**Specialized Formula and Associated Supplies Rate Change**

**Zoom Public Hearing (9/25/24 @ 10:00 AM CST)**

**Mac Golden:** Good morning, everyone, and welcome to a public hearing on a rule regarding Specialized Formula and Associated Supplies Rate Change. Anita Castleberry, the Division of Medical Services Business Operations Manager, will be announcing the notice of rulemaking. Then we will open the floor for public comments.

If you wish to make a public comment, please utilize the raise hand feature via zoom and then you will be recognized to give a public comment on the record. All official responses to public comments will appear on the DHS proposed rule website after the public comment period concludes. The notice of rulemaking will now be read.

**Anita Castleberry**: The Department of Human Services announces for a public comment period of thirty (30) calendar days a notice of rulemaking for the following proposed rule under one or more of the following chapters, subchapters, or sections of the Arkansas Code: §§ 25-10-129, 20-76-201, and 20-77-107. The proposed promulgation date of the state rule is December 1, 2024.

The Director of the Division of Medical Services (DMS) submit to the Centers for Medicare & Medicaid Services an amendment to the Arkansas Medicaid State Plan, with a requested retroactive effective date of August 1, 2024, that changes the rate methodology for reimbursing specialized formula, hyperalimentation (enteral) formula, and associated supplies to ensure adequate supplies are available for Arkansas citizens. The new rates shall be the lesser of one hundred percent (100 %) of Medicare non-rural rates for Arkansas or eighty percent (80%) of Blue Cross Blue Shield rates, but with a minimum threshold set at eighty percent (80%) of the Medicare non-rural rate in compliance with the access rule published at CFR 447.203 (C)(1). Arkansas Medicaid will cover specific supplies for hyperalimentation providers not currently covered (Bolus Syring and Gravity Bags). The projected annual cost of this change for the current state fiscal year is $1,762,723.00 (State share $504,932.00; Federal share $1,257,791.00), and for the next state fiscal year $1,922,971.00 (State share $554,969.00; Federal share $1,368,002.00).

The proposed rule is available for review at the Department of Human Services (DHS) Office of Policy and Rules, 2nd floor Donaghey Plaza South Building, 7th and Main Streets, P. O. Box 1437, Slot S295, Little Rock, Arkansas 72203‑1437. You may also access and download the proposed rule at [ar.gov/dhs-proposed-rules.](https://humanservices.arkansas.gov/do-business-with-dhs/proposed-rules/)  This notice also shall be posted at the local office of the Division of County Operations (DCO) of DHS in every county in the state.

Public comments must be submitted in writing at the above address or at the following email address: [ORP@dhs.arkansas.gov](mailto:ORP@dhs.arkansas.gov). All public comments must be received by DHS no later than October 13th, 2024. Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter’s name and any personal information contained within the public comment, will be made publicly available and may be seen by various people.

A public hearing will be held by remote access through Zoom. Public comments may be submitted at the hearing. The details for attending the Zoom hearing appear at [ar.gov/dhszoom](https://humanservices.arkansas.gov/divisions-shared-services/medical-services/proposed-rules/dhs-zoom/).

If you need this material in a different format, such as large print, contact the Office of Policy and Rules at 501-320-6428. The Arkansas Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act and is operated, managed, and delivers services without regard to religion, disability, political affiliation, veteran status, age, race, color, or national origin.

**Mac Golden:** Thank you, Mr. Castleberry. Please let the record reflect that we have 25 attendees for today’s public hearing. It appears that Mr. David Chandler wishes to make a public comment. Barry, can you authorize him. Mr. Chandler is looks like you are on mute. You can give you public comment.

**David Chandler**: Good morning, can you hear me?

**Mac Golden:** Yes, sir.

**David Chandler:** Alright. Thank you. So, my name is David Chandler, and I represent the American Association for Home Care. AA Home care is the National Association, representing durable medical equipment, suppliers, manufacturers, and other stakeholders in the home care community. We also partner with the Arkansas medical Equipment Providers Association. Our membership provides life-sustaining nutrition and associated medical supplies to medically fragile patients in Arkansas and across the US.

So, I do want to thank you for the opportunity to comment on this important notice. Unfortunately, providers of enteral formulas have experienced significantly increased costs of doing business. Higher raw material and manufacturing costs have resulted in higher prices for formula products, while suppliers are also dealing with limited product availability and rising operational costs. The rising cost environment threatens our industry's ability to provide life-sustaining nutrition to medically fragile patients with this current fixed reimbursement model.

We do applaud the added coverage of the bolus syringe and gravity feeding kits. These are critical components required for many patients who are prescribed medically necessary internal feedings.

