

Methods and Standards for Establishing Payment Rates

1. **Services Provided Under Section 1915(i) of the Social Security Act.** For each optional service, describe the methods and standards used to set the associated payment rate. *(Check each that applies, and describe methods and standards to set rates):*

	HCBS Case Management
	HCBS Homemaker
	HCBS Home Health Aide
	HCBS Personal Care
	HCBS Adult Day Health
	HCBS Habilitation
<input type="checkbox"/>	HCBS Respite Care
For Individuals with Chronic Mental Illness, the following services:	
<input checked="" type="checkbox"/>	<p>HCBS Day Treatment or Other Partial Hospitalization Services</p> <p>Based on the information gained from the peer state analysis and the consideration of adjustment factors such as Bureau of Labor Statistics (BLS) along with Geographic Pricing Cost Index (GPCI) to account for economic differences, the state was able to select appropriate rates from fee schedules published by peer states. Once this rate information was filtered according to Arkansas requirements a “state average rate” was developed. This “state average rate” consisting of the mean from every peer state’s published rate for a given procedure served as the base rate for the service, which could then be adjusted by previous mentioned factors (BLS), (GPCI) etc.</p> <p>Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. The agency’s fee schedule rate was set as of January 1, 2019 and is effective for services provided on or after that date. All rates are published at the Fee Schedules website.</p>
	HCBS Psychosocial Rehabilitation
	HCBS Clinic Services (whether or not furnished in a facility for CMI)

Other Services (Specify below):**Therapeutic Communities**

Effective November 1, 2022, the new rate for Therapeutic Communities is established with the highest intensity program set at 70% of the Arkansas State Hospital (ASH) inpatient rate, and the lowest intensity level of programming at 50% of the ASH inpatient rate. Because a rate comparison analysis of similar programs in other Region 6 states found no comparable programs, in-state facilities offering comparable levels of care were surveyed. Specifically, the rates for human development centers (HDCs) and the ASH were used for comparison because Therapeutic community provider actual costs for services were also considered in the rate setting process. A revised rate methodology was determined, focused on two levels of program intensity utilizing this method.

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. The agency's fee schedule rate was set as of November 1, 2022, and is effective for services provided on or after that date. All rates are published at the [Fee Schedules website](#).

For all other Adult Behavioral Health Services for Community Independence (ABHSCI) program services, the rate methodology is based on the information gained from the peer state analysis and the consideration of adjustment factors such as Bureau of Labor Statistics (BLS) along with Geographic Pricing Cost Index (GPCI) to account for economic differences, the state was able to select appropriate rates from fee schedules published by peer states. Once this rate information was filtered according to Arkansas requirements a "state average rate" was developed. This "state average rate" consisting of the mean from every peer state's published rate for a given procedure served as the base rate for the service, which could then be adjusted by previous mentioned factors (BLS), (GPCI) etc.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Human Services

DIVISION Medical Services

PERSON COMPLETING THIS STATEMENT Jason Callan

TELEPHONE 501-320-6540 **FAX** _____ **EMAIL:** Jason.Callan@dhs.arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE 1915 i (Therapeutic Community Rates)

- 1. Does this proposed, amended, or repealed rule have a financial impact? Yes No

- 2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes No

- 3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If an agency is proposing a more costly rule, please state the following:

(a) How the additional benefits of the more costly rule justify its additional cost;

(b) The reason for adoption of the more costly rule;

(c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;

(d) Whether the reason is within the scope of the agency’s statutory authority; and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

(a) What is the cost to implement the federal rule or regulation?

<u>Current Fiscal Year</u>		<u>Next Fiscal Year</u>	
General Revenue	\$ _____	General Revenue	\$ _____
Federal Funds	\$ _____	Federal Funds	\$ _____
Cash Funds	_____	Cash Funds	_____
Special Revenue	_____	Special Revenue	_____
Other (Identify)	_____	Other (Identify)	_____

Total \$ _____ Total \$ _____

(b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue \$1,231,004
 Federal Funds \$3,106,573
 Cash Funds
 Special Revenue
 Other (Identify)
 Total \$4,337,577

General Revenue \$1,846,507
 Federal Funds \$4,659,859
 Cash Funds
 Special Revenue
 Other (Identify)
 Total \$6,506,366

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

Next Fiscal Year

\$ _____

\$ _____

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

Next Fiscal Year

\$ 1,231,004

\$ 1,846,507

7. With respect to the agency’s answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

(1) a statement of the rule’s basis and purpose;

The State is submitting a State Plan Amendment to its 1915i plan related to the PASSE Independent Assessment and the Adult Behavioral Health Services for Community Independence (ABSCI) program and revising its Independent Assessment manual. The rule also updates rates for adult behavioral health services and allows reassessments to be conducted in person or through interactive video or telephonically.

- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;

There is no statute that requires the specific elements of the proposed rule.

- (3) a description of the factual evidence that:
- (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;

This rule would decrease the time required to complete a reassessment.

A rate analysis of facility-based adult behavioral health services was conducted in the fall of 2021, and it was determined at that time that the current therapeutic communities' rates were not sufficient to reimburse providers for the cost of providing the service.

The other updates included in the rule are needed to adapt and evolve the agency's HCBS operations, to improve service delivery.

- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

There are no less costly alternatives.

- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

N/A

- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and

N/A

- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:

- (a) the rule is achieving the statutory objectives;
- (b) the benefits of the rule continue to justify its costs; and
- (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

The Agency monitors State and Federal rules and policies for opportunities to reduce and control costs.