

DHS Responses to Public Comments Regarding Prosthetics Rate Review -State Plan Amendment (SPA) and Prosthetics Provider Manual

David Chandler, Senior Director of Payer Relations

American Association for Homecare

Comment: The American Association for Homecare (AAHomecare) is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. Generally, we do not support rate reductions below Medicare published rates by geographic region, especially in this current market environment. This is also a critical time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market due to (1) the current COVID-19 public health emergency (PHE), (2) the recall of a major manufacturer's enteral formulas, and (3) well-documented supply chain challenges. As is the case with most health care providers during the current pandemic, providers of enteral formulas have experienced significantly increased costs of doing business. Therefore, it is critically important that access is not further reduced or eliminated due to unsustainable rate reductions.

AAHomecare is the national association representing durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) suppliers, manufacturers, and other stakeholders in the homecare community. Our members are proud to be part of the continuum of care that assures that the families and individuals you cover receive cost effective, safe, and reliable homecare products and services. Our members supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), oxygen therapy, positive airway pressure devices, ventilator services, complex rehabilitation technology (CRT) and many other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, nursing homes and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care in the home. Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services in the home altogether. On behalf of our members who are providing enteral formula to patients in Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain-related cost increases.

As has been the case for other parts of the health care sector, the PHE has contributed to the substantial cost increases HME suppliers have incurred. Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with 30-day supply. The cost for personal protective equipment (PPE), vital to protecting patients and employees while providing services in a home-based setting, has also increased significantly. A tight job market has increased staffing costs; many suppliers have had to employ contract staffing and pay retention bonuses to keep existing employees, including Clinical Dietitians and Technicians who may provide direct patient care in the home.

In February 2022, a major formula manufacturer announced a voluntary recall and subsequently ceased production of formula in one of their plants in Michigan. The manufacturer produced a range of formulas, notably formulas used for infants and children with severe allergies, renal failure, intestinal failure, and various metabolic disorders. According to The American Journal of Clinical Nutrition, many

of these formulas had limited alternatives or a limited supply, which was rapidly depleted following a surge in demand. (1) This impacted the already strained supply chain and exacerbated shortages in the market.

Increased costs are impacting access to these products due to limited availability for raw materials and ingredients that manufacturers require to produce these formulas, along with product containers. The COVID-19 pandemic has also affected manufacturers' workforces and their ability to sustain unexpected increases in production due to a major enteral nutrition manufacturer's extended plant closure. (2) Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid.

With further rate reductions, it may become extremely difficult for suppliers to continue providing life-sustaining enteral nutrition and supplies to those who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. AAHomecare and our HME supplier members share your goal of providing quality and timely products and services to Medicaid recipients and improving patient outcomes while lowering overall health care expenses. Our members are happy to work with you to help determine optimal solutions for patients and HME providers alike. Please let us know if you would like further information about the current HME market situation. We are available to discuss and provide additional details as needed.

References:

(1) "Infant and child formula shortages: now is the time to prevent recurrences" – *American Journal of Clinical Nutrition* – May 17, 2022 – <https://academic.oup.com/ajcn/advance-article/doi/10.1093/ajcn/nqac149/6587046>

(2) "A break in the baby formula supply chain" – *Georgia Tech* – May, 27, 2022 <https://news.gatech.edu/news/2022/05/27/break-baby-formula-supply-chain>

Response: Enteral Products are not included these rate adjustments.

Robert Rankin, Executive Director

Healthcare Nutrition Council

Comment: The Healthcare Nutrition Council (HNC) is providing comments on the Prosthetics Rate Review and related rate reductions for enteral formula products. HNC is an association representing manufacturers (1) of enteral nutrition (EN) formulas and oral nutrition supplements (ONS), including those categorized as medical foods, and parenteral nutrition (PN). Our mission is to improve patient outcomes by advancing nutrition policies and actions that raise awareness and optimize access of essential nutrition support therapies across the continuum of care.

