

## DEPARTMENT OF HUMAN SERVICES, DIVISION OF MEDICAL SERVICES

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**SUBJECT:** SPA# 2020-0012-Personal Care Rate

**DESCRIPTION:**

**Statement of Necessity**

A revision to the Arkansas Medicaid State Plan is necessary to increase rates for personal care services in the Medicaid program based upon a rate review recommendation and Arkansas minimum wage increases.

**Rule Summary**

Effective January 1, 2020, the Medicaid State Plan is being amended as follows:

Rates in the Personal Care program will increase by 1.4% based upon rate review of the service. The rate increase was recommended due to a regular rate review process. The State Plan Amendment to support this change will be retroactive to January 1, 2020 upon CMS approval.

**PUBLIC COMMENT:** No public hearing was held on this rule. The public comment period expired on April 26, 2020. The agency indicated that it received multiple public comments. The public comment summary is separately attached.

Lacey Johnson, an attorney with the Bureau of Legislative Research, asked the following question and received the following response:

**QUESTION:** The rule summary mentions that CMS approval is required for retroactive application. What is the status on that approval? **RESPONSE:** The SPA was submitted to CMS on 3/26/20. On 4/16/20, CMS requested a copy of the published notice of rulemaking. This was provided and CMS indicated that they can “process the SPA in the next few days.” Jack informed me that “days” often mean weeks with CMS. CMS officially has 90 days to approve a submission.

The proposed effective date is July 1, 2020.

**FINANCIAL IMPACT:** The agency indicated that this rule has a financial impact.

Per the agency, the additional cost to implement the rule is \$967,883 for the current fiscal year (\$278,847 in general revenue and \$689,036 in federal funds) and \$1,935,766 for the next fiscal year (\$550,338 in general revenue and \$1,385,428 in federal funds). The estimated cost by fiscal year to state, county, and municipal government to implement this rule is \$278,847 for the current fiscal year and \$550,338 for the next fiscal year.

The agency indicated that there is a new or increased cost or obligation of at least \$100,000 per year to a private individual, private entity, private business, state government, county government, municipal government, or to two or more of those entities combined. Accordingly, the agency provided the following written findings:

*(1) a statement of the rule's basis and purpose;*

As required by Executive Order 19-02, the rate review process was completed in July 2019. A revision to the Arkansas Medicaid State Plan is necessary to increase rates for personal care services.

*(2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;*

As required by Executive Order 19-02, the rate review process was completed in July 2019. Rates in the Personal Care program will increase by 1.4% based upon rate review of the service.

*(3) a description of the factual evidence that:*

*(a) justifies the agency's need for the proposed rule; and*

*(b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;*

As required by Executive Order 19-02, the rate review process was completed in July 2019. Rates in the Personal Care program will increase by 1.4% based upon rate review of the service. The rate increase helps ensure access to care.

*(4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;*

There are no less costly alternatives.

*(5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;*

None at this time.

*(6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and*

None.

*(7) an agency plan for review of the rule no less than every ten years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:*

*(a) the rule is achieving the statutory objectives;*

*(b) the benefits of the rule continue to justify its costs; and*

*(c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives*

Executive Order 19-02 requires provider rates to be reviewed no less frequently than every four years.

**LEGAL AUTHORIZATION:** The Department of Human Services has the authority to administer assigned forms of public assistance and to make rules as necessary to carry out its duties. Ark. Code Ann. § 20-76-201(1), (12). The Department is specifically tasked with establishing and maintaining an indigent medical care program. Ark. Code Ann. § 20-77-107(a)(1). This includes promulgating rules to ensure compliance with federal law in order to receive federal funding. Ark. Code Ann. § 25-10-129(b).

**QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS  
WITH THE ARKANSAS LEGISLATIVE COUNCIL**

**DEPARTMENT/AGENCY** Department of Human Services  
**DIVISION** Division of Medical Services  
**DIVISION DIRECTOR** Janet Mann  
**CONTACT PERSON** Alexandra Rouse  
**ADDRESS** P.O. Box 1437, Slot S295, Little Rock, AR 72203-1437  
**PHONE NO.** 501-320-6383 **FAX NO.** 501-404-4619 **E-MAIL** [Alexandra.rouse@dhs.arkansas.gov](mailto:Alexandra.rouse@dhs.arkansas.gov)  
**NAME OF PRESENTER AT COMMITTEE MEETING** Janet Mann  
**PRESENTER E-MAIL** Janet.Mann@dhs.arkansas.gov

**INSTRUCTIONS**

- A. Please make copies of this form for future use.**
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.**
- C. If you have a method of indexing your rules, please give the proposed citation after “Short Title of this Rule” below.**
- D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:**

**Jessica C. Sutton  
Administrative Rules Review Section  
Arkansas Legislative Council  
Bureau of Legislative Research  
One Capitol Mall, 5<sup>th</sup> Floor  
Little Rock, AR 72201**

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1. What is the short title of this rule? SPA# 2020-0012-Personal Care Rate

2. What is the subject of the proposed rule? See attached.

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes  No   
If yes, please provide the federal rule, regulation, and/or statute citation. \_\_\_\_\_

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes  No   
If yes, what is the effective date of the emergency rule? \_\_\_\_\_

When does the emergency rule expire? \_\_\_\_\_

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes  No

5. Is this a new rule? Yes  No   
If yes, please provide a brief summary explaining the regulation. \_\_\_\_\_

Does this repeal an existing rule? Yes  No   
If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does. \_\_\_\_\_

Is this an amendment to an existing rule? Yes  No   
If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation. Arkansas Code §§ 20-76-201, 20-77-107, and 25-10-129

7. What is the purpose of this proposed rule? Why is it necessary? See attached.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b).  
<https://medicaid.mmis.arkansas.gov/general/comment/comment.aspx>

9. Will a public hearing be held on this proposed rule? Yes  No   
If yes, please complete the following:

Date: \_\_\_\_\_

Time: \_\_\_\_\_

Place: \_\_\_\_\_

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)  
April 26, 2020

11. What is the proposed effective date of this proposed rule? (Must provide a date.)  
7/1/2020

12. Please provide a copy of the notice required under Ark. Code Ann. § 25-15-204(a), and proof of the publication of said notice. See attached.

13. Please provide proof of filing the rule with the Secretary of State as required pursuant to Ark. Code Ann. § 25-15-204(e). See attached.

14. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known. No comments are expected.

**FINANCIAL IMPACT STATEMENT**

**PLEASE ANSWER ALL QUESTIONS COMPLETELY**

**DEPARTMENT** Department of Human Services

**DIVISION** Division of Medical Services

**PERSON COMPLETING THIS STATEMENT** Lynn Burton

**TELEPHONE** 501-682-1857      **FAX** 501-682-8155      **EMAIL:** Lynn.Burton@dhs.arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

**SHORT TITLE OF THIS RULE** Personal Care State Plan Amendment

- 1. Does this proposed, amended, or repealed rule have a financial impact?      Yes       No
- 2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?      Yes       No
- 3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered?      Yes       No

If an agency is proposing a more costly rule, please state the following:

(a) How the additional benefits of the more costly rule justify its additional cost;

\_\_\_\_\_

(b) The reason for adoption of the more costly rule;

\_\_\_\_\_

(c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

\_\_\_\_\_

(d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.

\_\_\_\_\_

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

(a) What is the cost to implement the federal rule or regulation?

