ARKANSAS DEPARTMENT OF HUMAN SERVICES

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October 1, 2025

RE: Rate Report in accordance with Act 1023 of 2025

Dear PASSE Home and Community Based Providers and other interested parties,

This letter serves to inform you that the Department of Human Services (DHS), in conjunction with our contracted actuaries, Milliman, completed the attached rate report in accordance with Act 1023 of 2025. This Act required that a rate study be completed by October 1, 2025, that provides minimum payment rates for Medicaid funded home and community-based services (HCBS) delivered by Provider-led Arkansas Shared Savings Entities (PASSEs) and authorized through the Community and Employment Supports 1915(c) Waiver and the 1915i State Plan. The modeled payment rates included in this report reflect a core set of home and community-based services with distinct billing units. Modeling reflects consideration of national and state data sources and extensive 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.

Standardization of service descriptions is necessary to mitigate the risk of undetected fraud, waste or abuse, as recently identified, and to comply with federal quality standards. DHS may seek to update the relevant state plan/waiver and policies as necessary to reflect DHS' service delivery expectations. Additional federal actions and approvals would be necessary before implementation of new rates may occur.

DHS also notes that the broader focus of the PASSE program is to realign incentives to improve quality and outcomes for members while being responsible stewards of taxpayers' dollars. DHS is committed to supporting PASSEs and providers in the development of value-based payment models that reward providers for improving member outcomes while delivering high quality, efficient and effective care.

Sincerely,

Janet Mann

Janet Mann, Secretary
Arkansas Department of Human Services

MILLIMAN CLIENT REPORT

Home and Community-Based Services Rate Report

Arkansas Department of Human Services

October 1, 2025

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Table of Contents

I. EXECUTIVE SUMMARY 1
RESULTS 1
II. OVERVIEW OF INCLUDED SERVICES 3
III. OVERVIEW OF PROVIDER ENGAGEMENT 4
IV. METHODOLOGY 5
IRM RATE DEVELOPMENT APPROACH 5
IRM RATE MODEL COMPONENTS 7
V. ESTIMATED FISCAL IMPACT 14
VI. FUTURE CONSIDERATIONS FOR PROVIDER DATA COLLECTION 14
VII. LIMITATIONS AND DATA RELIANCE 15
APPENDIX 1: SUMMARY OF MODELED PAYMENT RATES BY COMPONENT 17
APPENDIX 2: SUMMARY OF ESTIMATED FISCAL IMPACT FOR MODELED PAYMENT RATES 19
APPENDIX 3: PROVIDER TECHNICAL WORKGROUP FEEDBACK SUMMARY 22
APPENDIX 4: DETAILED RATE BUILD-UP EXAMPLES 26
APPENDIX 5: STAFFING AND SERVICE TIME ASSUMPTIONS 34
APPENDIX 6: BLS OCCUPATION CODE DESCRIPTION 39
APPENDIX 7: BLS WAGES BY STAFF TYPE 41
APPENDIX 8: SERVICE-RELATED TRAVEL ASSUMPTIONS 44
APPENDIX 9: PTO & TRAINING TIME ASSUMPTIONS 46
APPENDIX 10: ERE ASSUMPTIONS 48

I. Executive Summary

Milliman has been engaged by the Arkansas Department of Human Services (DHS) to conduct a legislatively mandated rate report for intellectual and developmental disability (I/DD) and behavioral health (BH) services included in the home and community-based services (HCBS) manual and delivered via managed care by Provider-led Arkansas Shared Savings Entities (PASSEs). Services included in this rate report are authorized through the Community and Employment Support (CES) 1915(c) waiver and Section 1915(i) of the state plan amendment. The rate report encompasses a range of services for individuals with I/DD and BH needs, including services provided in-home, round-the-clock, in provider clinics and in places of employment. PASSEs are able to contract with providers at rates that vary from archived fee schedule rates to support access to services and individual member needs.

The modeled rates presented in this report are intended to be consistent with efficiency, economy, quality of care, and access to care and are trended to calendar year (CY) 2026 (January 1, 2026 to December 31, 2026). Changes to payment rates that may result from the rate report rely on any necessary state and federal approvals. It is our understanding that state approvals will include consideration of maintaining overall budget neutrality for the Medicaid program.