It is widely recognized that nutritional status plays a significant role in health outcomes and healthcare costs. Addressing malnutrition is essential to improving overall healthcare and may ultimately reduce the economic burden incurred when caring for the oldest and sickest Americans. Disease-related malnutrition can manifest in patients across all spectrums of body mass index, ranging from under to overweight individuals. Malnutrition often is associated with acute and chronic diseases and injury, such as cancer, stroke, infection, trauma, and surgical procedures. Large-scale studies have shown that as many as half of hospitalized patients and 35% to 85% of older age long-term care residents are undernourished.(2,3,4,5)

HNC is requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping, continue to impact patient access to these life-supporting nutrition formulas. Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services for patients who have no other nutrition alternatives.

As has been the case for other parts of the health care sector, cost increases have been exacerbated by the Public Health Emergency (PHE). Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with a 30-day supply. Increased costs are impacting access to these products due to limited availability of raw materials and ingredients that manufacturers require to produce these formulas, along with product containers. Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid. Our ultimate goal is to make sure patients continue to have access to nutrition products they need.

With further rate reductions, it may become extremely difficult for suppliers to continue to provide life-sustaining enteral nutrition and supplies to those who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care and place patients at nutrition risk.

To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. Malnutrition continues to be a crucial component in reducing hospital-acquired conditions, lowering healthcare costs and improving the health and well-being of vulnerable Medicare beneficiaries. HNC urges you to halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases. HNC stands ready to work with the Arkansas Division of Medical Services to address these policies as one means to improve the public health system. If you have any questions or would like additional information, please contact Justine Coffey, JD, LLM, Healthcare Nutrition Council, at jcoffey@healthcarenutrition.org or 202-207-1109.

References:

- 1 HNC members are Abbott Nutrition, Nestle Healthcare Nutrition, and Nutricia North America.
- 2 Robinson MK, Trujillo EB, Mogensen KM, et al: Improving nutritional screening of hospitalized patients: The role of prealbumin. *JPEN J Parenter Enteral Nutr.* 2003 27:389-395.
- 3 Chima CS, Barco K, Dewitt MLA, et al: Relationship of nutritional status to length of stay, hospital costs, discharge status of patients hospitalized in the medicine service. *J Am Diet Assoc* 1997 97:975-978.
- 4 Braunschweig C, Gomez S, Sheean PM: Impact of declines in nutritional status on outcomes in adult patients hospitalized for more than 7 days. *J Am Diet Assoc* 2000 100:1316-1322.
- 5 Crogan NL, Pasvogel A: The influence of protein-calorie malnutrition on quality of life in nursing homes. *J Gerontol A Biol Sci Med Sci* 2003 58A(2):159-164.

Response: Enteral Products are not included in these rate adjustments.

Billi Graham

Med South Medical Inc dba Family Choice Nutrition

Comment: Med South Medical Inc dba Family Choice Nutrition is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. This is a difficult time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market;

(1) the recall of a major manufacturer's enteral formulas

(2) the current COVID-19 Public Health Emergency

(3) the well-documented supply chain challenges

As is the case with most health care providers during the pandemic, providers of enteral formulas have experienced substantially increased costs of doing business. Consequently, it is crucial that access is not further reduced or eliminated due to unsustainable rate reductions.

Med South Medical Inc dba Family Choice Nutrition is part of the continuum of care that assures that families and individuals you cover receive cost effective, safe, and reliable homecare products and services. We supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products and services in the home all together. As a locally-owned business who provides enteral formula to patients throughout Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for Med South Medical Inc dba Family Choice Nutrition to continue providing life-sustaining enteral nutrition and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

Please let us know if you would like further information about the current DME market situation. We are available to discuss and provide additional details as needed.

Response: Enteral Products are not included in these rate adjustments.

Chuck Bari

Woodsprings Pharmacy and Home Medical

Comment: Woodsprings Pharmacy and Home Medical is writing to provide comment regarding the Prosthetics Rate

Review and related rate reductions for enteral formula products.

This is a difficult time for Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market;

(1) the recall of a major manufacturer's enteral formulas

(2) the current COVID-19 Public Health Emergency

(3) the well-documented supply chain challenges

As is the case with most health care providers during the pandemic, providers of enteral formulas have

experienced substantially increased costs of doing business. Consequently, it is crucial that access is not further reduced or eliminated due to unsustainable rate reductions.