**Current Fiscal Year**

General Revenue \_\_\_\_\_  
Federal Funds \_\_\_\_\_  
Cash Funds \_\_\_\_\_  
Special Revenue \_\_\_\_\_  
Other (Identify) \_\_\_\_\_

Total \_\_\_\_\_

**Next Fiscal Year**

General Revenue \_\_\_\_\_  
Federal Funds \_\_\_\_\_  
Cash Funds \_\_\_\_\_  
Special Revenue \_\_\_\_\_  
Other (Identify) \_\_\_\_\_

Total \_\_\_\_\_

(b) What is the additional cost of the state rule?

**Current Fiscal Year**

General Revenue	\$278,847
Federal Funds	\$689,036
Cash Funds	
Special Revenue	
Other (Identify)	
Total	\$967,883

**Next Fiscal Year**

General Revenue	\$550,338
Federal Funds	\$1,385,428
Cash Funds	
Special Revenue	
Other (Identify)	
Total	\$1,935,766

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

**Current Fiscal Year**

\$ N/A

**Next Fiscal Year**

\$ N/A

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

**Current Fiscal Year**

\$ 278,847

**Next Fiscal Year**

\$ 550,338

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes  No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose; As required by Executive Order 19-02, the rate review process was completed in July 2019. A revision to the Arkansas Medicaid State Plan is necessary to increase rates for personal care services.
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute; As required by Executive Order 19-02, the rate review process was completed in July 2019. Rates in the Personal Care program will increase by 1.4% based upon rate review of the service.
- (3) a description of the factual evidence that:
  - (a) justifies the agency's need for the proposed rule; and
  - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs; As required by Executive Order 19-02, the rate review process was

completed in July 2019. Rates in the Personal Care program will increase by 1.4% based upon rate review of the service. The rate increase helps ensure access to care.

- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule; There are no less costly alternatives.
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule; None at this time.
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and None
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
  - (a) the rule is achieving the statutory objectives;
  - (b) the benefits of the rule continue to justify its costs; and
  - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives. Executive Order 19-02 requires provider rates to be reviewed no less frequently than every four years.



## NOTICE OF RULE MAKING

The Director of the Division of Medical Services of the Department of Human Services announces for a public comment period of thirty (30) calendar days a notice of rulemaking for the following proposed rule under one or more of the following chapters, subchapters, or sections of the Arkansas Code: §§ 20-76-201, 20-77-107, and 25-10-129.


### **Effective January 1, 2020:**

The Arkansas Department of Human Services, Division of Medical Services (DHS/DMS), intends to revise the Arkansas Medicaid State Plan to increase rates for personal care services in the Medicaid program based upon a rate review recommendation and Arkansas minimum wage increases. As required by Executive Order 19-02, the rate review process for Personal Care was completed in July 2019. Rates in the Personal Care program will increase by 1.4% based upon rate review of the service. The rate increase was recommended from a regular rate review process. The State Plan Amendment to support this change will be retroactive to January 1, 2020, upon CMS approval. The financial impact will be \$967,883 for State Fiscal Year (SFY) 2020; and \$1,935,766 for SFY 2021.

The proposed rule is available for review at the Department of Human Services (DHS) Office of Rules Promulgation, 2nd floor Donaghey Plaza South Building, 7th and Main Streets, P. O. Box 1437, Slot S295, Little Rock, Arkansas 72203-1437. You may also access and download the proposed rule on the Medicaid website at <https://medicaid.mmis.arkansas.gov/General/Comment/Comment.aspx>. Public comments must be submitted in writing at the above address or at the following email address: [ORP@dhs.arkansas.gov](mailto:ORP@dhs.arkansas.gov). All public comments must be received by DHS no later than April 26, 2020. Please note that public comments submitted in response to this notice are considered public documents. A public comment, including the commenter's name and any personal information contained within the public comment, will be made publicly available and may be seen by various people.

If you need this material in a different format, such as large print, contact the Office of Rules Promulgation at 501-320-6266.

The Arkansas Department of Human Services is in compliance with Titles VI and VII of the Civil Rights Act and is operated, managed and delivers services without regard to religion, disability, political affiliation, veteran status, age, race, color or national origin. 4501888131



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Janet Mann, Director  
Division of Medical Services

**Statement of Necessity and Rule Summary**  
**Personal Care SPA**

**Statement of Necessity:**

A revision to the Arkansas Medicaid State Plan is necessary to increase rates for personal care services in the Medicaid program based upon a rate review recommendation and Arkansas minimum wage increases.

**Summary:** Effective January 1, 2020, the Medicaid State Plan is being amended as follows:

Rates in the Personal Care program will increase by 1.4% based upon rate review of the service. The rate increase was recommended due to a regular rate review process. The State Plan Amendment to support this change will be retroactive to January 1, 2020, upon CMS approval.

## DHS Responses to Public Comments Regarding Personal Care Rate SPA

### Haden Gilder, COO & Owner, Home Helpers Home Care

**Comment:** In 2019 we were saw a mandated 8.8% increase proposed, with annual reviews to follow, however the bill was defeated but a promise of DHS review was given to legislators and then an executive order was directed from Gov. Hutchison for this review due to the minimum wage increases.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** DHS issued the 2 Milliman reports of their review which did not address the minimum wage increase, but used data collected prior to the increase in wages.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The proposed rate of \$18.24 does not even get close to addressing the increase in minimum wage, but would be more likely be adequate at a rate of \$21.08.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in

January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** Our concern is if the rate does not increase to adequately take into consideration the minimum wage increase in 2020 & again in 2021, then providers will be forced to stop servicing the residents in Arkansas receiving these benefits because their would not be the means to cover costs endured by the regulations placed from DHS.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Barbara Flowers, Executive Director, Area Agency on Aging of West Central Arkansas, Inc.**

**Comment:** Although I do agree that a rate increase is necessary, I do not believe the rate proposed by DHS and arrived at through the Milliman study accurately reflects the information provided to DHS by the providers in July 2019. According to the Milliman study, the proposed rate will be \$18.24. Based on the information the provider group sent to DHS and with the independent study submitted by the provider community, the recommendation is to increase the rate to \$21.08. As you can see by the variance between the DHS proposed rate and the actual recommended rate, there is a significant difference. As of January 1, 2021, there will have been a 52% increase in minimum wage in comparison to the 1.4% proposed Personal Care rate increase by DHS. Medicaid Home and Community based services are vital to our seniors and disabled adults who choose to remain at home with services, rather than being admitted to a nursing facility.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per

hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Dianna Fuchs, Director of Systems and Billing, Area Agency on Aging of Northwest Arkansas**

**Comment:** We need to be able to take care of our Elderly and Disabled in their homes. Thank goodness we have services that provide that for them, but it is becoming impossible for Agencies to provide that service with the inadequate Medicaid unit rates we are given. An increase is of course appreciated but let's be realistic! How can Agencies that provide these services be expected to pay an increase in minimum wage when Medicaid will not increase the In-Home Care rates to support it?

Our Medicaid In-Home Care recipients deserve great care! We need a Medicaid rate that will support that! Just think about our current situation with COVID-19; our In-Home Care Services allow our most vulnerable population to be taken care of in their homes instead of in a Nursing Home where so many are being exposed to the Virus. We need an In-Home Care rate of at least \$5.25 per unit.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Kimberly Baker, RN Supervisor**

**Comment:** I have worked in Personal Care Area for ten years. Our people depend on us to care for them. Many do not have family or friends that can help them. Especially through this time due to the COVID 19. We are here to provide much needed services to the elderly, disabled, and veteran's. We cannot provide services if we are not paid an appropriate amount to keep up with the raising costs of minimum wage and pay for operation costs that continue to rise. The 1.4% increase is not adequate if we want to sustain the Medicaid In-home services. The rate doesn't keep up with raising costs. Other states have kept up with rising costs and have increased rates. We need an increase much more significant. Right around the corner wages again will increase to \$11 dollars per hour. Rates have not been keeping up with increasing costs and lag far behind and now we need an increase of at least 20%. It save lives and money to adequately take care of the elderly, disabled, and veterans in their home where they want to be.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Kristie Lands, Human Resource Manager, East Arkansas Area Agency on Aging, Inc.**

**Comment:** My name is Kristie Lands and I have personally been involved in initiating pay increases as a result of the 2019, 2020 minimum wage increase and fast approaching 2021 increase. Therefore, I have seen firsthand how it has impacted AAA.

