



HEALTHCARE NUTRITION COUNCIL

Improving outcomes through awareness and action

Submitted via ORP@dhs.arkansas.gov

August 26, 2024

Arkansas Department of Human Services
P.O. Box 1437, Slot S401
Little Rock, AR 72203-1437

Re: Proposed Rate Change for Specialized Formula and Associated Supplies

Dear Arkansas Department of Human Services:

The Healthcare Nutrition Council (HNC) appreciates the opportunity to provide comments on the proposed rate changes for specialized formula and associated supplies as outlined in the memorandum¹ issued by the Arkansas Department of Human Services (DHS) on July 25, 2024. HNC is an association representing manufacturers² 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.

Coverage of Associated Supplies and Rate Changes

HNC supports Arkansas Medicaid's proposal to add coverage for specific feeding supplies for hyperalimentation providers not currently covered (Bolus Syringe and Gravity Bags). However, HNC strongly objects to the new rates for covering specialized formula, hyperalimentation (enteral) formula, and associated supplies to reflect the lesser of one hundred percent (100%) of Medicare non-rural rates for Arkansas or eighty percent (80%) of Blue Cross Blue Shield (BCBS) 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), because it decreases the reimbursement rates which jeopardizes beneficiary access to life-sustaining hyperalimentation with enteral nutrition.

Selecting five common Healthcare Common Procedure Coding System (HCPCS) codes – B4149, B4150, B4142, B4153, and B4154 – used for EN reimbursement, HNC has conducted our own assessment of Arkansas Medicaid's historical fee schedule and the proposed rate changes. Table 1 shows that the rates these codes under both prosthetics and hyperalimentation categories have remained stagnant by Arkansas Medicaid for 17 years and 16 years, respectively.

The recent proposed change in rates to reflect the lesser of 100% of Medicare non-rural rates for Arkansas or eighty percent (80%) of BCBS rates, but with a minimum threshold set at eighty

¹ Arkansas Department of Human Services. (July 25, 2024). *Notice of Rate Changes for Specialized Formula and Associated Supplies*. <https://humanservices.arkansas.gov/wp-content/uploads/Interested-Persons-Memo-Specialized-Formula-and-Associated-Supplies-rate-change.pdf>

² HNC members are Abbott Nutrition, Nestle Healthcare Nutrition, and Nutricia North America.

percent (80%) of the Medicare non-rural rate in compliance with the access rule published at CFR 447.203 (C)(1) is of significant concern because rather than addressing rate stagnation it instead will result in a significant reduction in reimbursement; as shown in Table 1 and Table 2.

Table 1

HCPCS	Medicare Non-Rural Rate 08/21/2024 ³	Arkansas Medicaid Rate Prosthetics (includes DME and Orthotics) 06/03/2024	Rate Cut at 100% Medicare Non-Rural Rate	80% Minimum Threshold in compliance with the access rule published at CFR 447.203 (C)(1)	Rate Cut at 80% Minimum Threshold
B4149	\$1.23	\$1.55	-20.65%	\$0.98	-36.52%
B4150	\$0.46	\$0.77	-40.26%	\$0.37	-52.21%
B4152	\$0.37	\$0.68	-45.59%	\$0.30	-56.47%
B4153	\$1.47	\$1.88	-21.81%	\$1.18	-37.45%
B4154	\$0.80	\$2.01	-60.20%	\$0.64	-68.16%

Table 2

HCPCS	Medicare Non-Rural Rate 08/21/2024 ⁴	Arkansas Medicaid Rate Hyperalimentary on 04/09/2024	Rate Cut at 100% Medicare Non-Rural Rate	80% Minimum Threshold in compliance with the access rule published at CFR 447.203 (C)(1)	Rate Cut at 80% Minimum Threshold
B4149	\$1.23	\$1.71	-28.07%	\$0.98	-42.46%
B4150	\$0.46	\$0.85	-45.88%	\$0.37	-56.71%
B4152	\$0.37	\$0.75	-50.67%	\$0.30	-60.53%
B4153	\$1.47	\$2.07	-28.99%	\$1.18	-43.19%
B4154	\$0.80	\$2.21	-63.80%	\$0.64	-71.04%

Reimbursement Challenges

Adequate reimbursement is essential for ensuring that patients have access to and receive the appropriate nutrition care they need to meet their nutrition requirements and manage their health conditions effectively. Specialized EN formulas are often medically necessary for individuals who cannot consume regular diets due to various medical conditions including metabolic disorders, severe allergies, or gastrointestinal disorders.