Some formula reductions cut as much as 64% from the current reimbursement. So, on behalf of our members who are providing specialized formula and the Medicaid recipients they serve we are requesting DMS to consider increasing reimbursement to accommodate inflation and other added costs as opposed to these devastating reductions. Our members who currently supply home nutrition products, including tube feedings for primary or exclusive sources of nutrition, allow patients to be discharged from hospitals, nursing homes and other health care facilities to continue their care in the most cost-effective setting, which is the home.

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 the product containers. Unfortunately, many other industries use the same ingredients to manufacture their products. While other industries can simply pass along those added costs to the end-user, oral nutrition suppliers are limited to receiving the fixed payment rate set by Medicaid. A reduction in those rates would ultimately result in a disruption in access and could lead to adverse health outcomes and increase overall costs of care for the State of Arkansas. We do share the goal of providing quality and timely products to Medicaid recipients and improving patient outcomes while lowering overall healthcare expenses. However, these drastic cuts proposed to life sustaining nutrition could devastate the supplier community and create tremendous access issues for some of Arkansas's most medically fragile citizens and that concludes my comments. I do thank you for your time.

**Mac Golden**: Thank you, Mr. Chandler, we appreciate your comment. An official response will be posted at the end of public comment period.

Is there anyone else who would wish to make a public comment? Please utilize the raise hand feature, and I’ll pause for a few seconds to give you time.

It does not appear that. Oh, here we go.

Barry looks like Mr. Chuck Bari wishes to make a public comment. Mr. Bari, you’re authorized to give your comment.

**Chuck Bari:** Can you hear me now, sir?

**Mac Golden**: Yes, sir.

**Chuck Bari**: My name is Chuck Bari. I'm with Wood Springs Pharmacy and Home Medical in Jonesboro and just like our industry representative mentioned before. You know some of those cuts are are extremely deep, and while we would not like to see any cuts whatsoever, I question the rationale behind utilizing the non-rural Medicaid rates when over 85% of the State of Arkansas is a rural environment. Just from that standpoint alone makes it very difficult to get product to a lot of our needed Arkansans and constituents in the State.

I would ask that, you know, if we have to continue forward with some sort of rate cut that we go back and relook at what we're looking at, far as the locality of a lot of these patients. That is my comment.

**Mac Golden**: Thank you, Mr. Bari. Your comment will be considered and responded to as well.

Is there anyone else who would like to make a comment today. Barry looks like Miss. Brandi Milton would like to make a comment.

**Brandi Melton:** Hi! I'm Brandi Melton. I am with Baker Healthcare. We have offices in Jonesboro and Little Rock, and I have been involved with providing these services for these patients for over 25 years. The costs are higher than I have ever seen. Shipping costs have increased dramatically. There hasn't been a Medicaid rate increase for these formulas in over 17 years. Five providers have left the Medicaid space for enteral within the past two years. There are very few of us left that are willing to offer these services. The only reason I continue to do so is because the majority of these are extremely sick children, and I feel like somebody should take care of them.

I do feel like there needs to be some changes with the Medicaid reimbursement and most importantly, the Medicaid authorization process which I have now had to outsource to a company that specializes in this, which again is added cost, and I would like to see changes. I would like to see them sooner rather than later. I think there does need to be, you know, a daily rate paid for gravity and syringe fed. But there needs to be an increase in reimbursement for formula, not a decrease, and that's all.

**Mac Golden**: Thank you, Miss. Melton. Is there anyone else who would like to make a comment today? Please raise your hand.

Barry if looks like Miss. Alexandra Roberts. You can give your comment now.

Miss. Roberts you can give your comment now.

**Alexandra Roberts:** Hi, I'm a registered dietitian at Carti and we do work a lot with these patients, getting them approved, especially with them Medicaid and the authorization process is already so long, and we do like the prospect of the gravity bags being covered. But just to kind of reiterate what everybody else has said about the reimbursement rates, I can just like foresee this lowered reimbursement rate impacting the health of our patient population. We already struggle with getting them set up finding home infusion companies that will take Medicaid, and this just seems like another barrier to care for our cancer patients who really rely on their enteral nutrition and that's all I have to say. Thank you.

**Mac Golden**: Thank you, Miss. Roberts.

Is there anyone else would like to make a comment today? Barry, Miss Melton; are you wanting to make another comment? Or is, is that just.

**Brandi Melton**: No, I’m not sure what happened. Sorry.

**Mac Golden**: Okay, that's probably just part of the zoom feature.

Would anyone else like to make a comment today?

Okay, it looks like no one else wishes to make a comment today. We thank everyone for attending. And again, the responses will be posted on our website, our Proposed Rule website, after the public comment period concludes. We wish you a good day. Thank you.