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

Dear Senator Rice and Representative Wardlaw:

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

At the September meeting of the ALC, I reported that DHS would disburse the balance of \$220,987 to the 48 facilities that chose to participate based on the same funding formula as was used to calculate the initial payments from the \$2M in ARPA funds designated for that purpose. DHS anticipates disbursing the remaining funds by October 20th.

DHS is continuing the work necessary to implement Act 198 of 2023, which authorizes DHS to establish cost reporting for Medicaid-funded assisted living facilities. To date, cost reports have been received from 48 out of 51 facilities. Per the statute, facilities do have 90 days to comply with submitting these reports, although DHS requested a 30-day deadline to expedite our ability to complete the cost reporting process. The three outstanding facilities have been contacted and their administrative staff have committed to submit cost reports on or before Friday, October 13.

An existing vendor has been secured by DHS to conduct the cost report review once all data has been submitted. DHS's Division of Aging, Adult, and Behavioral Health Services is currently working to update the Living Choices provider manual to reflect the cost reporting requirements of Act 198.

On October 1st, DHS posted for public comment the intent to petition CMS for approval to implement the current Appendix K rates in use for ALF reimbursements as the permanent rates for the duration of the current Living Choices waiver. These rates are \$81.59 for urban facilities and \$85.67 for rural facilities.

In addition, DHS is continuing its broad-based review of the entire Medicaid system to assess options for long-term sustainability of the program. Assisted living payment rates are part of this review process. We look forward to reporting this information to ALC when the review is concluded.

Very respectfully,

Kristi Putnam
Secretary of Human Services