Woodsprings Pharmacy and Home Medical is part of the continuum of care that assures that families and individuals you cover receive cost effective, safe, and reliable homecare products and services. We supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals, and other health care facilities to continue their care in the home setting. The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products

and services in the home all together. As a locally-owned business who provides enteral formula to patients throughout Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for Woodsprings Pharmacy and Home Medical to continue providing life-sustaining enteral nutrition and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access could lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

Please let us know if you would like further information about the current DME market situation. We are available to discuss and provide additional details as needed.

Response: Enteral Products are not included in these rate adjustments.

Michelle Brooks, Office Manager

Medical Solutions of Arkansas LLC

Comment: Medical Solutions of Arkansas LLC is writing to provide comment regarding the Prosthetics Rate Review and related rate reductions for enteral formula products. Medical Solutions is probably the largest incontinent and boost provider in Northeast Arkansas. We absolutely do not support rate reductions, and do not support rates below Medicare published rates especially in this current market environment.

As the office manager for Medical Solutions if these changes take place, it will no longer be viable for our company to offer these supplies and could potentially close our doors. I met with our vendor in person earlier this month and was informed of a blanket price increase to our account effective 11-1-22. There will be absolutely no way we can continue to operate with these proposed reimbursements. I strongly encourage you to reach out to the major vendors in this sector to confirm price increases are indeed actively taking place. This increase in cost and decrease in reimbursement poses a real threat to our company and employees alike. On the other hand, if Medicaid is moving toward no longer "wanting" to reimburse for these services please just let that be known to the public and beneficiaries vs masking this proposal as a decrease in reimbursement so we align with other states. What we need a true picture of the current situation (2022) and an increase in reimbursement.

Current reimbursement levels are no longer sustainable in today's market environment and any reduction to rates could eliminate access to vital products and services in the home all together.

On behalf of Medical Solutions of Arkansas and suppliers, homecare, and durable medical equipment companies who are providing enteral formula to patients in Arkansas, we are requesting that you halt any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

As we speak Vanilla Boost is on back order with an expected ETA of mid November.

As has been the case for other parts of the health care sector, the PHE has contributed to the substantial cost increases HME suppliers have incurred. Enteral equipment, formula, and supply acquisition costs have risen dramatically due to reduced product availability. In addition, supply chain disruptions now require additional deliveries and shipping to provide patients with 30-day supply. The cost for personal protective equipment (PPE), vital to protecting patients and employees while providing services in a home-based setting, has also increased significantly. A tight job market has increased staffing costs. We are currently working with just 3 employees in the office when we had 5!!

Increased costs are impacting access to these products due to limited availability for raw materials and ingredients that manufacturers require to produce these formulas, along with product packaging. The COVID-19 pandemic has also affected manufacturers' workforces and their ability to sustain unexpected increases in production. Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can pass along those added costs to the end user/consumer, enteral nutrition suppliers are limited to receiving fixed payment rates set by Arkansas Medicaid.

In the standard formula category, B4150, this proposal would trigger a 37.7% rate reduction to rates that are lower than the neighboring states Texas and Louisiana (see chart below). A disruption in access could lead to adverse health outcomes and increase overall cost of care. To mitigate enteral nutrition access issues, we ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the PHE and the global supply chain challenges.

Nutrition

HCPCS Code	AR Avg Rate	Payment Method	Medicare Avg Rate (AR region)	Medicare % Diff	LA Avg Rate	LA % Diff	TX Avg Rate	TX % Diff
B4160 [†]	\$1.07	Purchase			\$1.68	-57.0%	\$1.11	-3.7%
B4150 [†]	\$0.77	Purchase	\$0.48	37.7%	\$1.00	-29.9%	\$1.05	-36.4%
B4100	\$0.88	Purchase			\$0.93	-5.7%	\$0.72	18.2%
B4161 [†]	\$1.88	Purchase			\$2.84	-51.1%	\$2.93	-55.9%
Average				37.7%		-35.9%		-19.4%

[†] Arkansas Medicaid covers this code for beneficiaries <21 years only

MP = Manually priced

Nutritional status plays a significant role in health outcomes and healthcare costs. Addressing the nutritional needs of beneficiaries requiring enteral nutrition is essential to improving their overall healthcare and may ultimately reduce the economic burden incurred when caring for the AR Medicaid beneficiaries.

