Separate Filing For Rule Costs Exceeding $100,000.00

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars ($100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes. See italicized responses below.

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

(1) a statement of the rule's basis and purpose;

The purpose of this Rule is to promulgate standards for health care insurers participating in the marketplace to support PCMH programs. PCMH programs are required to be "supported" by issuers in the Marketplace under the Health Care Independence Act of 2013 ("HCIA"), specifically, under Ark. Code Ann. §20-77-2406. An additional purpose is to remain consistent with and reinforce the support provided by Medicaid through the Arkansas Payment Improvement Initiative ("APII").

(2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;

The HCIA did not elaborate or define the PCMH requirements. The HCIA however expressly permitted the Arkansas Insurance Department ("AID") and Arkansas Department of Human Services ("ADHS") to implement the HCIA through Rules. This proposed rule is simply AID's promulgation of standards for PCMH under the HCIA which addresses its voluntary application, effective date, the nature of the PCMH team, the PCMH models or manuals the issuer has to follow, a minimum average support fee to be offered to providers which is needed to help offset provider costs for implementing PCMH and avoid an economic "free rider" effect, and the mechanism as to how enrollees are attributed to PCMH.

(3) a description of the factual evidence that:

(a) justifies the agency's need for the proposed rule; and

(b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;

In terms of cost impact, the provision in this Rule imposing a direct cost is the $5.00 support fee for each attributed enrollee per month for providers voluntarily participating in PCMH. AID was provided with information from the Arkansas Center For Health Improvement ("ACHI"), which has helped develop and advance the APII with ADHS and private issuers, that the $5.00 average minimum enrollee per

month support is comparable to that which Medicaid is offering to PCMH practices and is intended to offset costs providers would incur to implement all of the required provisions for required minimum PCMH participants, which include but are not limited to the provider having to provide access to care 24/7, on-call and live telephone access, tracking same day treatment, using Electronic Health Record (HER) for care coordination, tracking metrics related to treatments, costs, medical outcomes, and medical records technology requirements. All of these transformation activities have the goal of improved access, patient experience, care coordination, and, ultimately, clinical outcomes for Arkansans.

(4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

We are not aware of any better alternatives to the $5.00 per month per member support fee to offset provider costs and overhead needed for implementation of PCMH.

(5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

See answer to #4 above.

(6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and

(7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:

(a) the rule is achieving the statutory objectives;

(b) the benefits of the rule continue to justify its costs; and

(c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

No AID rules have created or contributed to any problem AID seeks to address in this proposed Rule. On the contrary, the AID rule reinforces existing PCMH requirements in the Medicaid program. We agree to review the Rule annually, including any of its provisions, and required fees to remove or adjust such fees if other alternatives are more feasible to help implement PCMH.