Efforts supporting the rate report involved:

- Identifying opportunities for alignment in payment rate assumptions across services, based on a comprehensive review of service requirements including review of the CES 1915(c) waiver application[1], 1915(i) state plan amendments[2], Arkansas HCBS program manuals[3], Arkansas Medicaid fee schedules provided by DHS, and PASSE fee schedules[4].
- Feedback from DHS program experts regarding program requirements and expected service delivery and related costs.
- Feedback from interested parties gathered during an all-provider meeting, provider technical workgroup meetings, Serious Mental Illness (SMI) Advisory Group meetings, and comments submitted to a dedicated project e-mail inbox.
- Review of national and state data sources, including an Arkansas HCBS provider cost and wage survey and ad hoc data collection from Therapeutic Communities providers.
- Use of an independent rate model (IRM) methodology, which builds rates from the “ground up” by determining the costs related to separate components and sums the components to develop a payment rate for each service.

DHS has also identified the need for policy clarifications and updates to applicable 1915(c) waiver amendments or 1915(i) state plan amendments.

RESULTS

Modeled payment rates (trended to CY 2026) result in an estimated 16% to 19% increase in service costs for existing services. This equates to an estimated $82M to $96M increase in total computable expenditures (state and federal share) prior to accounting for PASSE administration, margin, or premium tax. The higher end of this range includes only the services whose rates increased (“hold harmless”).

Supportive Living accounted for roughly 78% of the CY 2024 expenditures for the reviewed services. With a modeled increase of roughly 23%, Supportive Living is responsible for the majority of the aggregate increase. The modeled payment rates for BH services result in a net decrease, with variability at the individual service level. Staffing costs – wages and employee-related expenses – are the primary driver of modeled payment rate levels for all services.

The modeled payment rates include one new service (Therapeutic Community Level 3) and the addition of a new staff type (Mental Health Professional) for Crisis Stabilization Intervention. The estimated fiscal impact excludes any utilization changes for the new or existing services, but it is important to note increased payment rates, implementation of new services, changes in enrollment, and other factors may impact utilization and the resulting fiscal impact.

Figure 1 summarizes the estimated fiscal impact of the modeled rates by service grouping.

FIGURE 1: ESTIMATED FISCAL IMPACT ANALYSIS, BY SERVICE GROUPING

Service Grouping	CY 2024 Expenditures	Rate Change	Fiscal Impact (FI)	Hold Harmless FI
Supportive Living	$393,113,478	23.1%	$90,990,489	$90,990,489
Respite	$83,025	51.4%	$42,709	$42,709
Supported Employment	$184,495	99.1%	$182,804	$182,874
Consultation	$1,926,581	-43.1%	-$830,376	$2,850
Subtotal CES Waiver	**$395,307,579**	**22.9%**	**$90,385,625**	**$91,218,922**
Crisis Stabilization	$1,002,019	-39.9%	-$400,037	$0
Therapeutic Communities	$51,862,373	-10.7%	-$5,539,305	$186,896
Adult RDS	$7,872,667	30.4%	$2,393,113	$2,393,113
Life Skills Development	$2,521,834	36.0%	$908,987	$910,497
Behavioral Assistance	$35,724,274	-9.5%	-$3,396,016	$917,885
Child and Youth Support	$9,166,022	-30.5%	-$2,799,157	$0
Other	$1,685,585	15.8%	$266,469	$266,469
Subtotal BH Services	**$109,834,774**	**-7.8%**	**-$8,565,946**	**$4,674,858**
Total	**$505,142,353**	**16.2%**	**$81,819,680**	**$95,893,780**

Notes: Totals may not tie due to rounding. The estimated fiscal impact relies on calendar year 2024 utilization. "Other" includes Residential Community Reintegration, Peer Support, Supportive Housing, and Individual Pharmacological Counseling by RN services.

