



**DHS Secretary Kristi Putnam
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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. DHS is continuing the work necessary to implement Act 198 of 2023, which authorizes DHS to establish cost reporting for Medicaid-funded assisted living facilities.

To date, all cost reports have been received and forwarded to Meyers and Stauffer for inclusion in the analysis, and analysis for rate setting is underway with an expected completion date no later than January 15, 2024. DHS previously provided Meyers and Stauffer's cost reporting methodology and their anticipated timeline for completion to ALC and to all Living Choices providers on December 5, 2023. DHS also has requested Meyers and Stauffer to provide a draft report for review by all stakeholders prior to completion of the final version. In addition, DHS's Division of Aging, Adult, and Behavioral Health Services is updating the Living Choices provider manual to reflect the cost reporting requirements of Act 198. These changes have been submitted for internal review with an anticipated submission to ALC in early 2024.

On October 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,

Kristi Putnam
Secretary, Arkansas Department of Human Services