

DHS Update: 2025 HCBS Rate Study Implementation

August 28, 2026



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Overview

Act 1023 of 2025 required that a rate study be completed by October 1, 2025 providing minimum payment rates for Medicaid-funded HCBS delivered via the PASSEs and authorized through the Community and Employment Support (CES) 1915(c) Waiver and the 1915i State Plan.

- DHS, in conjunction with DHS' contracted actuaries, Milliman, developed a rate report in accordance with this requirement.
- Rate modeling reflected consideration of national and state data sources and provider feedback, including input gathered via all-provider meetings, a provider technical workgroup, a voluntary all provider cost and wage survey, and a therapeutic community staffing data collection tool. DHS also provided the opportunity to submit feedback via email after the release of the report, due November 5, 2025.

DHS will be implementing minimum payment rates for the services included in the rate study, effective January 1, 2027.

Implementation of minimum payment rates requires approval by the Centers for Medicare & Medicaid Services (CMS) and an evaluation plan that includes quality measures.

Overview

Services Included in the 2025 HCBS Rate Study

CES Waiver Services

- Supportive Living (1, 2, 3-5, and 6-8 person 15 minute payment rates)
- Supported Employment (1, 2-4, and 5-8 person 15 minute payment rates)
- Respite
- Consultation

Behavioral Health Services

- Crisis Stabilization Intervention – Qualified Behavioral Health Professional (QBHP)
- Individual Pharmacologic Counseling By Registered Nurse (RN)
- Peer Support
- Supportive Housing
- Residential Community Reintegration Program
- Therapeutic Communities (Levels 1-3)
Note: Therapeutic Community Level 3 is a new level of this service. DHS has updated current TC service definitions and related program policy and documentation.
- Adult Rehabilitation Day Services (RDS)
Note: DHS has changed payment for this service to a per diem and developed the related service definition and changes to program policy and documentation.
- Adult Life Skills Development - individual and group
- Youth Life Skills Development (16-20) - individual and group
- Behavioral Assistance
- Child And Youth Support Services
- Supportive Employment (1, 2-4, and 5-8 person 15 minute payment rates)

Overview

Use of a Minimum Fee Schedule

- PASSEs will continue to have the ability to vary their payment rates when contracting with providers but may not pay below the minimum payment rates.
- To determine the minimum payment rates, DHS has considered feedback received regarding the modeled rates in the 2025 HCBS Report along with recent policy changes for specific services.
- The minimum payment rates will be those listed in the 2025 HCBS Rate Report with the following updates:
 - Therapeutic Communities Level 2 – updated payment rate
 - Behavioral Assistance and Child and Youth Support Services – use of supplemental pricing guidance. This guidance is non-binding and for voluntary use by PASSEs and providers during contract negotiations.
- Appendix A provides the DHS' anticipated minimum payment rates. The additional updates and supplemental pricing guidance are described on the following slides.

Therapeutic Communities Level 2

	Payment Rate
DHS fee schedule rate	\$358.00
2025 HCBS Rate Report modeled payment rate	\$299.09
Minimum fee schedule payment rate	\$363.16

The updated payment rate above reflects (1) provider feedback regarding the staffing needs for this service and (2) DHS updates to Therapeutic Communities Level 1 and 2 service definitions and related policy allowing providers to deliver these two services in the same facility.

Behavioral Assistance

	Payment Rate
DHS fee schedule rate	\$22.52 per 15 min - Degreed QBHP \$16.77 per 15 min - Non-degreed QBHP
2025 HCBS Rate Report modeled payment rate <i>Note: Payment for this service was modeled to be the same for degreed and non-degreed QBHPs.</i>	\$19.49 per 15 min
Minimum fee schedule payment rate <i>Note: Payment is the same for degreed and non-degreed QBHPs unless the PASSE and the provider agree on additional variation in payment above this minimum. DHS will provide the specific procedure codes and modifiers that would be used in this situation.</i>	\$19.49 per 15 min
Supplemental pricing guidance for use by PASSEs and providers	Home-based services with notable transportation considerations: • Non-degreed QBHP: \$25.72 per 15 min • Degreed QBHP: \$26.45 per 15 min Use of degreed QBHPs for non-home-based services: \$20.08 per 15 min

The supplemental pricing guidance above is a result of provider feedback, the need to support service delivery in rural areas where staff incur notable travel time to deliver services in the home, and the use of degreed staff to support specific member needs.