This report provides a description of the rate modeling approach, methodology, and assumptions used to model payment rates for the services under review. Appendix 1 provides a listing of the modeled rates, including a breakdown by rate component. Appendix 2 includes fiscal impact estimates by service and program. The remainder of the appendices provide additional detail, as described throughout this report.

The rates in this report rely extensively on data provided by DHS, providers, and national data sources. If the underlying data or information is inaccurate or incomplete, the results of our analysis may, likewise, be inaccurate or incomplete. Milliman is not advocating for, recommending, or endorsing any specific adjusted payment rate approach or changes to funding levels. All final decisions regarding the design, modeling methodologies, parameters, and assumptions, and other aspects of the adjusted payment rate approach are the responsibility of DHS.

II. Overview of Included Services

The included services are authorized through Arkansas' CES 1915(c) waiver program and 1915(i) state plan amendments, and delivered by the PASSEs, specifically Arkansas Total Care, Summit Community Care, Empower, and CareSource. Figure 2 provides a detailed listing of these services.

FIGURE 2: SERVICES INCLUDED IN THE RATE REPORT

SERVICE TYPE	SERVICE NAME	
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 rates) • Consultation	
BH Services	• Crisis Stabilization Intervention – MHP (Mental Health Professional) and QBHP (Qualified Behavioral Health Professional) *Note: MHPs cannot currently provide this service; DHS has indicated they will update the related policies and other program documentation to support the provision of this service by a MHP level staff.* • 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 its current TC service definitions and related changes to 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 years old) – individual and group • Behavioral Assistance • Child And Youth Support Services • Supportive Employment (1, 2-4, and 5-8 person 15 min rates)

Modeled payment rates reflect a core set of services with a defined billing unit, as listed in Appendix 1. Current payment rates for behavioral health services rely on an archived DHS fee schedule while those for CES waiver services are determined by fee schedules published on the webpage from each PASSE. Variability in payment rates for CES waiver services exists related to billing units and how services are defined. For example, PASSE payment approaches for Supportive Living services include 15 minute billing units and per diems with add-ons for acuity.

III. Overview of Provider Engagement

The modeled rates presented in this report reflect intensive work with DHS and providers to better understand the costs associated with the delivery of HCBS, in addition to the collection and analysis of a wide range of relevant data sources, as described below.

DHS engagement. Discussions were held with DHS program experts throughout the rate report to obtain input on rate modeling assumptions and support consistency with program requirements.

All provider kick-off. A kick-off meeting was held in May 2025 to communicate the scope of the rate report, overall approach, upcoming release of the provider survey, and opportunities to provide feedback.

Dedicated project inbox. A dedicated project e-mail inbox was utilized to accept feedback and comments on the rate report.

Provider technical workgroup. A representative group of CES waiver and BH providers were engaged to provide feedback on the draft provider cost and wage survey and the costs of service delivery including staff types and wages, health insurance, turnover, transportation, training and paid time off (PTO) and staff training requirements. This workgroup met five times from May through September. Appendix 3 summarizes the feedback shared by workgroup members.

Serious Mental Illness Advisory Group. This standing advisory group provided input on service delivery and related staffing expectations for Therapeutic Community services, and the structure and components of the RDS per diem.

Provider data collection. This rate report included the collection of cost, wage and staffing data from Arkansas providers.

Therapeutic Community ad hoc data collection tool. This tool collected information on current service staffing patterns and service delivery. The results of this tool were used to support the development of staffing assumptions for Therapeutic Community services. The tool was distributed to current Therapeutic Community providers; 8 of the 9 providers responded to this request.

Provider cost and wage survey. This survey was developed for purposes of this rate report and was reviewed by the provider technical workgroup prior to release. Two survey versions were used:

- Excel-based provider cost and wage survey for providers serving 20 or more PASSE members annually, and providers delivering Therapeutic Community services or Supported Living – Shared Staffing services.
- Abbreviated online service for providers serving less than 20 PASSE members annually that also do not provide Therapeutic Community or Supported Living – Shared Staffing services.

Figure 3 below summarizes the responses received, which reflect 36% of all CES waiver and BH providers and account for approximately 58% of the PASSE expenditures for services under review.