The 1.4% increase will not come close to offset the mandated increases. Just the minimum wage alone will have increased by 29.4% over a 3 year period as of January 2021.

Our elders took care of us when we needed the care. Many of them choose to remain home. They deserve to have Home and Community Based services. I don't see how it can continue with a 1.4% increase and the numbers prove it.

Thank you for your consideration.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Kathy Frames, RN, Home Care Manager, East Arkansas Area Agency on Aging**

**Comment:** I want to voice my opinion regarding the Personal Care Rate increase. I am thankful that you have agreed to a rate increase but, for the record, that is not enough to even cover the unreimbursed mandates we have been given in this year alone. Making a step in the right

direction is good, however, if it isn't a large enough step, the point is moot. Being in the Home Care business for 29 years, I have seen the myriad of changes that have come our way. The changes over the past 3-4 years are more than the previous 25 years I have been in the Home Care business. We were already operating in the red the past couple of years due to the decrease in the hours of Attendant Care and Personal Care since Optum began doing the Independent Assessments. If my numbers are correct and I believe they are, we personally have lost 48% of our case load over the past 2 years. We have a negative situation where it costs us more than we make per unit billed for PC and Attendant Care Services for every single hour billed.

Once you look at this, and then the minimum wage increase will hit again, we will have the costs of implementing EVV, how are we expected to stay in business? The only reason we are still in business is that we were wise and put money back when it was considered a profitable business. How many years can we stay in business without an increase if the rate is comparable to the amount of the increases that are forced upon us? We could probably hold out a little longer than most providers, but why would we? Why would we drain our agency dry with no hope to replenish what we have lost?

I, along with most, stay in this business because we make a difference in people's lives. We increase the quality of their lives. We make it possible for them to stay home long without fear of going to a nursing home. I see such clients depend on us. I see their very lives depend on us. If the larger providers can't stay in business, how will the smaller providers? They won't. They will become a statistic just like us. If it were your parent and this was all they had was Medicaid to keep them with the services to maintain them at home, how would you feel if you had to tell them, you require too much care now and you will just have to go to the nursing home because there aren't providers left to give you Home Care? How would answer them?

There are other cuts that could have happened prior to Home Care being in the shape it is in. Optum, along with its many problems, should have never been implemented to begin with and then at the contract rate it has. Sometimes, DHS gets things right sometimes in the changes made but this blunder is the worst I have seen. We waited 6 years on the last increase in the rate and by the time we got it, we were already in the hole again. The rate is going to have to at least break even with costs to run the program and the rate is going to have to be looked at on a yearly basis....not every 5 or 6 years.

There is no way to sustain Medicaid Home Care Services with a 1.4% increase in the rate with a near 30% increase in Minimum Wage. I implore you to reconsider this. A passage of only 1.4% is a nail in the coffins of those in the Home Care Industry. Again, please reconsider this. Our frail and disabled deserve better. Let the State of Arkansas be known for taking care of their own, not forcing them live their final days any place but their own homes.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports.

Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Jacque McDaniel, Executive Director, East Arkansas Area Agency on Aging**

**Comment:** Regarding PC rate proposal--

For over forty years, our Home and Community-Based Services (HCBS) have served as a vital part in the continuum of care beneficiaries and families desire. When faced with the opportunity to remain in their homes, most of them prefer this option, but not all beneficiaries can make this choice. Some beneficiaries must go to nursing homes.

Families have made it clear though they chose Home and Community-Based Services and these services cost much less than nursing home care. While the 1.4% increase is a step in the right direction, it falls short of the increase needed to assure a robust system of Home and Community Based services are available to the frail and elderly. A 15% to 20% increase in the rate is required to ensure stability of services for Medicaid Personal Care and ARChoices Attendant Care and Respite Services. After January 1, 2021, the Arkansas' minimum wage will have increased by 29.4% over a three-year period. This is not taking into account the increase in mandated fringe benefits related to these labor costs.

Not only is the minimum wage the largest cost component, it is exasperated by a continuous struggle to recruit and retain CNAs. The unskilled Home Health industry must compete with factory jobs, fast food restaurants and other non-skilled jobs to fill these positions. With a 50% turn-over or 'churn' in the first year of employment, being able to offer a higher wage is critical to maintaining a viable program.

Sometimes it is hard to find an apples to apples comparison, but, in states bordering Arkansas, only Missouri has a rapidly changing minimum wage similar to Arkansas' rate (\$10.20 per hour in Missouri vs \$11.00 per hour in Arkansas on January 1, 2021). Their Department of Human Services and Legislature recognized the impact on in-home services and increased the PC rate to offset minimum wage increases. Their PC rate is 10% higher than the Arkansas proposed new rate (\$5.02 vs \$4.56 per unit) even though their minimum wage will be 7% less than Arkansas' rate.

All the while, providers are being ask to do more, like complete the DMS618, help Optum get client's to return calls for visits, etc., without any consideration of the additional cost to the provider.



Last, but not least, the CURES Act requires electronic visit verification or EVV for in-home visits as of January 1, 2021. This will require most agencies to incur another substantial cost to meet the specifications of the federal law. Have these costs been included in the 1.4% increase?

All of these comments do not begin to address the serious changes that have taken place in the HCBS arena in the last three to four years that have impacted the cost of the program. The assessment process has been contracted to a third party. It appears the impact of this change has been a reduction in the number of clients deemed eligible or a reduction of hours for existing clients. To handle the referral process and communication between the provider and the assessor, another vendor was selected to manage this aspect of the cycle. All the while the market has been flooded with a large number of providers that strains the network from the beneficiary to the provider to the state.

Finally, Arkansas needs a strong Home and Community Based service network in this time of growing senior population. Arkansas needs to invest in the care of our seniors by increasing the Medicaid PC rate to at least \$5.25 per unit. Times are most assuredly difficult in the middle of this coronavirus. Home and Community-based Services play a critical part in meeting the needs of Arkansans.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Lisa McClelland, Regional Manager – Care Coordination/West, Area Agency on Aging of Northwest Arkansas**

**Comment:** To Whom It May Concern:

It is my opinion that the proposed 1.4% personal care rate increase will not be adequate to cover the minimum wage increase over 3 years of 29.4%. Our Agency is a non-profit non-skilled home health provider and I believe that a potential rate increase of 15-20% would allow us to serve our Clients in their homes and promote their overall wellbeing and ability to remain in their homes and reduce their risk of additional hospital admissions or costly institutional care caused by a lack of support in their homes.

