



**DHS Secretary Kristi Putnam  
Office of the Secretary**

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April 17, 2023

Hon. Terry Rice, ALC Co-Chair  
Hon. Jeff Wardlaw, ALC Co-Chair  
1 Capitol Mall, Fifth Floor  
Little Rock, Arkansas 72201

Dear Senator Rice and Representative Wardlaw:

As directed by Section 15 of Act 213 of 2022, I am reporting to Arkansas Legislative Council the status of our efforts to increase reimbursement rates under the Living Choices Assisted Living Waiver.

DHS conducted a rate study in the Spring and Summer of 2022 for Arkansas assisted living facilities serving Medicaid beneficiaries. On October 26, 2022, DHS submitted to the Centers for Medicare and Medicaid Services a proposed increase to the reimbursable capitation rate paid to Living Choices providers. When Governor Sarah Huckabee Sanders took office and I assumed the role of Secretary of Human Services on January 11, 2023, CMS had not yet approved the rate increase.

In concert with the Governor's Office, DHS has initiated a broad-based review of the entire Medicaid system, and we will bring forth recommendations later this year to ensure the long-term sustainability of the program. We have worked closely with members of the Legislature, especially with the Public Health, Welfare, and Labor Committees, to postpone creating new mandates and cost increases for the Medicaid program while we review the system. I do not believe it would be appropriate for DHS to advance an increase in a Medicaid rate at the same time we are asking the Legislature and Governor's Office to maintain the status quo for purposes of the system of care review.

Therefore, DHS has withdrawn from CMS consideration the proposed rate increase for assisted living facilities. Over the coming months, as part of the system of care review, DHS will work closely with providers and legislators to prepare a proposal that will be consistent with protecting the long-term sustainability of the Medicaid program. In the meantime, assisted living providers will continue to receive the temporarily higher payment rates they have been receiving during the COVID-19 pandemic. These higher rates will continue through at least November 11, 2023.

Sincerely,

Kristi Putnam  
Secretary of Human Services

cc: Arkansas Residential Assisted Living Association  
Arkansas Health Care Association