Child and Youth Support Services

	Payment Rate
DHS fee schedule rate	Degreed QBHP: \$90.08 per hour (equivalent of \$45.04 per 30 minutes) Non-degreed QBHP: \$67.08 per hour (equivalent of \$33.54 per 30 minutes)
2025 HCBS Rate Report modeled payment rate <i>Payment is the same for degreed and non-degreed QBHPs unless the PASSE and the provider agree on additional variation in payment above this minimum. DHS will provide the specific procedure codes and modifiers that would be used in this situation.</i>	\$59.26 per hour (equivalent of \$29.63 per 30 minutes)
Payment rate for use in the minimum fee schedule	\$29.63 per 30 minutes
Supplemental pricing guidance for use by PASSEs and providers	Home-based services with notable transportation considerations: \$38.98

The supplemental pricing guidance above is a result of provider feedback and the need to support service delivery in rural areas where staff incur notable travel time to deliver services in the home. DHS anticipates that the availability of the Family Centered Treatment service will be supportive of ongoing needs and is delivered in the home and community using a case-based rate.

Minimum Payment Rate Implementation – DHS' Next Steps

- **DHS will be implementing the additional funding and updates to the payment rates through DHS' standard capitation rate development process.**
 - Implementation of any payment rate changes will be effective on January 1, 2027, consistent with effective date of Calendar Year (CY) 2027 PASSE capitation rates, and contingent on CMS approval.
 - CY 2027 PASSE capitation rates are currently under development and DHS anticipates submission of CY 2027 capitation rates to CMS for approval on October 1, 2026.
- **DHS is in the process of making operational and system changes** to ensure compliance with the minimum fee schedule and will continue to provide updates to the provider community as needed.
- **DHS anticipates that the PASSEs will be modifying provider contracts to implement** payment rate changes, as needed, prior to January 1, 2027.
- **DHS will publish the minimum payment fee schedule online, similar to how the Fee for Service rates are published.** These payment rates will include the associated procedure codes and modifiers.
- **DHS will publish supplemental pricing guidance** for Behavioral Assistance and Child and Youth Support Services.

Appendix A: Minimum Fee Schedule

For Medicaid-funded HCBS Delivered via the PASSEs and authorized through the CES 1915(c) Waiver and the 1915i State Plan

CES 1915(c) Waiver Services

Service Description	Unit Type	Minimum Payment Rate
Supportive Living 1:1	15 min	\$ 6.44
Supportive Living, 2 people	15 min	\$ 3.52
Supportive Living, 3-5 people	15 min	\$ 3.25
Supportive Living, 6-8 people	15 min	\$ 2.40
Respite	15 min	Same as the corresponding Supportive Living payment rate
Supported (CES) and Supportive (BH) Employment, 1:1	15 min	\$ 8.56
Supported (CES) and Supportive (BH) Employment, 2-4 people	15 min	\$ 4.28
Supported (CES) and Supportive (BH) Employment, 5-8 people	15 min	\$ 1.71
Consultation – Treatment Planning	Hour	\$ 72.80
Consultation – Training staff and/or family		
Consultation – Updates to assessments		
Consultation – Medicaid eligibility paperwork		
Consultation – Behavior support plans/training		

Behavioral Health 1915i State Plan Services

Service Description	Unit Type	Minimum Payment Rate
Crisis Stabilization Intervention – QBHP	15 min	\$ 14.81
Residential Community Reintegration	Per Diem	\$ 418.90
Therapeutic Communities – Level 1	Per Diem	\$ 512.75
Therapeutic Communities – Level 2	Per Diem	\$ 363.16
Therapeutic Communities – Level 3	Per Diem	\$ 157.70
Adult Rehabilitation Day Services (RDS)	Partial Day	\$ 60.78
Adult Rehabilitation Day Services (RDS)	Full Day	\$ 96.74
Peer Support	15 min	\$ 16.98
Adult Life Skills Development – 1:1	15 min	\$ 15.76
Adult Life Skills Development – group	15 min	\$ 4.73
Youth Life Skills Development – 1:1	15 min	\$ 14.81
Youth Life Skills Development – group	15 min	\$ 4.42
Behavioral Assistance*	15 min	\$ 19.49
Child And Youth Support Services – 1:1*	30 min	\$ 29.63
Supportive Housing	Hour	\$ 49.99
Individual Pharmacologic Counseling By RN	15 min	\$ 26.50

* DHS has separately provided supplemental pricing guidance for this service. This guidance is non-binding and for voluntary use by PASSEs and providers during contract negotiations.