The Arkansas Medicaid program is about to change the way it issues provider billing manuals, official notices, and remittance advice (RA) messages. Those items are currently distributed on paper, though additional access is available over the Internet. As of September 1, Arkansas Medicaid will be giving providers the option of receiving them via the Internet and on CD. Providers choosing either of those delivery options will receive e-mail notification of relevant updates. The e-mail message will provide a link to the applicable document at Arkansas Medicaid’s Web site. The change will reduce the time spent maintaining and searching paper copies.

In a letter to be sent this week, Medicaid officials are asking providers to select one of four options by which they will receive their manual and supplementary materials: Internet only, CD with e-mail notification, CD with paper supplements, or paper. The letter details steps necessary for providers to select the delivery they prefer. The differences are:

- **Internet only**: This option will allow the most timely access to materials. Notification of relevant updates is via email. The Web site is to be updated weekly. This format allows the capability to search the manuals and to access information quickly. In addition, there will no longer be a need to maintain a paper copy of the manual by removing and inserting pages as you receive new and revised information.

- **CD with e-mail notification**: Providers choosing this option will receive a CD containing all provider manuals, including all relevant official notices and RA messages. The CD will include Provider Electronic Solutions (PES) software, relevant Web links, and other provider-oriented information. The CD also gives users the capability to search one or all provider manuals. Medicaid will reissue the CD every three months.

- **CD with paper supplements**: Instead of e-mail notification of supplementary materials, CD users may request to continue receiving manual updates, official notices, and RA messages through the mail. Medicaid will not continue to support the paper-based versions of the manuals; therefore, mailings will provide only a printout of the new or revised content of the manual. These materials will be included in subsequent CDs and at the Arkansas Medicaid Web site.

- **Paper**: Elect this to continue maintaining a paper copy of the manual. This will be a printout of the electronic version of the manual. Supplementary materials will be distributed in hardcopy form.

Each selection requires the user to register at the Medicaid Web site (http://www.medicaid.state.ar.us) by providing an e-mail address. Registration details are provided in the letter notifying hospitals about the change. Those preferring **Internet only** or **CD with e-mail notification**, may register until August 29, 2003. Questions about the media options should be directed to Technical Publications at cdteam@medicaid.state.ar.us or the Provider Assistance Center at (501) 376-2211 (locally or out of state) or 1 (800) 457-4454 (in state).
Quarantine for Infectious Diseases

The Arkansas Department of Health (ADH) is seeking hospitals that will volunteer to serve as federal quarantine centers. The Centers for Disease Control wants to identify hospitals near major international, national and regional airports that will agree to treat individuals who need immediate quarantine and care because of suspected infectious disease. The individuals would be admitted upon written authorization by the Officer in Charge of the U.S. Quarantine Station. A Memorandum of Agreement between the hospital and the CDC guarantees federal reimbursement for all normal and customary related costs for examination, laboratory procedures, treatment and hospitalization. It can be cancelled by either party 30 days after written notification of the intent to cancel.

The ADH hopes to recruit as many Arkansas hospitals in the following communities as are willing to enter into the agreement:

- Little Rock National Airport / Central Arkansas: Pulaski, Faulkner and Saline Counties
- North Arkansas Regional Airport / Northwest Arkansas: Benton, Carroll and Washington Counties
- Fort Smith Regional Airport: Sebastian County

A copy of the MOA was emailed to CEOs of hospitals in those counties. Hospitals that are willing to perform this function should complete the MOA and contact Bruce Thomasson (bthomasson@healthyarkansas.com / 501-682-4827) for further instructions.

Senators Support Rural Payment Enhancements

A group of 41 lawmakers is calling on the House-Senate conference committee working on Medicare prescription drug legislation to retain Senate-passed provisions aimed at eliminating Medicare payment disparities that result in lower payments for rural providers. Members of the Senate Rural Health Caucus and other senators wrote members of the existing committee that the geographic inequities existing within the Medicare program continually put rural providers at a disadvantage and adversely affect seniors' access to quality healthcare in these communities. The letter asked that the conference report include provisions to adjust reimbursement rates for rural physicians, home health agencies and ambulance services, and emphasized that such provisions must not be offset by cuts in the market basket update for hospitals. Supporters of the rural payment improvements also urged the committee to retain Senate-passed provisions to increase federal allotments for Medicaid disproportionate share hospitals for extremely low-DSH states, including Arkansas. The letter is available at http://www.aha.org.

FY 04 Medicare Outpatient PPS Rule

The Centers for Medicare & Medicaid Services (CMS) will publish its proposed rule outlining changes to the Medicare outpatient prospective payment system (PPS) for calendar year 2004 in the August 12 Federal Register. The final rule, to be published around November 1, would take effect January 1, 2004.

The proposed rule provides for an outpatient PPS rate increase of 3.8%—the estimated full market basket rate of inflation of 3.5% mandated by law, plus 0.3% for changes to the new technology pool. It also extends the "dampening rule" put in place in 2003, meaning that certain ambulatory payment classifications (APCs) that would decrease by more than 15% in 2004 would be shielded from significant losses. The target for total outlier payments would remain at 2.0% of total outpatient spending, but two separate outlier thresholds would be created—one for hospitals and one for community mental health centers. On transitional
pass-through payments, CMS said it was not yet sure whether an across-the-board (pro rata) reduction in payments for new technology drugs, devices and biologicals would be necessary in 2004 to meet the 2.0% of total outpatient spending target set by law.

