

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

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November 6, 2023

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 October ALC meeting, I reported that by October 27, 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. All remaining funds have now been disbursed.

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 50 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 remaining provider was contacted, and the administrator was informed of the statutory requirement to complete the survey. November 11 is the 90-day mark, and if we do not receive the last remaining cost report, which means this provider has failed to comply with Act 198, sanctions authorized by Act 198 will be enforced by the agency until compliance has been met by the provider.

The reports received have been submitted to Myers and Stauffer for review, and they have begun their initial assessment to determine if any require follow up with providers. The estimated timeline for completion is January 31, 2024. 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. The amendment for these rates was formally submitted to CMS on October 31st, 2023.

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 sharing this information with ALC when the review is concluded.

Very respectfully,

A handwritten signature in blue ink, appearing to read 'Kristi Putnam', written over a light blue circular stamp.

Kristi Putnam
Secretary of Human Services

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