

All Provider HCBS Meeting: Status of Implementation of Updated Payment Rates for IDD and Behavioral Health HCBS Available Under the 1915i and 1915(c) Waiver Within the PASSE Program

May 14, 2026



Agenda

- Welcome
- Rate study scope and context
- Anticipated payment rate update process and timing
- Questions?

DHS Representatives

Paula Stone, Human Services Division
Deputy Director
AR State Mental Health Commissioner
DHS Director of the Office of Substance
Abuse and Mental Health (OSAMH)

Jennifer Brezée, Director
Arkansas Department of Human
Services
Division of Developmental Disabilities
Services

DHS Support

Gwyn Volk, Principal, Milliman

Services Included in October 2025 Rate Study

CES Waiver Services

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

BH 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 is in the process of updating current TC service definitions and related program policy and documentation.

- Adult Rehabilitation Day Services (RDS)

Note: DHS is in the process of changing payment for this service to a per diem and developing the related service definition and related changes to program policy and documentation.

- Adult Life Skills Development - individual and group
- 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)

Context for Development of the October 2025 Rate Study's Modeled Payment Rates

- **Modeled payment rates reflect a core set of services** with a defined billing unit.
- The **independent rate model (IRM) approach provides the basis for rate modeling**, with detailed payment rate assumptions included in the October 2025 rate study, available online at: <https://humanservices.arkansas.gov/newsroom/hcbs/hcbs-rate-report/>
- **There is variability across providers.** For example, variations exist in wage levels, health insurance offerings, service delivery location, if transportation is involved, and if providers pay staff for travel time. As such, **the assumptions included in the modeled payment rates presented in the rate report do not match every provider's experience.**
- **Staffing costs – wages and employee-related expenses – are the primary drivers of HCBS payment rates.**

Modeled Payment Rate Results – Highlights

- Overall, the modeled payment rates in the rate study resulted in an **estimated fiscal impact of \$82 million in combined federal and state costs**, with the most notable increases occurring in Supportive Living, Adult RDS and Life Skills Development.
- **Supportive Living** represents the majority of the modeled increase.
- **BH services experience a mix of payment rate increases and decreases**
 - While Therapeutic Community (TC) Level 1's modeled payment rate is slightly higher than current payment rates, the TC Level 2 modeled payment rate is lower.
 - Modeled payment rates for RDS and 1:1 Adult Life Skills Development and Life Skills Development (16-20 years old) increased notably while Behavioral Assistance and Child and Youth Support Services decreased.
 - Modeled payment rates for group Adult Life Skills Development and Life Skills Development (16-20 years old) services decreased overall, primarily based on the number of individuals assumed per group (3).
- **DHS solicited feedback throughout the development of the rate study**, including an initial all-stakeholder virtual meeting, provider cost and wage survey, provider technical workgroup and the opportunity to submit feedback via email after the release of the report. The deadline for all feedback was November 5, 2025.

For additional detail, please see the rate study available online: <https://humanservices.arkansas.gov/newsroom/hcbs/hcbs-rate-report/>

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.
 - 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. During the capitation rate development process, DHS will review the feedback that was received on the rate study by the November 5, 2025 deadline.
- **DHS will be identifying any operational or systems changes needed** to implement new payment rates 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 updated payment rates online, similar to how the Fee for Service rates are published.**

Questions?

- Please use the “chat” function to ask questions you may have.
- If you have additional questions, please submit them to DHS-HCBS-RateReview@milliman.com.