Thank you for your consideration,

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Donna Plumlee, Executive Assistant, Area Agency on Aging of Northwest Arkansas, Inc.**

**Comment:** I would like to make comment on the proposed Personal Care Rate increase. I have worked in the health care industry for over 30 years and do not understand the lack of consideration for agencies who serve the most vulnerable and greatest generation. Increases in years past have always been around 20% to help agencies keep up with the cost of living and minimum wage increases. Without a reasonable increase in the personal care rate, our agencies cannot afford to be competitive in a very competitive market. These cuts take away from the services needed by the disabled and elderly to help them age in place. Back in the day, in-home service programs were established and promoted to help keep this people in their homes as long as possible, because keeping them in their homes saved the state a lot more money that paying for them to be in a nursing home. There is a push for programs that help keep people from returning to the hospital after an illness or surgery, because that is more cost effective for Medicaid, Medicare, or other insurance agencies. It is also better for the patient. With enough in-home workers who are paid a reasonable wage, some of these needs are also met. The in-home care industry can only afford to do this if the reimbursement rate keeps up with the cost of living and minimum wage requirements. The other side of that is the individual is happier and has a better quality of life. It seems the human equation has been overlooked. Let's think about the people who need the services and the people who provide the services.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Ted Hall, Executive Director, White River Area Agency on Aging**

**Comment:** In regards to the Personal Care Rate Increase, the provision of Home and Community Based Services is vital to maintaining the health and well being of seniors/disabled who want to remain in their home as long as safely possible. WRAAA strives to give the highest quality of care to this frail, at risk population.

The proposed 1.4% increase is inadequate to offset the incremental minimum wage increases. Providing care at this rate will in the long term, be unsustainable!

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** Arkansas should consider at least \$5.25 per unit (\$21. Per hour) to ensure stability of services for Medicaid Personal Care and ArChoices Attendant Care and Respite Services.

When looking bordering state, Missouri with Minimum Wage increases similar to Arkansas, their PC rate is 10% higher than Arkansas' proposed new rate even though their minimum wage will be 6% less.

In the country's Current situation with the Covid-19, we see the value of services brought into the home, rather than in a facility type environment where the spread of such viruses is much more likely.

On behalf of Arkansas Seniors, we ask that serious consideration be given to a PC rate that will allow service providers to stay in business.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per

hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Vickie Watts**

**Comment:** The proposed rate increase for in home care does not cover the expenses of the companies providing the service. The 1.4% rate increase does not cover the minimum wage increase that was effective January 1, 2020 (\$10.00) nor does it include the next minimum wage increase on January 1, 2021 of \$11.00. It is much less expensive to care for individuals in their homes, than in nursing homes. This alone should be incentive enough to raise the personal care rate at least each time the minimum wage is increased since it is a direct expense to the companies that provide the PCA's. I would like to see an analysis of in home care expense verses nursing home expense. Even setting aside the large increased cost to put these clients in nursing homes, our elderly had much rather stay at home than be institutionalized, their wishes should be considered. It may be easy to overlook who these clients are, but they are our parents, grandparents and neighbors.

Additionally, during this COVID19 emergency, the home providers are in much better position to care for our elderly at home without the risk of infection that we are experiencing in nursing homes.

Please consider a rate increase for personal care providers that is sufficient to cover the minimum wage increases through 2021.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Peggy Pearce, I & A Specialist with White River Area Agency on Aging**

**Comment:** As an employee of WRAAA for 27 years, I have seen the number of seniors that are assisted in their homes with services that help them remain in the environment where they are most comfortable and happy. This is a valuable service for them and their families. The proposed 1.4% increase on the Personal Care Rate will not offset the minimum wage increase for the home care assistants and will not sustain the Agencies who employ these workers who provide quality In Home Care each day to a most vulnerable segment of our community.

We ask that the State of Arkansas look at the impact of the Minimum Wage Increase and re evaluate the amount of the Personal Care Rate. This decision is imperative to Arkansas seniors who benefit so greatly from the care.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Jenny Holt Teeter, Gill Ragon Owen, P.A.**

**Comment:** Please accept this correspondence in reference to the proposed rate increase of 1.4% for the Personal Care Program pursuant to the Executive Order 19-02. Our firm represents White River Area Agency on Aging, Inc. ("White River"), a nonprofit agency providing hands-on care by

certified home care assistants to assist individuals with daily living needs in the comfort of their own homes. These home care assistants are oftentimes the only individuals interacting with these vulnerable populations. Despite this vulnerability, these individuals are entitled to a robust system of home and community based services to assist them in leading full lives.

The COVID-19 pandemic has highlighted the need to have these vital services brought into individual homes rather than delivered in facility environments where the viruses threaten the confined residents. White River has engaged in these efforts to provide critical services to individuals in their homes for over 40 years. However, the sustainability of home and community based home care is being threatened by the payment models which are not keeping up with the significant increase in payroll and other regulatory expenses.

White River appreciates the Division's thorough regular rate review process and the Division's recognition of the necessity for an increased rate for personal care services. White River agrees that an increase is necessary due to the Arkansas minimum wage increases as well as other programmatic and regulatory factors. However, White River respectfully disagrees with the determination that the proposed rate increase of 1.4% is sufficient to address those factors. There are significant concerns that the proposed reimbursement rates could lead to providers exiting the Medicaid market leaving vulnerable populations with less access to necessary services.

Arkansas's minimum wage increases have far surpassed and outpaced not only any increased rate payments available within Arkansas but also the increases in minimum wage in neighboring states. On January 1, 2021, the minimum wage will be \$11.00 per hour which is a 29.4% increase over the minimum wage in place 3 years ago. Missouri has also had a rapidly increasing minimum wage similar to Arkansas, but it will remain lower than Arkansas when the minimum wage reaches \$11.00 per hour in January of 2021. The Missouri legislature and Department of Human Services recognized the impact of the minimum wage increases on in-home services and increased its personal care rates to offset minimum wage increases. The rate for personal care services in Missouri is ten percent higher than the new proposed rate in Arkansas (\$5.02 versus \$4.56 per unit) despite its minimum wage being lower. White River believes that rates closer to those proposed in Missouri would be appropriate for Arkansas as well. Specifically, rates of \$5.25 per unit would be more appropriate to offset minimum wage increases.

Based upon a review of the increased costs associated with the significant increases in the minimum wage and a review of other similarly situated states, White River believes that a rate increase of fifteen to twenty percent is necessary to ensure stability of services for Medicaid Personal Care and ARChoices Attendance Care and Respite Services. While White River appreciates the Division's rigorous rate review efforts, it feels that more weight should be given to the extensive increases in the state's minimum wage and the correlated impact on the ability to provide personal care services. White River hereby requests a reconsideration of the rate increase from 1.4% to at least 15%. The new unit rate of at least \$5.25 per unit would allow for sustainability of home and community based services. We appreciate your consideration of this request and are available to provide any additional insights or information to assist the Division in its analysis. We further appreciate the opportunity to submit comments on this proposed rate increase.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Luke Mattingly, CEO/President, Care Link**

**Comment:** Any increase is a step in the right direction, however: The 1.4% increase is totally inadequate to offset rapid increases in the minimum wage and additional regulatory burdens.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The unskilled Home Health industry relies upon low wage workers (due to low reimbursement rates).

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** Jan 1, 2021 the Minimum wage will have increased by 29.4% over a 3-year Period.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The sustainability of Home and Community Based Home Care is threatened by

the lack of appropriate rate setting by DHS.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The COVID-19 pandemic has highlighted the need to have services brought into a person's home and not delivered in a facility environment where the such viruses threaten the captivated residents.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The frail and elderly deserve to have a robust system of Home and Community Based services available to them.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.



