



**DHS Secretary Kristi Putnam
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February 7, 2024

Hon. Terry Rice, Arkansas Legislative Council Co-Chair
Hon. Jeff Wardlaw, Arkansas Legislative Council 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 (ALC) the status of our efforts to increase reimbursement rates under the Living Choices Assisted Living Waiver. DHS is continuing the work necessary to implement Act 198 of 2023, which authorizes DHS to establish cost reporting for Medicaid-funded assisted living facilities.

To date, all cost reports have been received and forwarded to Meyers and Stauffer for inclusion in the analysis. DHS previously provided Meyers and Stauffer's cost reporting methodology and their anticipated timeline for completion to ALC and to all Living Choices providers on December 5, 2023. DHS also requested Meyers and Stauffer provide a draft report for review by all stakeholders prior to completion of the final version. In addition, DHS's Division of Aging, Adult, and Behavioral Health Services is updating the Living Choices provider manual to reflect the cost reporting requirements of Act 198. These changes have been submitted for internal review with an anticipated submission to ALC in early 2024.

On October 1, DHS posted for public comment the intent to petition CMS for approval to implement the current Appendix K rates in use for ALF reimbursements as the permanent rates for the duration of the current Living Choices waiver. These rates are \$81.59 for urban facilities and \$85.67 for rural facilities. The amendment for these rates was formally submitted to CMS on October 31, 2023. Formal CMS approval was received on January 24, 2024, with an effective date of March 1, 2024.

On January 16, 2024, DHS received the cost report analysis from Meyers and Stauffer and shared this information with providers. The cost report analysis was presented to the ALC Hospital and Medicaid Study Subcommittee on February 7. Additionally, the cost report analysis was posted for public comment with the period ending on February 16.

DHS is continuing its broad-based review of the entire Medicaid system to assess options for long-term sustainability of the program. Assisted living payment rates are part of this review process. Annual cost reporting for Medicaid-funded assisted living providers will now be completed on an annual basis with determinations presented to ALC for consideration.

Very respectfully,

Kristi Putnam
Secretary, Arkansas Department of Human Services