



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

DEC 21 1994

Director,
Office of Managed Care
Washington, D.C. 20201

Note to Carol Rasco

RE: Decision on Arkansas Medicaid Waiver Request

On December 2, 1994, HCFA approved an Arkansas freedom of choice waiver request to be effective April 1, 1995.

Under the waiver program the State will implement a selective provider contracting program for inpatient hospital obstetrical and newborn care services. In three counties, including the most populous county (Pulaski County--Little Rock), Medicaid beneficiaries in need of non-emergent inpatient hospital labor and delivery services and routine newborn care services will be restricted to receiving care from one hospital in each county, except for two contracting hospitals in Pulaski County.

We worked extensively with Arkansas to strengthen its waiver proposal to ensure sufficient documentation on access to quality care and the cost effectiveness of the program. Earlier in our review, we raised concerns related to limiting selective contracting to one facility (except in Pulaski County), and that there would be a sufficient number of obstetricians/gynecologists and pediatricians who would accept admitting privileges at the contracting facilities.

We were also concerned that Medicaid beneficiaries would have to change their pattern of care and incur other obstacles, such as travel time and transportation.

Our discussions with the State resulted in--

- o Permission for pregnant women in their third trimester to go to any hospital for obstetrical care and routine newborn care until April 1, 1995;
- o Arkansas agreeing to send two notices to Medicaid beneficiaries about the program--the first by mid-December 1994 and the second in February 1995. Medicaid providers will be notified at least 90 days prior to implementation of the program;
- o A client assistance hotline, with individuals trained to respond to questions about the waiver program;
- o Clarification of the travel distance to a contracting facility, which will be within approximately 15 minutes of a beneficiary's residence; and

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- o Specification that at least 80% or more of the physicians with admitting privileges at all hospitals will participate throughout the duration of the program.

We believe that these assurances will ensure Medicaid beneficiary access to care. HCFA will be closely monitoring the waiver program to make sure Arkansas is complying with the provisions of the approved waiver. In particular, we will focus our review on the State's quarterly monitoring reports of patient bed needs.


Rodney C. Armstead, M.D.
Director