**Comment:** A 15% to 20% increase in the rate is required to ensure stability of services for Medicaid Personal Care and ARChoices Attendant Care and Respite Services.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** In states bordering Arkansas, only Missouri has a rapidly changing minimum wage similar to Arkansas (\$10.30 per hour in Missouri vs \$11.00 per hour in Arkansas on Jan 1, 2021). Their Department of Human Services and Legislature recognized the impact on In-home services and increased the PC rate to offset minimum wage increases. Their PC rate is 10% higher than the Arkansas proposed new rate (\$5.02 vs \$ 4.56 per unit) even though their minimum wage will be 6% less.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** DHS's own internal rate review, Q2 2019 Medicaid Provider Rate Review Report Personal Care Services, took into consideration the minimum wage increases, economic factors, and similar states comparisons. When evaluating this report, it is clear that the rate needs to be set at \$ 5.00 per unit or higher – but DHS completely disregarded this work when setting the rate for January 1, 2020.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in

March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The flawed Milliman study used in this rate setting ignores the rapidly increasing minimum wage, uses old wage data that is not properly adjusted for the rapid inflation of labor costs, does not set a indirect rate that accounts for new regulatory burdens such as increased background checks, new administrative burdens created by OPTUM and EQHealth and the pending Electronic Visit Verification costs. It also utilizes a starting wage in the formula that is below the BLS averages for Northwest and Central Arkansas which serve about half of the Arkansas population and produces an ending wage that is below the minimum wage of \$11.00 per hour on January 1, 2021.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** When evaluating the rate, it has to be set appropriately with reasonable projected CPI adjustments to recognize the fact that it will not be reviewed or changed again for four more years in accordance with the Executive Order of Governor Asa Hutchinson. The rate utilized from the flawed Milliman study did not project beyond 12/31/2019.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports.

Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** Arkansas needs to make a serious commitment to sustaining Home and Community based services by increasing the Medicaid PC rate to at least \$ 5.25 per unit.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

### **Jennifer Hallum, CEO/President AAAWA**

**Comment:** First, please let me begin by stating that in light of all that has happened in the five weeks (none of which any of us could have predicted), I am less confident than I was five weeks ago that an increase is viable. Given the economic challenges facing the State, the question I ask is whether this is a service the State wants to provide. I would ask that you not force those of us who are not only licensed-but who are also committed to this program- to perform this program at a loss. My organization has other programs that I hope and believe will survive in the months ahead. Like any business leader, I must determine the programs that can allow my organization to continue by either allowing us to break even or make some profit. Currently, it appears that this program is not sustainable for a successful business model.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget

on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The 1.4% increase is not what I would consider "reasonable" to offset the rapid increases in minimum wage and additional regulatory burdens. Although I am grateful for the increase, the amount is simply not enough as compared to what my organization needs to survive.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** Our aides are not considered "contract employees"; they are employees that I pay taxes on and who are taxed themselves. My organization complies with the rules and one of those rules dictates that we pay our staff for time spent in between visits. This payment is not a reimbursed expense. For example, an employee who earns \$12.50/hour (after benefits) visits a home. Her next client is 15 minutes away (this amount of drive time is common in our rural areas and even sometimes in our more populated areas). With drive time, my organization is already at \$28.65 before we even bill for the two hours of care where I will be reimbursed around \$36.00.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The non-skilled Home Health industry relies upon low-wage workers due to low reimbursement rates. With the upcoming January 1, 2021 increase, minimum wage will have increased by 29.4% in a three-year period.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The sustainability of Home and Community Based Home Care is in Jeopardy. The lack of appropriate rate setting by OHS in light of the minimum wage increases is setting all providers to question whether they can provide clients the services they need.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The COVID-19 pandemic has highlighted the need to have services brought into a person's home versus a person going into a facility or institutional setting- but even this is not without risks. The safest place for the client to receive care is in their own home, and it appears that this approach is safer for my staff as well. Although we do not know for certain how this pandemic will end, I think it is imperative to know that this could happen again.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget

on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The frail and elderly deserve to have a robust system of Home and Community-Based services available to them. These services should be performed affordably by the best staff. However, this rate of reimbursement feels like we are being asked to march up a mountain with no shoes, no provisions, all while carrying the weight of the 500 clients we serve on our backs.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** A 15% minimum increase in the rate is necessary to ensure stability of services for Medicaid Personal Care and ARChoices Attendant Care and Respite Services.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** OHS performed their own internal rate review. The 02 2019 Medicaid Provider Rate Review Report Personal Care Services took into consideration the minimum wage increases, economic factors, and similar state comparisons. When evaluating this report, it is clear that the rate needs to be set at \$5.00 per unit or higher. However, OHS appears to have disregarded

this information found when setting the rate for January 1, 2020. Could I ask why the State didn't just skip the study and use that number?

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The Milliman study used a rate which ignored the increases in minimum wage. The study also used old wage data that was not properly adjusted for the inflation of labor costs. This study does not set an indirect rate that accounts for new regulatory burdens such as increased background checks, new administrative burdens created by OPTUM, EQHealth and the pending Electronic Visit Verification costs. This study also utilizes a starting wage in the formula that is below the BLS averages for both Northwest and Central Arkansas which serve about half of the Arkansas population, and produces an ending wage that is below the required minimum wage of \$11.00/hour that begins January 1, 2021.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** When evaluating the rate, it has to be set appropriately with reasonable projected CPI adjustments to recognize the fact that it will not be reviewed or changed again for four more years in accordance with the Executive Order of Governor Asa Hutchinson. The rate utilized from the flawed Milliman study did not project beyond 12/31/2019.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports.

Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Comment:** The decision is yours to make. Either make a commitment to sustain Home and Community-Based services by increasing the Medicaid PC rate to at least \$5.25 per unit or make the decision to stop these services to beneficiaries. Let it be at this level that the decision is made rather than on the long- time providers to this program. In my opinion, a decision to forgo raising the rate is putting the burden on the providers to stop the program. I ask you not go that route.

I appreciate your attention to my comments. I know there is much going on in the state at this unprecedented time. I am a woman of prayer. I pray this memo finds you and your family and co-workers safe.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Mona Richardson, Care Coordinator, Area Agency on Aging of NW Arkansas**

**Comment:** I am responding to the minimal increase in personal care rate. We need a bigger increase to keep all agencies open to assist elderly and disabled people. I worked as a caregiver for many years and nearly 10 years as a Care

Coordinator. I have met and served a lot of people. I think the greatest thing people reply to me over and over is that with the in home services they can stay at home. The saddest is to watch families have to put them in a

NH because they cannot get services.

Caregivers are a must to provide services. They very much deserved the rate increase in pay.



Now companies need the rate increase to cover expenses of keeping services going for the elderly and caregivers in the home.

Please give a BIG increase in Personal Care Rate, the people deserve the services and companies need the increase to keep services in place.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Kay Newton, RN, AAASEA, Home Care Administrator, Area 2**

**Comment:** To Whom It May Concern,

I have worked in the Home Health industry for 30 years and during this time, I have watched the Aides work hard to maintain the elderly population in their home setting. Allowing the elderly to remain in their homes is one of the most important factors in promoting well being and longevity of life. In order to allow clients to age gracefully in the home setting, we must provide them with the services they desperately need including Medicaid Personal Care. It has been very difficult to hire and/or retain aides to work in the home setting because we are competing with many entities who are able to offer higher rates of pay. Although, the proposed rate increase of 1.4% is a step in the right direction, it will barely cover the increase in the minimum wage, therefore we will not be able to offer more than minimum wage and the problem with hiring and retaining quality staff will continue to be a problem. The elderly population deserves much better.

The COVID-19 pandemic is only one example of why the elderly population benefit from receiving services in their homes. Their home is a much safer environment than a facility setting and they deserve the many Home and Community Based services that are available and allow them to remain in the safety and comfort of their homes.

Bordering states have recognized the need for rate increases to offset the minimum wage increases and Arkansas needs to make a serious commitment to sustaining Home and Community Based services by increasing the Medicaid PC rate to at least \$5.25 per unit.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in

March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**John Knowing, President of Advisory Council and member of the Board of Directors, White River Area Agency on Aging**

**Comment:** My career experience prior to retirement included 25 years working with healthcare providers from 1000 bed Acute Hospitals to small town Home Health Agencies.

