EXHIBIT B1

ARKANSAS DEPARTMENT OF HUMAN SERVICES

Office of the Secretary
P.O. Box 1437, Slot S201, Little Rock, AR 72203-1437
P: 501.682.8650 F: 501.682.6836 TDD: 501.682.8820

October 6, 2026

Hon. Jane English, Co-Chair
Hon. Mary Bently, Co-Chair
Hospital, Medicaid and Developmental Disabilities Study Subcommittee
1 Capitol Mall, Fifth Floor
Little Rock, Arkansas 72201

Dear Senator English and Representative Bentley:

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

DHS has implemented Act 198 of 2023 to establish cost reporting for Medicaid-funded assisted living facilities. The first cost report analysis and public comment responses were compiled and posted on March 4, 2024. Responses can still be found at https://humanservices.arkansas.gov/rules/ar-living-choices-al-waiver/.

Formal approval of the new proposed rate resulting from the first cost report analysis was received from both CMS and ALC in the third quarter of 2024. The new rate of $86.73 was implemented effective September 1, 2024, and is currently being used for claims submissions.

The annual cost report for calendar year 2025 has been posted and public comments have been addressed. Public comments primarily focused on ALF sustainability with regards to adequate reimbursements, cost reporting methodology, access to beds, non-wage inflation, and costs that are reimbursed at low percentages or disallowed entirely. The DHS Secretary's Office has reviewed the report's conclusions and will make a determination regarding rate implementation.

Finally, as requested in the May 31, 2024, ALC meeting, please see the attached change of ownerships or closures for the previous month of May.

Very respectfully,

Janet Mann

Janet Mann
Secretary, Arkansas Department of Human Services