FIGURE 3: SUMMARY OF RESPONSES FROM THE PROVIDER COST AND WAGE SURVEY

	CES WAIVER	BH AGENCIES	TOTAL**
Total providers*	99	69	168
Survey Responses			
Abbreviated Online Survey	9	2	11
Full Excel Survey	35	24	49
Total Surveys	44	26	60
% of providers	44%	38%	36%

* Total providers as reported by DHS on July 2, 2025. There may be some providers that are designated as Community Support System Providers (CSSP) only that are not included in the total provider count. % CY 2024 expenditures reflect survey submissions with valid provider billing IDs or those providers with a match between the NPI reported on the survey and the NPI reported in the claims data.

** Totals represent an unduplicated number of surveys, as some surveys included both CES waiver and 1915(i) BH services.

Provider engagement was critical in the development of rate modeling assumptions and additional details on how provider feedback was considered are summarized throughout the remainder of this report.

IV. Methodology

We primarily used an IRM approach to model rates for the services under review. This section of the report describes the IRM rate development approach, the IRM rate components, and the other approaches used for payment rate development.

IRM RATE DEVELOPMENT APPROACH

The IRM approach calculates the average costs that a reasonably efficient provider would be expected to incur while delivering services. This approach determines the costs related to the individual cost components shown in Figure 4 and sums the component amounts to derive a rate for each service. Rather than relying on actual costs incurred from a prior time period to determine what the rates should be, the IRM approach builds rates from the "ground up" and considers what the costs may be to provide the service based on a set of assumptions. This approach provides transparency to rates and includes clear and concise documentation of the rate development process, where each component can be independently reviewed and assessed. The identification of assumptions by IRM component allows for easy updates to accommodate the ever-changing healthcare landscape and regulatory environment.

The IRM approach can be distinguished from other provider payment methodologies in that it estimates the average costs for each service given the resources (salaries and other expenses) reasonably expected to be required as part of delivering the service. By contrast, many cost-based methods rely primarily on the historical costs incurred while delivering services, which can be affected by operating or service delivery decisions made by providers. These operating or service delivery decisions may be inconsistent with program service delivery standards or be caused by program funding limitations that do not necessarily consider the average resource requirements associated with providing these services.

To the extent provider rates are affected by external factors, such as legislatively mandated funding levels that are not consistent with factors that drive the market, the IRM approach also provides a means to communicate what costs may reasonably be incurred, and the issues faced by providers, so decision makers can more equitably allocate resources based on this information.

A detailed description of each of the IRM components is provided in Figure 4. The first two components – direct care staff and supervisor salary and wages, and employee related expenses (ERE) – comprise the largest portion of the expected costs built into the rate models. We have excluded room and board expenses from the rates as these expenses are not allowed for Medicaid payment per federal Medicaid regulation.

FIGURE 4: IRM COMPONENTS

COMPONENT	ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Direct/Clinical Care Staff and Supervisor Salaries and Wages	Service-related time	Direct time	Corresponding time unit as defined on the fee schedule • Adjusted for staffing ratios for some services, i.e., more than one person served concurrently
		Indirect time	Non-billable time for direct/clinical care workers as part of required service planning, note taking, and preparation time as well as time being supervised.
		Transportation time	Non-billable time for direct/clinical care workers related to travel as part of the service including: • Travel time directly transporting the client • Travel time performing chores or tasks for the client when the client is not present • Travel time between services This time is only included as a rate modeling assumption if it is time that is required for the service, paid by providers to staff, and cannot be billed separately.
		PTO and training time	Includes vacation, holiday, and sick time. Training assumptions include both ongoing employee training as well as new hire training time attributable to employee turnover. Turnover represents the proportion of direct/clinical care staff who leave an organization in a year.
		Supervisor time	Accounted for using a span of control variable that represents the average number of direct/clinical care workers each supervisor oversees.
	Wage rates	Can vary for overtime (OT) differentials	Wage rates vary by direct care staff type.