An important cost containment effort has for many years, been the principle of patients receiving care in the least costly manner that meets their needs. This has meant being treated as out-patients rather than in-patients, seen in a Physician office rather than the ER or receiving service in their home rather than in a Long Term Care facility.

Recent circumstances related to our Country's struggle with Covid-19, highlight the need for ongoing, dependable services provided in the homes of our Senior population.

Given the increase in the Arkansas minimum wage, the proposed 1.4% rate increase, while appreciated, will inevitably translate to reduced or unavailable home care services for at risk seniors. An unsustainable rate in addition to putting senior services at risk, also creates the possibility of many jobs being eliminated.

In order to sustain this important service to seniors while avoiding the increased cost of similar services provided at a more expensive level, Arkansas should consider a rate increase which will at least offset the minimum wage increase.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Mary Helzer, Care Coordinator, Area Agency on Aging of Northwest Arkansas**

**Comment:** To whom it may concern:

I am writing in response to the 1.4% increase in the personal care rate (Change # SPA2020-2012). While I am glad to see our state moving in the right direction, the rate increase that is proposed is inadequate and does not reflect a commitment to ensure strong Home and Community Based Services.

As a care coordinator for Area Agency on Aging of Northwest Arkansas, I see first-hand the vital role the people who provide in-home care services play in the lives of the elderly and disabled in our communities. Our clients are grateful for this care and recognize that without it they could not remain in their homes, where they have a sense of safety and autonomy. With our country fighting against the devastation of Covid-19, the relevance of our in-home care programs is magnified.

The Medicaid Personal Care and the AR Choices Attendant and Respite Care rate needs to be increased by 15%-20% in order to sustain a vibrant and dependable Home Health Program for our state.

Thank you for the opportunity to comment.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Brad Bailey, Executive Director, Area Agency on Aging of Northwest Arkansas**

**Comment:** Recruiting Personal Care Aides is tough in an environment with a reimbursement rate that only allows for an hourly pay rate the minimum wage. The minimum wage increase that went into effect 1/1/2020 has put the Area Agency on Aging of Northwest Arkansas in a position that we are no longer going to even be able to break even on the Medicaid personal care program. I would think the events of the last two months have demonstrated that there is risk to the staff that work face to face with the public. I am thankful that a rate increase is being considered for this program but want to make the following comments:

On January 1, 2021 the minimum wage in Arkansas will have increased 29.4% over a three year period.

A 1.4% increase is woefully inadequate to offset the recent and future minimum wage increases as well as additional regulatory burdens.

The personal care and unskilled home health industry must rely on employees that are at the minimum wage due to rates not being increased systematically over time. To send employees into homes where they may be exposed to COVID 19 and a host of other illnesses and pay them the same rate or lower than a grocery store carry out just does not make sense.

A 15% to 20% increase in the rate is required to ensure stability of services for Medicaid Personal Care and ARChoices Attendant Care and Respite Services.

In Home Services has proven that it saves the State of Arkansas money versus nursing home placement for individuals that could stay in their homes with these Medicaid services. The sustainability of Home and Community Based Services is in jeopardy due to the lack of adequate rate setting by DHS.

The COVID 19 pandemic has brought to light that the home is the safer place to deliver services versus an institutional setting with multiple frail and elderly clients that can potentially be exposed quickly to COVID 19 or other illnesses.

The people of Arkansas deserve a home and community-based service delivery system that can provide needed services in their homes. Were most would readily admit they would prefer to be. I recognize that there is a point that it is not feasible to remain at home and institutional care is required.

The flawed Milliman study used in this proposed rate setting ignores the rapidly increasing minimum wage, uses old wage data that is not properly adjusted for the rapid inflation of labor costs, does not set an indirect rate that accounts for new regulatory burdens such as increased background checks, new administrative burdens created by OPTUM and EQHealth and the pending Electronic Visit Verification costs. It also utilizes a starting wage in the formula that is below the BLS averages for Northwest and Central Arkansas which serve about half of the Arkansas population and produces an ending wage that is below the minimum wage of \$11.00 per hour on January 1, 2021.

DHS's own internal rate review, Q2 2019 Medicaid Provider Rate Review Report Personal Care Services, took into consideration the minimum wage increases, economic factors, and similar states comparisons. When evaluating this report, it is clear that the rate needs to be set at \$ 5.00 per unit or higher – but DHS completely disregarded this work when setting the rate for January 1, 2020.

This proposed rate, which is inadequate now, is to be for 4 years. Which goes back to the sustainability of this truly needed program.

It is my hope the State of Arkansas will learn from the current pandemic that in-home services are an important service. That to sustain the program an adequate rate of at least \$5.25 is needed in order to sustain the program. And that to recruit quality employees a higher rate is necessary in so that wages can be competitive and attractive to applicants.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Kim Steed, Director, Division of Medical Services**

**Comment:** My name is Kim Steed and I work for Kindred at Home, one of the largest personal care providers in the state. We are writing to express significant concerns with the personal care rate that the Arkansas Department of Human Services is proposing.

To remind the department, the minimum wage increase voted on by the voters in 2018 has rocked our industry. When fully implemented in 2021, the state will have increased minimum wage by \$2.50 per hour in direct wage expense, which does not factor in the employer payroll expenses that adds an additional 20 cents in employer cost per hour. During this same period of time the state has only increased the hourly rate to the providers by 24 cents, leaving the provider with a \$2.46 per hour in an unfunded mandate. The proposed rate is grossly inadequate to offset the rapid increases in minimum wage that have been thrust on the industry.

The future of home and community-based care is jeopardized by the lack of an appropriate payment rate. The industry cannot sustain a 29.4 percent increase in mandatory wage expense, only to have the state increase its rate by 1.4 percent. The result will be companies who decline to take Medicaid patients or exit the state from lack of appropriate payment.

In Missouri, a state that has also seen a minimum wage increase (but whose minimum wage is still 70 cents per hour less than Arkansas), they have approved a wage of \$20.08 per hour vs. the \$18.24 per hour that Arkansas is proposing. In addition, Missouri's regulatory requirements are less than Arkansas's requirements and Missouri allows for separate billing for services involving a registered nurse. In Arkansas, any nurse involvement is included in the rate.

The personal care industry hired an independent economist to perform an analysis of what the state should be paying per hour, using updated survey data from the providers and using the same methodology as the state's actuary used to propose a rate. The economist determined that the rate should be at least \$21.08 per hour.

We understand the challenging economic times that we are currently facing as a state and a nation. However, as the Covid-19 crisis has demonstrated, the personal care industry is vital to helping patients remain in their homes. It is vital to keep patients in their desired place of care, but it is also vital to keep patients out of the emergency room and hospitals as we've been able to do during this current pandemic.

We respectfully ask the department to modify their personal care rate to the level that was calculated by the independent healthcare economist of \$21.08 per hour.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers: 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Luke Mattingly, president, on behalf of Arkansas Association of Area Agencies on Aging**

**Comment:** As an advocate for services for older Arkansans it is alarming that over the past three years the state of Arkansas has taken many steps to restrict the availability of Home and Community Based Services (HCBS) to seniors and adults with physical disabilities. For Medicaid Personal Care and ARChoices services there has been the implementation of more restrictive medical eligibility criteria, monetary cap restrictions and third-party gate keepers. This has resulted in reduced service eligibility, reduced hours of service provided as well as longer wait times to access services.

Now, in addition to the dilution of service delivery, the state is starving out providers of HCBS services by failing to set an adequate rate in response to the rapid rise in the minimum wage approved by the voters of Arkansas. The sustainability of these vital Medicaid services is at serious risk because DHS refuses to acknowledge the damaging impact of the minimum wage increase on the Home Care industry and adjust rates accordingly.