Aligning with the recently presented National Strategy from the White House Conference on Hunger, Nutrition and Health, we share the goal of maintaining access to quality and timely nutrition products and services to Medicaid recipients and improving patient outcomes while lowering overall health care expenses using nutrition. Our goal is to improve access, not decrease access with lower AR Medicaid rates, and promote nutrition and health by maintaining access to life-sustaining enteral nutrition which

can only occur if the rates are not so low that suppliers cannot continue to maintain access to these products for AR Medicaid beneficiaries.

A reduction in reimbursement will drastically cut and potentially eliminate access in our area as Medical Solutions would not be able to offer this product category.

Response: Enteral Products are not included in these rate adjustments.

Christy Banks, RD LD

Comment: My name is Christy Banks, Registered Dietitian and I am a tax-paying, law-abiding concerned citizen of Little Rock, AR. I'm writing with comments regarding the Prosthetics Rate Review and related rate reductions proposed for enteral formula products. From 2007 to 2014, I worked with cardiac and pre-term patients at Arkansas Children's Hospital. During that time, I observed on a first-hand basis just how vital access to adequate nutrition is to sustain life, improve quality of life, and support brain and muscle development. Children with sufficient intake of calories, protein and fat can thrive and often overcome their serious diagnosis with consistent availability of the prescribed formulas. This is a remarkably difficult time for Arkansas Medicaid recipients who may have difficulty accessing enteral formula products. There have been recent changes in the enteral formula market such as:

the recall of a major manufacturer's enteral formulas

the current COVID-19 Public Health Emergency

the well-documented supply chain challenges

As is the case with most health care providers during the pandemic, providers of enteral formulas have experienced substantially increased costs of doing business. Consequently, it is crucial that patient's access is not further reduced or eliminated due to unsustainable rate reductions.

Local DME and Home Infusion Companies are part of the continuum of care that assures that families and individuals covered by AR Medicaid receive cost effective, safe, and reliable homecare products and services. They supply home nutrition products (including tube feedings and primary or exclusive sources of nutrition), other medically necessary home medical equipment (HME) items and services that allow patients to be discharged from hospitals and other health care facilities to continue their care in the home setting.

The changes in availability of enteral nutrition formulas, combined with increased cost of goods, labor, and shipping continue to impact patient access to care at home. Current reimbursement levels are no longer sustainable in today's market and any reduction to rates could eliminate access to vital products and services in the home all together. On behalf of locally-owned businesses who provide enteral formula to patients throughout Arkansas, I am requesting that you cease any rate reductions for enteral formula and consider adjusting reimbursement to accommodate inflation, added costs of multiple shipments for a bulky heavy liquid nutrition product, and other supply chain cost increases.

With further rate reductions, it would become extremely difficult for DME and Home Infusion Companies to continue providing life-sustaining enteral nutrition and supplies to Arkansas Medicaid beneficiaries who need them to safely manage their medical conditions. A disruption in access would lead to adverse health outcomes and increase overall costs of care. To mitigate enteral nutrition access issues, I ask that Arkansas Medicaid halt any rate reductions. The current enteral nutrition market environment is severely strained due to the impacts of the pandemic, the major recall of formulas, and the global supply chain challenges.

AR Medicaid rates are considerably lower than rates in surrounding states, and are due for a market adjustment. For several special formulas the product costs more than the amount reimbursed by

Medicaid.

Nutrition

HCPCS Code	AR Avg Rate	Payment Method	Medicare Avg Rate (AR region)	Medicare % Diff	LA Avg Rate	LA % Diff	TX Avg Rate	TX % Diff
B4160*	\$1.07	Purchase			\$1.68	-57.0%	\$1.11	-3.7%
B4150*	\$0.77	Purchase	\$0.48	37.7%	\$1.00	-29.9%	\$1.05	-36.4%
B4161*	\$1.88	Purchase			\$2.84	-51.1%	\$2.93	-55.9%

Please contact me if you would like further information about the current DME market situation. I am available to discuss and provide additional details as needed.

Response: Enteral Products are not included in these rate adjustments.