arkansas.gov/>). Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

For all other DME claims not covered by Section 1903(i)(27) of the Social Security Act, rates will be set as follows.

Purchase: The Title XIX maximum for new equipment is based on Medicare's 1990 DME Fee Schedule. For those items which Medicare did not have a rate, the lowest manufacturer cost plus 10% was used. Arkansas Medicaid is following Medicare's policy of purchasing any item that costs \$150.00 or less.

Rental or Capped Rental: Capped Rental equipment may not be rented for more than 455 consecutive days. The reimbursement rates for capped rental items will be established by dividing the purchase price by 455 days to arrive at a daily rental rate. Once the 455 day rental maximum is reached, Arkansas Medicaid will cease to pay rent on the equipment, however the equipment will remain in the recipient's home as long as determined medically necessary by the recipient's physician. The equipment will remain the property of the DME company.

A provider may bill for maintenance. However, this maintenance fee may not be billed until either 182 days have elapsed after the 455 day rental period or 182 days have elapsed from the end of the period the item is no longer covered under the suppliers or manufacturer's warranty, whichever is later. Maintenance will continue to be paid at six-month intervals if equipment is determined to be medically necessary. Reimbursement of the maintenance is the lesser of the amount billed or the Title XIX maximum. The Title XIX maximum was established by arraying all the Title XIX monthly maximums for capped rental items and utilizing the 50th percentile.

For those items which are rental only, the Medicare 1990 DME Fee Schedule monthly rental rate was used to calculate the Medicaid daily rental rate. The Medicare monthly rental rate was multiplied by 12 to determine the one-year rental amount and divided by 365 to arrive at the Medicaid daily rental amount.