In a March 9, 2020 Arkansas Democrat Gazette article Melissa Stone, director of the DHS Division of Developmental Disabilities Services lamented the fact of how the minimum wage increase was impacting similar positions in state run human development facility settings and recommended double digit pay increases for direct care staff. She cited turnover, consistency of staff, competition with fast food establishments paying the same rate; a plethora of the same problems plaguing HCBS services. The state clearly understands the impact of the minimum wage on services that it provides directly yet refuses to acknowledge the same for Medicaid providers in a Home and Community Based environment.

The 1.4% increase to the Medicaid PC rate is totally inadequate to offset the rapid increase in minimum wage. Due to low reimbursement rates, the Home Care industry relies upon low wage workers. By January 1, 2021, the minimum wage will have increased by \$ 2.50 per hour, plus statutory benefits such as FICA, but the state is only increasing the reimbursement rate by 24 cents per hour.

A recent New York Times article referred to Nursing Homes during the recent COVID-19 pandemic as “petri dishes”. Home and Community Based Services provide a safe alternative to these institutional settings for some older people and adults with physical disabilities. These services keep older people in their homes, where they want to be, and out of more costly facility-based programs. These vital Home and Community Based services cannot be sustained at the proposed rate. The state must act in haste to establish an appropriate rate that ensures providers can continue to offer Medicaid Personal Care and ARChoices Attendant and Respite care. At a minimum, the rate should be established at \$5.25 per unit of service.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Brad Cummings, CPA, Chief Financial Officer**

**Comment:** We are an in-home services organization, who provides care in the homes of some 1,200 clients per month, using approximately 625 certified personal care assistants, in a 10-county area of north-central Arkansas. Our goal is to provide quality home care to each of those senior and disabled Arkansans. However, we are finding it increasingly difficult to meet all of the regulations and mandates, hire quality staff, and continue to deliver at our own high

standard due to an inadequate rate of reimbursement for the service from DHS. Our ability to provide Medicaid services is at stake.

In comparison to what has been tentatively proposed per service hour (\$18.24), the Veterans' Administration pays \$24.84 per service hour in the state of Arkansas. In the state of Missouri, the rate went from \$18.12 in 2019, when the minimum wage was \$8.60. In 2020, the minimum wage increased to \$9.45 in Missouri, and their per service hour rate also increased to \$20.08. Additionally, the state of Missouri pays a separate RN visit rate for mandatory RN assessments and supervisory visits at a 2020 rate of \$44.35. Arkansas has no such RN visit rate, and the mandatory RN services are paid from the general rate of \$18.24.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Kathy Tynes, Executive Director, Area Agency on Aging of Southeast Arkansas**

**Comment:** Home and Community Based Services are a much needed for the services of older Arkansans.

Why are these services needed: I believe it goes without saying adults age 65 and older would prefer to stay in their homes for as long as possible. A survey by AARP confirms this statement with a figure of 90% of adults age 65 and older stating that fact. But to do so, this population will need some level of service and support to live safely in their home. The benefits of HCBS are lowered costs as compared to going into a nursing home and improvements of overall health of older adults. Area Agencies on Aging are playing an active role and have the resources to make this possible. It is an important reminder now, too, as the U.S. health care system and policymakers try to carve a path forward amid the COVID-19 pandemic, it is better to remain in the home.

Why the proposed increase is inadequate: Although the increase proposed is a start, it is not sufficient to cover costs related to HCBS; minimum wage increase to \$11.00 in January 2021, the third in three years, the payroll expense of FICA increase with minimum wage increases, cost of required electronic visit verification by 2021 and additional requirement by providers to do more administrative work. The 3-year minimum wage increase is the largest cost increase, adding close to 30% increase for total of the 3 years. Considering the 1.4% increase, one can see the proposed increase is not adequate. The sustainability of HCBS is threatened by the lack of enough funding set by DHS.



Rate increase request: For consideration, and to keep the HCBS available to older Arkansans, the proposed rate should be a minimum of 5.25 per unit, \$21 per hour.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Bill Dearmore, Director of Client Services, Area Agency on Aging of Northwest Arkansas, Inc.**

**Comment:** In FY 19-20 the Area Agency on Aging of Northwest Arkansas will provide well over 250,000 hours of Personal Care, AR-choice Attendant Care and Respite Services to frail and elderly citizens of Northwest Arkansas. These citizens deserve to have a robust system of Home and Community Based Services available to them. A 15% to 20% increase in the reimbursement rate is required to sustain and ensure stability of these services. Please consider an increase in the Medicaid rate to at least \$5.25 per unit or \$21.00 per hour. Thank you for your consideration.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**David T. Zakrzewski**

**Comment:** It is my request that someone take a hard look at what is happening in the Home Health Care rate reimbursement world and the affect it is having on todays senior citizens.

It is stunning to see that the aid to our senior population is not keeping up with minimum wage increase mandates. How does one (our government) mandate an increase in minimum wage and not increasing funding to offset minimum wage increases to organizations that support seniors who may have the ability to live at home with some assistance.

Arkansas seniors have paid their dues and those who could remain in their homes with some assistance deserve that opportunity. Without proper funding that stay at home opportunity could disappear for many.

Covid-19 has changed the world and changed the game. The elderly citizens of Arkansas should have a Home Care system that allows them to live out their remaining years comfortably and in the environment that they have earned. I have spent a number of years involved with the Home Health industry and have seen the costs it takes to make home health work. It is my understanding that a Medicaid PC rate of at a minimum of 5.25 is needed to sustain stay at home services.

Please take a look at the numbers and the facts, you will then see what needs to happen and what increases need to be made.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Jeanette Dotson, Care Coordinators Supervisor, East AR Area Agency on Aging**

**Comment:** I would like to comment on the Personal Care Rate Increase:

I am an Advocate for the Elderly and the Disabled. My Job Title is Care Coordinator Supervisor for the East AR Area Agency on Aging. I am a 37 year Advocate for seniors to get excellent care and services!

My Comments are:

A PC Rate increase is much needed because it is more economical to receive services in the home than to pay for nursing home care. Providers should not be pressured or forced to have a reduction of staff or service areas due to lack of adequate reimbursement rate.

A PC rate is the right and ethical move to make because our Seniors and the elderly are counting on you all to act righteously and fairly for them and future generations.

Thank you in advance for doing the right thing for Arkansans who TRUST You and all Providers to take good care of them.

May God Bless our Seniors & Disabled Clients!

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Cheryl Clayborn, BSN RN, Area Agency on Aging of Northwest Arkansas**

**Comment:** A Medicaid Personal Care rate increase is critical for Area Agency on Agency to continue to provide in-home quality care services to clients in order to maintain their independence and safety in their own homes. The current proposed rate of \$18.24 per hour is only a 1.4% increase. This proposed increase is nowhere near what is needed to offset the minimum wage increases that have taken effect already and are planned for 2021. The rate needs to be at least \$21.00 to come anywhere near meeting the need. Non-profit in-home care agencies can't compete with other businesses that have the ability to absorb the minimum wage increases in Arkansas and therefore it is almost impossible to compete with these businesses when trying to hire personal care aids. Please reconsider your decision and take the time to review public comment before making a final determination on the proposed rate. As a registered nurse working with Medicaid clients

it is my goal to provide in-home care for eligible clients to maintain independence and safety in their own homes. I have great concern that we are moving toward placement of our most precious population in long-term care. Personally, my 97-year old mother in law has thrived due to the fact that she has been allowed to remain in her own home with the assistance of the AR Choice Program. Please reconsider your decision in this matter.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Misti Chansley and Avona Kasselmann for AmCare Senior Life Partners, Inc.**

**Comment:** With all due respect, I would like to express my concern about the 1.4% increase to the Medicaid Personal Care rate. In reference to change number SPA#2020-0012 Personal Care Rate.

