

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

As Engrossed: H3/16/17

A Bill

HOUSE BILL 1810

5 By: Representatives Watson, *Johnson*
6

For An Act To Be Entitled

8 AN ACT TO CLARIFY AND ESTABLISH AN APPROPRIATE
9 MEDICAID REIMBURSEMENT METHODOLOGY FOR SMALL
10 INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH
11 DEVELOPMENTAL DISABILITIES; TO DECLARE AN EMERGENCY;
12 AND FOR OTHER PURPOSES.
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Subtitle

15 TO CLARIFY AND ESTABLISH AN APPROPRIATE
16 MEDICAID REIMBURSEMENT METHODOLOGY FOR
17 SMALL INTERMEDIATE CARE FACILITIES FOR
18 INDIVIDUALS WITH DEVELOPMENTAL
19 DISABILITIES; AND TO DECLARE AN
20 EMERGENCY.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code Title 20, Chapter 48, Subchapter 9, is
27 amended to add an additional section to read as follows:

28 20-48-905. Rate review.

29 (a) The General Assembly finds that:

30 (1) Historically, Medicaid reimbursement rates paid to
31 intermediate care facilities for individuals with developmental disabilities
32 were increased annually by an amount approximately equal to the annual
33 increase in inflation or the annual increase in the per diem costs of the
34 facility;

35 (2) When the provider tax was implemented for all classes of
36 intermediate care facilities for individuals with developmental disabilities,



1 some of the funding from the tax was used for a one-time enhanced care
2 addition to intermediate care facility for individuals with developmental
3 disabilities rates and for other programs that benefit individuals with
4 developmental disabilities and individuals in need of guardianship;

5 (3) Continuation of the historical rate increases based on
6 inflation and per diem cost increases was not intended to be:

7 (A) Funded by the intermediate care facility for
8 individuals with developmental disabilities provider tax; and

9 (B) Contingent on the amount of funds generated by the
10 intermediate care facility for individuals with developmental disabilities
11 provider tax;

12 (4) The one-time enhanced care addition to intermediate care
13 facility for individuals with developmental disabilities rates was intended
14 to provide funding for investments to improve the quality of care;

15 (5) Future increases to the intermediate care facility for
16 individuals with developmental disabilities rates were not intended to be
17 contingent on the amount of intermediate care facility for individuals with
18 developmental disabilities provider tax generated, particularly given that
19 not all of the intermediate care facility for individuals with developmental
20 disabilities provider tax is used to fund intermediate care facility for
21 individuals with developmental disabilities services;

22 (6)(A) Beginning in fiscal year 2015, the Department of Human
23 Services stopped granting any reimbursement increases to intermediate care
24 facilities for individuals with developmental disabilities that have fewer
25 than sixteen (16) beds.

26 (B) This practice of not granting rate increases happened
27 despite the fact that the reimbursement manual issued by the department
28 states that an inflationary adjustment will be applied and implemented by
29 state plan amendment; and

30 (7) This practice of not granting rate increases promotes larger
31 intermediate care facilities for individuals with developmental disabilities
32 that pay the provider tax and receive annual increases over smaller
33 intermediate care facilities for individuals with developmental disabilities
34 offering a community environment.

35 (b) The purpose of this section is to promote consistent treatment of
36 all classes of intermediate care facilities for individuals with

1 developmental disabilities by requiring the department to provide an annual
2 reimbursement increase to small intermediate care facilities for individuals
3 with developmental disabilities that is:

4 (1) Reasonable and adequate; and

5 (2) Greater than zero (0).

6 (c) As used in this section, "smaller intermediate care facility for
7 individuals with developmental disabilities" means an intermediate care
8 facility for individuals with developmental disabilities that has fewer than
9 sixteen (16) beds.

10 (d)(1) On or before July 1 of each year, the department shall apply an
11 inflationary adjustment, as determined by the department to be reasonable and
12 adequate, to the existing rate for smaller intermediate care facilities for
13 individuals with developmental disabilities.

14 (2) The department shall request a state plan amendment to
15 implement the inflationary adjustment.

16 (3) The amount of the inflationary adjustment shall be
17 determined based on a review of:

18 (A) Cost reports from the preceding calendar year; and

19 (B) Increases in appropriate inflation indices.

20 (4) The inflationary adjustment shall not be determined to be
21 zero percent (0%).

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23 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
24 General Assembly of the State of Arkansas that the Department of Human
25 Services has been discretionally denying rate increases to intermediate care
26 facilities for individuals with developmental disabilities that have fewer
27 than sixteen (16) beds; that these rate denials run contrary to the purpose
28 and intent of the reimbursement manual issued by the department; that the
29 denial of rate increases threatens the ability to continue to serve
30 individuals with developmental disabilities in small community settings; that
31 the rate review and mandatory rate increase shall assist in providing access
32 to services that individuals with developmental disabilities desperately
33 need; and that this act is immediately necessary because the department needs
34 adequate time to implement the rate increase that is required to maintain the
35 service providers that are already providing services within the state.
36 Therefore, an emergency is declared to exist, and this act being immediately

1 necessary for the preservation of the public peace, health, and safety shall
2 become effective on:

3 (1) The date of its approval by the Governor;

4 (2) If the bill is neither approved nor vetoed by the Governor,
5 the expiration of the period of time during which the Governor may veto the
6 bill; or

7 (3) If the bill is vetoed by the Governor and the veto is
8 overridden, the date the last house overrides the veto.

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/s/Watson