

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner

BULLETIN NO.: 2-2016

TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL MEDICAL SERVICE CORPORATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND COMPANY TRADE ASSOCIATIONS AND OTHER INTERESTED PARTIES.

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: COMPLIANCE WITH ORTHOTIC AND PROSTHETIC REIMBURSEMENT REQUIREMENTS

DATE: MARCH 24, 2016

The Arkansas Insurance Department (AID) issues this informational advisory to health insurers and health maintenance organizations subject to the State's orthotic and prosthetic reimbursement mandate in Ark. Code Ann. § 23-99-417 and its recent implementation rule in AID Rule 109, "Orthotic and Prosthetic Reimbursement."

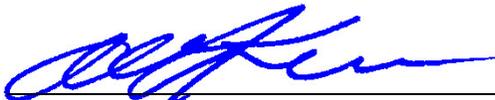
Ark. Code Ann. § 23-99-417 requires "health benefit plans" to provide coverage for eligible charges for orthotic and prosthetic services and devices at no less than eighty percent (80%) of the Medicare allowable amount as defined by the Centers for Medicare and Medicaid Services (CMS), Healthcare Common Procedure Coding System (CPT) as of January 1, 2009, or as of a later date if adopted by rule of the Arkansas Insurance Commissioner.

On October 19, 2015, the Arkansas Insurance Commissioner issued Rule 109 which adjusted the CMS allowable for orthotic and prosthetic services and items to equal at least eighty-percent (80%) of the CMS CPT allowable amounts as established by CMS as of January 1 of each year in which the health benefit plan is issued or renewed. The purpose of Rule 109 is to adjust the allowable amount from 2009 levels and to automatically tie such amounts to the CMS allowable, as of January 1, of each year in which the health plan is issued or renewed. These requirements apply to both individual and group health benefit plans under Ark. Code Ann. § 23-99-403(4)(A) and (B).

In response to inquiries from various prosthetic or orthotic providers, AID has become aware, in limited instances, of health insurers and health maintenance organizations subject to the law and recent rule, of not timely and fully adhering to the new Rule 109 requirements. Although AID is

aware that the subject health insurers and health maintenance organization may have needed time to fully adjust or correct their reimbursement procedures to comply with the annual or yearly CMS allowable, AID advises insurers that the Rule 109 requirements are in effect today for all health benefit plans which were issued or renewed this year in 2016, and AID expects the subject health insurers and health maintenance organizations to be in immediate compliance with these requirements, as we review any additional inquiries or complaints. Failure to comply with Rule 109 and the orthotic and prosthetic requirements in Ark. Code Ann. § 23-99-417 potentially subjects the insurer or health maintenance organization to trade practice penalties through Ark. Code Ann. § 23-99-415.

For any questions regarding this Bulletin, please contact Booth Rand at 501-371-2820.



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS

March 24, 2016
DATE