The unskilled Home Health industry relies upon low wage workers (due to low reimbursements rates). The proposed 1.4% increase is totally inadequate to offset the rapid increase of the mandatory minimum wage increase and other regulatory burdens. We will have a 29.4% wage increase by January 2021 (over a 3-year period) with only a 1.4% Medicaid In Home service increase.

First and foremost, the frail and elderly deserve to have a robust system of Home and Community based services available to them. The elderly receiving care in their home have one-on-one care with immediate attention to their needs. Some do not even meet total care requirements provided by facilities.

We urge you to make a much-needed serious commitment to sustain Home and Community based services by increasing the Medicaid Personal Care rate to at least \$5.25 per unit. A 15% to 20% increase in the rate for Medicaid Personal Care and ARChoices Attendant Care and Respite services would be a step in the right direction.

Thank you for your attention and support concerning the Home and Community based agencies need for an increase to ensure stability of services for Medicaid Personal Care and ARChoices Care and Respite Services.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Gary Johnson, Above & Beyond Home Care, Inc.**

**Comment:** To all interested parties,

It has taken me a long time to write something cynical about the proposed changes. The suggested change is just simply insufficient for the following reasons:

Just the minimum wage increase, January 1st it is mandated the state will have Arkansans paying a minimum wage of \$11 per hour. A 29.4% increase over a three year period of time.

Businesses like home care will be forced to close and tax revenue will be gone for the state. This will be costly to medicaid. Business and therefore seniors and the disabled will have to be housed, fed, and cared for at nursing homes and other facilities.

Home Care has also endured other costly mandates; new this year are, Adult Services Check \$10, Child Protection Services \$10. Then we add the normal costs to the lot, Background checks \$22.50, Drug screening \$35, and Drive time, Minimum wage. Drive time by the way that most companies don't pay but it is a Department of Labor mandate.

Passé program - this is the program where individuals know what to say to the interviewers. They don't want personal care; they want a maid to clean their house or use as a taxi. We lose clients every week because we tell them they have to have some type of personal care. Someone needs to monitor that program. Save Medicaid tons of money.

Optum - Another huge waste of money. Optum goes out and assesses (always late, and NEVER makes insures the client has someone to represent them). Have you ever talked to someone with dementia? They can do anything. Then a DHS nurse determines how much a client deserves.

Finally, how do you possibly hire aides where everyone makes minimum wage.

You see the plight of Home Care? We are desperate! Pull out your calculators, do a little math and think about it.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Monty Kasselmann, Co-Founder & CFO, AmCare Senior Life Partners, Inc.**

**Comment:** To Whom It May Concern:

With all due respect, I would like to express my concern about the 1.4% increase to the Medicaid Personal Care rate. In reference to change number SPA#2020-0012 Personal Care Rate.

The unskilled Home Health industry relies upon low wage workers (due to low reimbursement rates). The proposed 1.4% increase is totally inadequate to offset the rapid increase of the

mandatory minimum wage increase and other regulatory burdens. We will have a 29.4% wage increase by January 2021 (over a 3-year period) with only a 1.4% increase in Medicaid In Home service rates.

First and foremost, the frail and elderly deserve to have a robust system of Home and Community based services available to them. The elderly receiving care in their home have one-on-one care with immediate attention to their needs. Some do not even meet total care requirements provided by facilities.

We urge you to make a much-needed serious commitment to sustain Home and Community based services by increasing the Medicaid Personal Care rate to at least \$5.25 per unit. A 15% to 20% increase in the rate for Medicaid Personal Care and AR Choices Attendant Care and Respite services would be a step in the right direction.

Thank you for your attention and support concerning the Home and Community based agencies need for an increase to ensure stability of services for Medicaid Personal Care and AR Choices Care and Respite Services.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Matt McClure, Ed.D., Franchise Owner, Home Instead Senior Care**

**Comment:** The current rate for ARchoices and Personal Care for medicaid clients under the waiver is inadequate with the increases in minimum wage mandated by the State of Arkansas. For us to continue to be a provider under this waiver the reimbursement rate must be addressed in a substantial way. January 1, 2021 will result in many providers being unable to continue to provide services to the neediest elderly population. The byproduct of not addressing this will result in only unscrupulous agencies providing these services and a sharp increase in Medicaid fraud and abuse. This will be to the detriment of the population most needing these services. I implore you to address this issue in a timely manner. Your consideration in this matter is very much needed and appreciated.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in

March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Noel Morris, Franchise Owner, Home Instead Senior Care**

**Comment:** To Whom It May Concern:

I respectfully ask the appropriate state agencies consider an increase to the reimbursement rates for AR Choices and personal care programs. Even at the current rates, our non-Medicaid clients subsidize services to Medicaid clients. Given the additional increase in minimum wage to \$11.00 on January 1, 2020, we will be forced to drastically reduce or eliminate services to Medicaid clients due to the financial burden caused by the current rates. Thank you for your consideration.

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.

**Shea Matthews:**

**Comment:** Division of Medical Services,  
Having the conversation about the Personal Care Rate is important and the conversation has been healthy and action is occurring in the correct direction to benefit our seniors and aging population. Any increase is in the right direction but the 1.4% increase is totally inadequate to offset the rapid increases in the minimum wage and additional regulatory burdens. I am familiar with the Home Health industry through my involvement in CareLink and I can confidently state that a larger increase is needed if Arkansas cares about serving the aging population.

The unskilled Home Health industry relies upon low wage workers (due to low reimbursement rates) and now with the Jan 1, 2021 minimum wage increase of over 29.4% over a 3 year period organizations that serve the underserved will hurt and will have to modify or terminate programs. This is simple math, if cost of labor goes up but reimbursement rates stay flat then there are no sufficient resources to continue the service.

The sustainability of Home and Community Based Home Care is threatened by the lack of appropriate rate setting by DHS and this Covid-19 pandemic has highlighted the need to have services brought into a persons home and not delivered in a facility environment where viruses threaten the captivated residents. The frail and elderly deserve to have a robust system of Home and Community based services available to them and this is a time to maintain or expand their home health options not insufficient fund them and cause them to be terminated.

A 20% increase is the rate required to ensure stability of services for Medicaid Personal Care and ARChoices Attendant Care and Respite Services. This rate increase is proven accurate by our bordering state Missouri. Missouri has a rapidly changing minimum wage similar to Arkansas (\$10.30 per hour in Missouri vs \$11.00 per hour in Arkansas on Jan 1, 2021). Their Department of Human Services and Legislature recognized the impact on In-Home services and increased the PC rate to offset minimum wage increases. Their PC rate is 10% higher than the Arkansas proposed new rate (\$5.02 vs \$4.56 per unit) even though their minimum wage will be 6% less. Arkansas needs to make a serious commitment to sustaining Home and Community based services by increasing the Medicaid PC rate to at least \$5.25 per unit.

Please give this your serious and realistic consideration,

Shea Mathews

**Response:** Personal care was one of the first service categories to be reviewed by the Division of Medical Services (DMS) under Executive Order 19-02 signed by Governor Hutchinson in March 2019. DMS engaged the provider community to assist in the rate review. One of the challenges in the rate review is that providers are not required to file standardized cost reports. Thus, DMS had to use a less accurate survey of providers. 25 providers out of 388 participated in the survey. The minimum wage increases from \$9.25 per hour in January 2019 to \$10 in January 2020 was a significant factor in the review and has an impact on the Medicaid budget on State Fiscal Year (SFY) 2020 and SFY 2021. The next minimum wage increases to \$11 per hour will span SFY 2021 and SFY 2022. It is important to the rate review to understand to which workers the minimum wage increases apply.