

Justification for State Plan Amendment 12-003B: Changing Reimbursement to I.H.S. and 638s

State Plan Amendment (SPA) 12-003B is an effort to address inequities in reimbursement for IHS/638 providers in Arizona. Many Arizona facilities offer higher levels of care than other IHS/638 facilities across the country. Often, the All Inclusive Rate (AIR) does not cover the cost of providing that care. In other cases, the AIR clearly overpays for the service being provided. This SPA seeks to permit the State to reimburse IHS/638 facilities on a fee schedule rate rather than the AIR for selected services below.

Wound Care Technologies

Wound care technologies are currently reimbursed at the All Inclusive Rate of \$316.00. Non-IHS/638 FFS providers are reimbursed at the AHCCCS fee schedule rate. A non-IHS/638 provider would typically be reimbursed \$67 per visit (1 hour) in addition to dressing changes could be an average of an additional \$470.00 per week. The frequency of visits and additional supplies could vary depending on the complexity of the wound. For a typical case, the cost of offering wound care services is \$____, clearly higher than the AIR.

Ambulatory Surgery Center (ASC)

The State is seeking to reimburse ASCs at the AHCCCS ASC rate. Surgical procedures covered in an ASC are more costly than the existing AIR of \$316.00. If these services were reimbursed at the AIR, all facilities performing these services would lose money on each procedure. For example, the cost of _____ provided at an IHS/638 facility is approximately \$____, clearly higher than the AIR.

Non-Emergency Medical Transportation (NEMT)

The FFS rate for NEMT reimbursement includes a base rate and mileage. The AIR is not appropriate reimbursement for this service as AHCCCS currently allows \$1.28 per mile plus a base of \$6.64. Services would be overpaid using the AIR rate of \$316.00 per day.

Pharmacy

Pharmacy reimbursement is currently at the AIR rate and should remain at this rate the payment is for the face to face counseling services. Additional medication charges are not separately reimbursed.

Durable Medical Equipment (DME)

The State proposes to reimburse DME at the AHCCCS FFS rate. DME services can be costly, especially when certain higher cost items are needed. The FFS rate is the most appropriate method of reimbursement. For instance, _____ costs \$____ to provide and the AIR is clearly insufficient to cover this cost.

Dialysis

Dialysis services should be reimbursed at the AHCCCS Composite rate. These services, when reimbursed at the composite rate per month vary between \$3900.00 and \$6600. The AIR would not cover the costs of facilities performing these services. Dialysis is a critical service for our Native American members.

Skilled Nursing Facilities (SNF)

Skilled Nursing services are reimbursed at the AHCCCS SNF rate based on level of care. Additionally, professional, pharmacy and DME services are reimbursed separately from the existing SNF rate. The AIR does not include the cost of SNFs and the State believes the AHCCCS rate should be used.

Level III behavioral Health Residential services

Level III behavioral Health Residential services are currently paid at the FFS rate. Due to the level and types of services performed at these facilities, such as counseling, reimbursement at the AIR would be much greater than the cost of the service. Therefore, the SPA proposes to use the FFS rate.

Case Management

Behavioral health case management is reimbursed at the AHCCCS FFS rate – between \$16.76 and \$32.00 based on the provider type and whether the services are performed in the facility or the patient's home. For residential treatment centers reimbursed at the BHS rate, the existing AIR would not cover the costs of providing these services; additionally, professional services are reimbursed at the FFS rate.

Home Health Agency

The SPA proposes to reimburse home health agency services provided by a non-RN, PA or NP at the AHCCCS FFS rate. In addition, the SPA proposes to reimburse services by a home health agency when services are provided by an RN, PA or NP at the AIR. The discussion surrounding this item was that services provided by a higher skill set should be reimbursed at the AIR rate. In this scenario all services provided by the RN, PA or NP for that day would be covered under one AIR.

Licensed Professional Services

The SPA proposes to reimburse licensed professional services billed independently at the AHCCCS FFS rate. These providers when billing independently would not incur the expense of operating within a facility.