

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

As Engrossed: H3/19/25

A Bill

SENATE BILL 257

5 By: Senator C. Penzo
6 By: Representative Lundstrum
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE MEDICAID FAIRNESS ACT; TO EXTEND
10 THE APPEAL PERIOD FOR PROVIDERS IN THE ARKANSAS
11 MEDICAID PROGRAM; TO REQUIRE COMPREHENSIVE
12 INFORMATION IN NOTICES OF ADVERSE DECISIONS; TO
13 MANDATE PUBLICATION OF ALL POLICIES, PROTOCOLS, AND
14 REQUIREMENTS USED IN MAKING AN ADVERSE DECISION; AND
15 FOR OTHER PURPOSES.
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Subtitle

19 TO AMEND THE MEDICAID FAIRNESS ACT; TO
20 EXTEND THE APPEAL PERIOD FOR PROVIDERS
21 IN THE ARKANSAS MEDICAID PROGRAM; AND TO
22 REQUIRE COMPREHENSIVE INFORMATION IN
23 NOTICES OF ADVERSE DECISIONS.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. DO NOT CODIFY. Legislative findings and intent.

28 (a) The General Assembly finds that:

29 (1) The Department of Human Services currently allows providers
30 thirty-five (35) days to appeal an adverse determination before the
31 determination becomes final under 20 CAR § 706-404(a)(5);

32 (2) The thirty-five (35) day period is overly restrictive and
33 does not align with the operational realities of providers' business offices,
34 where adverse determinations arrive via mail and require time to be reviewed,
35 processed, and responded to appropriately;

36 (3) The current notice process lacks necessary details,



1 sometimes failing to include citations to specific policies, protocols, or
2 procedures, which hinders providers from adequately investigating and
3 appealing adverse decisions; and

4 (4) The inefficiency of the current process burdens both the
5 department and its contracted vendors by increasing unnecessary phone calls,
6 claims reopenings, and resubmissions which create additional administrative
7 costs and delays.

8 (b) It is the intent of the General Assembly to improve efficiency and
9 transparency in the Medicaid provider appeals process by:

10 (1) Extending the appeal period for providers;

11 (2) Requiring that notices of adverse decisions contain
12 comprehensive information, including citations to applicable policies and
13 procedures;

14 (3) Mandating the publication of all policies, protocols, and
15 procedural requirements utilized in making adverse decisions; and

16 (4) Ensuring that these requirements apply to the department and
17 any third-party vendors administering portions of the appeals process.

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19 SECTION 2. Arkansas Code § 20-77-1702, concerning the definitions
20 within the Medicaid Fairness Act, is amended to add an addition subdivision
21 to read as follows:

22 (20) "Third-party entity" means a vendor or other similar entity
23 contracted by the Department of Human Services to administer any part of the
24 Medicaid appeals process.

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26 SECTION 3. Arkansas Code § 20-77-1705 is amended to read as follows:

27 20-77-1705. Explanations for adverse decisions required.

28 (a) Each denial or other deficiency that the Department of Human
29 Services makes against a Medicaid provider shall be prepared in writing and
30 shall specify:

31 (1) The nature of the adverse decision;

32 (2) The statutory provision or specific rule alleged to have
33 been violated; and

34 (3) The facts and grounds that form the basis for the adverse
35 decision.

36 (b) A notice of an adverse decision sent to a provider shall contain

1 at a minimum:

2 (1) A clear and detailed explanation of the rationale for the
3 adverse decision; and

4 (2) Citations to all specific protocols, procedures, or policy
5 manual references that were relied upon in making the adverse decision.

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7 SECTION 4. Arkansas Code § 20-77-1712 is amended to read as follows:

8 20-77-1712. Notices.

9 (a) When the Department of Human Services sends letters or other forms
10 of notice with deadlines to providers or recipients, the deadline shall not
11 begin to run before the next business day following the date of the postmark
12 on the envelope, the facsimile transmission confirmation sheet, or the
13 electronic record confirmation, unless otherwise required by federal statute
14 or regulation.

15 (b) The Department of Human Services shall allow a provider no less
16 than sixty-five (65) days from the date of notice to the provider to appeal
17 an adverse decision, whether through administrative reconsideration,
18 administrative appeal, or any equivalent process.

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20 SECTION 5. Arkansas Code Title 20, Chapter 77, Subchapter 17, is
21 amended to add additional sections to read as follows:

22 20-77-1719. Publication of protocols, procedures, and requirements.

23 (a) The Department of Human Services shall publish and maintain all
24 protocols, procedures, and requirements used in making adverse decisions on
25 the website of the department.

26 (b) The publication shall include:

27 (1) The current version of each protocol, procedure, or
28 requirement;

29 (2) Prior versions of each protocol, manual, or published
30 requirement maintained in an archive for reference for a period equivalent to
31 state law and rule regarding retention of medical records; and

32 (3) An effective date for each version of the protocol, manual,
33 or published requirement to ensure providers have access to historical and
34 current policy requirements.

35 (c)(1) The department shall not use or enforce any policy, protocol,
36 or requirement that is not publicly disclosed and accessible to providers.

1 (2) Any internal, undisclosed, or unpublished protocol,
2 procedure, or requirement shall be deemed invalid for the purpose of making
3 an adverse decision.

4 (3) Subdivisions (c)(1) and (c)(2) of this section do not apply
5 to:

6 (A) Any information, protocol, procedure, or requirement
7 for which disclosure is prohibited by state law or rule or by federal law or
8 regulation;

9 (B) Research regarding the latest medical standard of care
10 or advancement of practice that is conducted by the department on a specific
11 request for payment or claim; or

12 (C) Adverse actions associated with licensure or
13 certification of providers.

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15 20-77-1720. Third-party entity compliance.

16 A third-party entity shall comply with the requirements in this
17 subchapter, including appeal periods, notice requirements, and publication of
18 protocols, procedures, and requirements.

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20 SECTION 6. DO NOT CODIFY. Implementation.

21 The Department of Human Services shall:

22 (1) Revise all policies, manuals, and procedural guidelines to
23 conform with this act; and

24 (2) Conduct periodic audits to ensure compliance with this act
25 and publish audit findings under this section annually.

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27 /s/C. Penzo
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