**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

**TO: REGIONAL ADMINISTRATOR**

**HEALTH CARE FINANCING ADMINISTRATION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

1. **TRANSMITTAL NUMBER:** 2018-013
2. **STATE:** ARKANSAS
3. **PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDIACID)**
4. **PROPOSED EFFECTIVE DATE:** January 1, 2019

5. **TYPE OF PLAN MATERIAL (Check One):**
   - [ ] NEW STATE PLAN
   - [ ] AMENDMENT TO BE CONSIDERED AS NEW PLAN
   - [X] AMENDMENT

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

6. **FEDERAL STATUTE/REGULATION CITATION:** 1932(a)(1)(A)
7. **FEDERAL BUDGET IMPACT:**
   - a. FFY 2019 $ (8,170,346)
   - b. FFY 2020 $ (10,893,795)

8. **PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:**
   - Attachment 3.1-F, Pages 17-21
9. **PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):**
   - Same, Approved 01-30-14, TN 13-26

10. **SUBJECT OF AMENDMENT:** Make provider criteria changes to the PCMH providers, inclusive of enrollment, payments, shared savings, and incentive based payment methodology, and total cost of care.

11. **GOVERNOR'S REVIEW (Check One):**
   - [X] GOVERNOR'S OFFICE REPORTED NO COMMENT
   - [ ] COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
   - [ ] NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
   - [ ] OTHER, AS SPECIFIED:

12. **SIGNATURE OF STATE AGENCY OFFICIAL:**
13. **TYPED NAME:** Tami Harlan
14. **TITLE:** Director, Division of Medical Services
15. **DATE SUBMITTED:**

**FOR REGIONAL OFFICE USE ONLY**

16. **RETURN TO:** Division of Medical Services
   - PO Box 1437, Slot S295
   - Little Rock, AR 72203-1437
   - Attention: Dave Mills

17. **DATE RECEIVED:**
18. **DATE APPROVED:**

**PLAN APPROVED – ONE COPY ATTACHED**

19. **EFFECTIVE DATE OF APPROVED MATERIAL:**
20. **SIGNATURE OF REGIONAL OFFICIAL:**

21. **TYPED NAME:**
22. **TITLE:** Associate Regional Administrator

23. **REMARKS:**
Better able to improve the beneficiary’s quality of life by assisting them in self-managing their disease and in accessing regular preventative health care.

b. Arkansas Department of Human Services engages a network of credentialed primary care physicians to meet medical needs for enrolled beneficiaries. The PCMH provider is responsible for overall health care services for beneficiaries.

2. The payment method to the contracting entity will be:

- fee for service;
- capitation;
- a case management fee;
- a bonus/incentive payment;
- a supplemental payment, or
- other. (Please provide a description below).

DMS offers two types of payments to Arkansas Patient Centered Medical Homes (PCMHs): (1) care coordination payments and (2) performance based incentive payments.

The care coordination payment may be used by participating practices for care coordination efforts, whether these are executed by a vendor on behalf of the practice or directly by the practice. Care coordination payments are risk adjusted to account for the varying levels of care coordination services needed for patients with different risk profiles.

Performance based incentive payments are annual payments made to a PCMH for delivery of economic, efficient, and quality care.

Each year the PCMHs are assessed in cost utilization measures. Those PCMHs that fall into the negotiated threshold of cost utilization measures will be eligible for performance based incentive payments. Performance based incentive payments will be risk and time adjusted.

DMS will also select a yearly focus measure to reward top performing PCMHs. The focus measure will focus on an area in which the state performance is significantly lower than national average.

DMS has established top performance thresholds for utilization measures, as described in the DMS PCMH Provider Manual. These thresholds will help determine rewards for efficient, economic, and quality care.
DMS will:

- Provide CMS, at least annually, with data and reports supporting achievements in the goals of improving health, increasing quality and lowering the growth of health care costs.
- Provide CMS with updates, as conducted, to the state’s metrics.
- Review and renew the payment methodology as part of the evaluation.
- Make all necessary modifications to the methodology, including those determined based on the evaluation and program success, through State Plan Amendment submissions.

3. For states that pay a Primary Care Case Management (PCCM) on a fee-for-service basis, incentive payments are permitted as an enhancement to the PCCM’s case management fee, if certain conditions are met.

   If applicable to this state plan, place a check mark to affirm the state has met all of the following conditions (which are identical to the risk incentive rules for managed care contracts published in 42 CFR 438.6(c)(5)(iv)).

   ___i. Incentive payments to the PCCM will not exceed 5% of the total FFS payments for those services provided or authorized by the PCCM for the period covered.
   ___ii. Incentives will be based upon specific activities and targets.
   ___iii. Incentives will be based upon a fixed period of time.
   ___iv. Incentives will not be renewed automatically.
   ___v. Incentives will be made available to both public and private PCCMs.
   ___vi. Incentives will not be conditioned on intergovernmental transfer agreements.
   X vii. Not applicable to this 1932 state plan amendment.
4. Describe the public process utilized for both the design of the program and its initial implementation. In addition, describe what methods the state will use to ensure ongoing public involvement once the state plan program has been implemented.

The State established a website (www.paymentinitiative.org) to keep the public informed during the design of the PCMH program and provide current information on progress towards implementation. The website is a "one stop shop" for documents and information regarding PCMH and includes an email address for interested parties to send suggestions. The State also established a toll free number manned by service representatives to answer public/provider questions regarding the PCMH program. These service representatives triage and escalate as needed, and catalogue questions for changes to the technical design, operational processes, or communications.

The PCMH Provider Manual explaining the program in detail is posted on the website. Webinars on program overview, enrollment process, benefits and requirements are also posted on the website along with FAQs on relevant topics.

There is a state wide promulgation process including a 30 day public comment period, after which feedback is incorporated into the version that is submitted for State legislative approval.
Meaningful updates to the provider manual will be shared with CMS to enable continued collaboration and open lines of communication.

<table>
<thead>
<tr>
<th>Citation</th>
<th>Condition or Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1932(a)(1)(A)</td>
<td>5. The state plan program will ___ / will not X implement mandatory enrollment into managed care on a statewide basis. If not statewide, mandatory ___ / voluntary ___ enrollment will be implemented in the following counties:</td>
</tr>
<tr>
<td></td>
<td>i. county/county(ies) (mandatory) ___</td>
</tr>
<tr>
<td></td>
<td>ii. area/areas (mandatory) ___</td>
</tr>
<tr>
<td></td>
<td>iii. area/areas (voluntary) ___</td>
</tr>
</tbody>
</table>

C. State Assurances and Compliance with the Statute and Regulations.

If applicable to the state plan, place a check mark to affirm that compliance with the following statutes and regulations will be met.

<table>
<thead>
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</tr>
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<tbody>
<tr>
<td>1932(a)(1)(A)(i)(I) 1903(m)</td>
<td>1. ___ The state assures that all of the applicable requirements of section 1903(m) of the Act, for MCOs and MCO contracts will be met.</td>
</tr>
<tr>
<td>42 CFR 438.50(c)(1)</td>
<td></td>
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<tr>
<td>1932(a)(1)(A)(i)(I) 1905(i)</td>
<td>2. ___X The state assures that all the applicable requirements of section 1905(i) of the Act for PCCMs and PCCM contracts will be met.</td>
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<tr>
<td>42 CFR 438.50(c)(2) 1902(a)(23)(A)</td>
<td></td>
</tr>
<tr>
<td>1932(a)(1)(A)</td>
<td>3. ___ The state assures that all the applicable requirements of section 1932</td>
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