In 2018, the U.S. Government Accountability Office (GAO) reported that nationwide reduced Medicare payments for durable medical equipment (DME) showed payment rate reductions for the top items in the enteral nutrients product category ranged from 46% to 56%.⁵ A recent

³ Noridian Medicare DME Fee Schedule Look Up. Retrieved from https://www4.palmettogba.com/pdac_dmeocs/initFeeScheduleLookup.do

⁴ Id.

⁵ United States Government Accountability Office. (2018, July). *Medicare fee-for-service: Information on the first year of Nationwide Reduced Payment Rates for Durable Medical Equipment*. Retrieved from <https://www.gao.gov/assets/gao-18-534.pdf>.

survey conducted by the American Society for Parenteral and Enteral Nutrition (ASPEN) indicated that 85% of healthcare providers reported financial barriers due to low reimbursement rates for enteral nutrition therapy, which has resulted in delayed or denied patient access to these life-sustaining products.⁶ If Arkansas implements these lower rates, it will negatively impact beneficiary access.

According to a study by Dobson DaVanzo & Associates, reimbursement rates for specialized enteral formulas are approximately 25% *below* the actual cost of production and distribution in the current market.⁷ This gap places an undue financial burden on healthcare providers and patients, leading to potential compromise in care quality and health outcomes.

Data Supporting Rate Increases

1. **Cost Inflation:** In 2023, the cost of manufacturing enteral nutrition products increased by 10-40%, driven by rising prices of food commodities used in specialized formulas, as well as significant hikes in shipping and labor costs (each in the range of 11-20%+)⁸.
2. **Patient Outcomes:** Adequate nutrition support is directly linked to improved patient outcomes and reduced healthcare costs. A study published in the *Journal of Parenteral and Enteral Nutrition* found that proper enteral nutrition reduced hospital readmissions by 30% and decreased overall healthcare costs by 21%.⁹
3. **Market Dynamics:** Nationwide, states that have implemented higher reimbursement rates for specialized nutrition have witnessed increased provider participation and improved patient access to necessary nutrition support.¹⁰
4. **Economic Impact:** Increasing reimbursement rates to align with current market standards is estimated to save approximately \$13 million in Medicaid costs over five years by preventing complications related to malnutrition.¹¹

Rate increases would also support healthcare providers in delivering safe, comprehensive care ensuring that all patients have equitable access to essential nutritional support.

Conclusion

HNC asks the Arkansas DHS to seriously consider our comments. Any adjustments to HCPCS codes already covered should seek to include an increase that reflects the current healthcare landscape and rising inflationary costs. By doing so, Arkansas DHS can ensure that patients have access to the nutritional care they need to sustain or improve their health and quality of life.

Finally, HNC recommends that the Arkansas DHS consider establishing a mechanism for periodic review of reimbursement rates to ensure they remain aligned with market dynamics and inflationary pressures. This will help maintain access to specialized nutrition products and

⁶ American Society for Parenteral and Enteral Nutrition (ASPEN). (2023). *Access to Nutrition Support Services in the United States: Challenges and Opportunities*.

⁷ Dobson DaVanzo & Associates. (2022). *Economic Analysis of Enteral Nutrition Reimbursement*.

⁸ American Association for Homecare. (2023). *Enteral nutrition cost increases and reimbursement challenges*. Retrieved from https://aahomecare.org/files/galleries/Enteral_White_Paper_FINAL_12_09_23.pdf.

⁹ Corkins, M. R., et al. (2021). "Impact of Enteral Nutrition on Hospital Readmissions and Healthcare Costs." *Journal of Parenteral and Enteral Nutrition*.

¹⁰ National Association of Nutrition Professionals. (2023). *State Policy Trends in Enteral Nutrition Reimbursement*

¹¹ The Malnutrition Quality Improvement Initiative. (2022). *Economic Benefits of Addressing Malnutrition in Healthcare Settings*.



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prevent potential barriers to care. If you have any questions or would like additional information, please contact Sydni Arnone, Healthcare Nutrition Council, at sarnone@healthcarenutrition.org or (202) 204-8396.

Sincerely,

A handwritten signature in black ink that reads "Carla A. Saunders". The signature is written in a cursive, flowing style.

Carla Saunders
Executive Director