COMPONENT	ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
			Staff wages include a time and a half (1.5 factor) increase for time associated with OT.
Employee Related Expenses	Payroll-related taxes and fees	Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), State Unemployment Insurance (SUI), Workers' Compensation, Medicare withholding, and Social Security contributions	Applicable to all employees, and varies by wage level assumption
	Employee benefits	Health, dental, vision, life and disability insurance, and retirement benefits	Applicable to all employees. Benefit amounts may vary by staff type.
Transportation	Vehicle operating expenses	Includes all ownership and maintenance-related expenses	Varies by service with costs estimated based on the federal reimbursement rate.
Administration and Program Support	All other business-related costs	Includes program operating expenses, including management, accounting, legal, information technology, facility space to deliver services etc.	Excludes room and board expenses as these expenses are not allowed for Medicaid payment per federal Medicaid regulation.

Figure 5 provides a description of the different IRM rate model approaches used to develop the rates, based on the unit type and setting of each service. Payment rate development considers each of the core IRM components described in Figure 4, regardless of rate model approach. Appendix 4 provides examples of the detailed rate buildup for each rate model approach.

FIGURE 5: IRM RATE MODEL APPROACHES

UNIT & MODEL TYPE	OVERALL DESCRIPTION & SERVICES INCLUDED	INCLUDED SERVICES
One primary direct/clinical care worker and one primary supervisor	• For services that have a defined time (minutes or hours) per billed services as part of a fee schedule. • Typically, one primary worker is expected to provide the service overseen by one primary supervisor. • The services are provided in a variety of settings, including facility and non-facility-based settings such as homes and schools.	**CES Services** • Supportive Living (1 and 2 person rates) • Respite • Supported Employment (1, 2-4, and 5-8 person rates) • Consultation **BH Services** • Crisis Stabilization Intervention – MHP • Individual and Pharmacological Counseling by RN • Supportive Employment (1, 2-4, and 5-8 person rates)
One primary/clinical direct care worker and multiple supervisors	• For services that have a defined time (minutes or hours) per billed services as part of a fee schedule. • Typically, one primary worker is expected to provide the service overseen by a direct supervisor and a clinical supervisor • The services are provided in a variety of settings, including facility and non-facility-based settings such as homes and schools.	**BH Services** • Crisis Stabilization Intervention – QBHP • Peer Support • Supportive Housing • Adult Life Skills Development • Life Skills Development • Behavioral Assistance • Child and Youth Support Services
Shift Staffing / Facility-Based	• Used for community and residential services that are provided in a facility-based setting with a team of staff providing the service. • The payment rate is developed by modeling the average assumed weekly costs of the service across the facility and dividing by the number of days per week and average number of individuals receiving services.	**BH Services** • Supportive Living (3-5 and 6-8 person rates) • Residential Community Reintegration • Therapeutic Communities (Levels 1-3)

IRM RATE MODEL COMPONENTS

This subsection provides a description of the key rate components listed in Figure 4, which are:

- Direct care staff and supervisor salary and wages
- Transportation
- Employee related expenses
- Administration and program support

Direct Care Staff and Supervisor Salary and Wages

The direct care staff salary and wage component is typically the largest component of the payment rates, comprising the labor-related cost, or the product of the time and expected wage rates for the direct care staff and supervisors who deliver each of the services.

Identification of staff types. There are a wide range of staff types authorized to provide services to enrolled individuals (e.g., direct support professional, waiver program manager, peer support specialist, QBHP, and MHP). To appropriately reflect the various staffing qualification and credential requirements across services, we developed a set of "staff types" based on similar characteristics, such as educational degrees, professional credentials, and expected wages. We then identified the relevant staff type(s) for each service through review of DHS program requirements and DHS program experts and provider technical workgroup feedback. In certain cases, a service involves multiple staff types (e.g., Therapeutic Communities). Appendix 5 provides a list of the staff types applicable for each service.

Wage data source and wage trend. We used Arkansas-specific May 2024 Bureau of Labor Statistics (BLS) statewide wage data[5] as the primary wage data source, which was the most recent BLS wage data available at the time of analysis. For the modeled rates, we trended wages forward to the midpoint of CY 2026 (July 2026). We selected an annual trend factor of 2.81% to represent anticipated wage growth based on a blend of AR-specific wage trend from May 2024 to April 2025, and national wage trend from April 2025 to July 2026[6,7].