The Senate Health, Education, Labor and Pensions Committee unanimously passed patient safety legislation July 23, promoting the voluntary reporting of adverse medical events. The Patient Safety and Quality Improvement Act of 2003 (S. 720), which the American Hospital Association supports, would provide legal privilege and confidentiality protections for patient safety data collected for research and education purposes, and promote the development of voluntary national information technology standards.

According to committee chairman and bill co-sponsor Sen. Judd Gregg (R-NH) the legislation strikes an important balance by enabling providers to report and analyze adverse medical events without fear of litigation, while protecting the rights of patients. Sen. Majority Leader Bill Frist, R-TN, also a co-sponsor of the bill, said the legislation will move to the Senate floor "as soon as is reasonable." An AHA letter expressing the organization’s continued strong support for the bill is available at http://www.aha.org.

The Centers for Medicare & Medicaid Services on July 24 issued guidance outlining how it plans to approach enforcing the Health Insurance Portability and Accountability Act's transactions and code sets provisions after the Oct. 16 implementation deadline. The agency said it will use a complaint-driven process to enforce the provisions and will focus on using voluntary compliance. It also said it would not impose penalties on covered entities that deploy contingencies to ensure the smooth flow of payments if they have made "reasonable and diligent efforts to become compliant and, in the case of health plans, to facilitate the compliance of their trading partners." The American Hospital Association (AHA) is reviewing the guidance document and will have comments later. The document can be viewed at http://www.cms.hhs.gov/hipaa/hipaa2/guidance-final.pdf.

The AHA Calendar

August 2003
12 Preview of ICD-10 CM Coding Webinar
12 The Infamous CMS Form 855 and “Conditions for Payment” – Part 1 Webinar
13 “Grant Writing for People who have Real Jobs,” Holiday Inn Select, Little Rock
13 Living for the Health of It Webinar
13-15 HFMA (Financial Managers), Lake Hamilton Resort, Hot Springs
14 AHA Northeast Hospital District, Forrest City
14 Infamous CMS Form 855 “Conditions for Payment” – Part 2 Webinar
15 Outpatient & ED Case Management Programs: A Necessary Ingredient for APC Success Webinar
20 AHA Northwest Hospital District, St. Mary’s Hospital, Rogers
20 DME Coding, Billing & Reimbursement Webinar
21 Stents, Drug-Eluting Stents and Transcatheter Stent Placement Webinar
22 SARS & Infection Control Issues, Holiday Inn Select, Little Rock
22 Needlestick Safety and Prevention, Holiday Inn Select, Little Rock
26 Patient Safety – Part 2 Webinar
27 Surgery Coding for OPPS – Integumentary System Webinar
Today, you and other Arkansas hospital leaders have an invitation to sail, figuratively speaking, on a newly commissioned ship, the “U.S.S. Quality.” While some believe this ship could be sailing toward a new, national, quality-based compensation plan for hospitals, no such decision has been made.

With or without quality-based reimbursement, we’ll always strive to ensure high quality patient care, and work incessantly to improve it. It’s something in which we all believe, or we wouldn’t be working in healthcare. From physicians and nurses to housekeeping and food service staffs, our goal of upgrading quality of patient care has remained a constant. We’ve measured ourselves, surveyed ourselves, collected data on patient care and safety and made appropriate changes as we’ve strived to improve our performance.

The one missing piece is that we’ve never really gone public with our efforts. And we’ve never shared our information. That’s where the “U.S.S. Quality” comes in. Of course, it’s not really a ship—it’s the National Quality and Patient Safety Initiative jointly proposed by the American Hospital Association, the Federation of American Hospitals, and the Association of American Medical Colleges after intense collaboration with the Centers for Medicare & Medicaid Services, the Agency for Healthcare Research and Quality, the American Medical Association, the National Quality Forum, JCAHO, AARP and the AFL-CIO.

Together, these impressive groups of patient advocates have charted a course for sharing hospitals’ quality performance with the public. The proposal calls for a **totally voluntary** reporting of quality data based on one set of nationally accepted definitions and measurements, similar to the reporting currently being done for JCAHO. It is designed to help patients and their families better understand how hospitals provide care.

This initiative is a good thing; in fact, it’s an excellent opportunity. That’s why the Arkansas Hospital Association’s board endorsed it during its meeting in June, joining 41 other state hospital association endorsements across the nation. Already, more than 1500 U.S. hospitals are participating in the initiative, including a growing number in Arkansas, ranging from small rural to larger urban. We hope every Arkansas hospital will be on board, eventually.

After all, Arkansans have a right to know about the quality of hospital care they can expect. For years, we’ve been collecting quality of care data within our own small “ships.” Today, we have the opportunity to board the much larger “U.S.S. Quality” and report this information to all we serve. Coming aboard of our own accord shows our willingness to showcase the good work hospitals do every day. It demonstrates that we’re proud of our performance, and that the public can have confidence in our facilities.

Besides, shying away from voluntary reporting could raise questions about a hospital’s quality performance, and in the future, lead to regulated quality measurement and reporting, a step we’d rather avoid. Said another way, by voluntarily choosing to board the “U.S.S Quality,” we may avoid a much less appealing vessel, something akin to the Titanic.

If your hospital hasn’t accepted the invitation to join in this important, voluntary reporting initiative, we urge that its participation be given every consideration. The success of this endeavor is vital to our future.