Identification of hourly wages by staff type. We identified hourly wages by staff type by aligning standard occupational classification (SOC) codes and BLS wage percentiles by staff type based on position responsibilities, a review of SOC code descriptions, and feedback from DHS and provider technical workgroup discussions. For certain staff types, BLS SOCs directly correspond to the direct care staff providing the service, such as licensed practical nurse and registered nurse. However, for other staff types, BLS does not publish an occupation code that directly corresponds to the staff type providing the service. To develop wages by staff type, we grouped and blended the relevant BLS occupational codes together using a weighting for each selected occupation. We determined the BLS occupation codes and weighting within each staff type based on a review of the requirements and qualifications for each service and the BLS occupation code descriptions, along with consideration of DHS program expert and provider technical workgroup feedback. Appendix 6 provides a description of the BLS occupation codes, and Appendix 7 illustrates wage percentile selection and total wages.

Staff Time Assumptions. In the IRM approach, staff time is generally categorized as direct time, indirect time, transportation time, and supervisor time. Indirect and transportation time is only included as a rate modeling assumption if it is time required of staff that cannot be billed separately by the provider. Adjustments for PTO, training, and overtime are also incorporated. Figure 6 below provides a description of each of these sub-elements and related adjustments.

FIGURE 6: SUMMARY OF IRM SUB-ELEMENTS RELATED TO DIRECT CARE STAFF AND SUPERVISOR TIME

TIME SUB-ELEMENT	DEFINITION	ASSUMPTIONS
Direct	• Amount of billed time incurred by direct care staff per unit of service. • Accounts for time spent providing the service face-to-face or other relevant billable time. • For example, a service billed as a 15-minute unit assumes that the staff direct time is 15 minutes.	• Consistent with service billing units, if defined. • Facility based services assumed weekly hours of direct care staffing by position. • Direct time assumptions by service can be found in Appendix 5 of this report.
Indirect	• Time that must be spent by non-supervisory direct care staff as part of provision of the service, but is not spent "client facing", and does not result in a billable unit of service. • Time incurred for necessary activities such as planning, summarizing notes, updating medical records, and other non-billable but appropriate time not otherwise included in direct care staff direct time. • We calculated indirect time as a percent of direct time based on an assumed number of minutes of indirect time.	• Identification of indirect time is relevant to services that are paid on a 15-minute or per hour basis where there is non-billable service-related direct care staff required time (excluding time related to PTO, training, overtime, and travel, which are accounted for separately). • Services paid using shift staffing / facility-based services (see Figure 5) do not require separate identification of indirect time as the assumed staff time for those services includes direct and indirect time. • Indirect time assumptions by service can be found in Appendix 5 of this report.
Transportation	Reflects travel time by direct care workers that does not result in a billable unit and reflects activities such as: • Travel between clients • Transporting members into the community (1:1 or shared rides) • Out-of-home transportation without the client in the car (e.g., running errands)	• For supportive living and supported employment, time spent by staff transporting members is already accounted for in the direct staff time and therefore no additional travel time was considered in the service-specific payment rate. • For other services that include transportation time, time assumptions were developed based on the assumed number of trips (e.g., per week or per day), estimates of the average distance driven per service per person and an average miles per hour assumption. • For services delivered in facility-based settings, staff travel time is included as direct time in the shift-based staffing model. • Travel time assumptions were 15 minutes of travel time per trip, with varying number of trips day. • We identified travel assumptions based on the HCBS claims and survey data, input from DHS program experts, and provider technical workgroup members. • Appendix 8 provides service-related travel assumptions by service.
PTO & Training	• PTO includes time related to paid vacation, holiday, sick time, or other relevant time where staff are not working but are still receiving paid wages for the time off. • Annually required training and/or conference time is incurred by direct care staff and supervisors, where staff are being paid wages for this time. • One-time training/onboarding for new staff, which includes an adjustment for the assumed turnover rate. • Turnover represents the proportion of direct/clinical care staff who leave an organization in a year. It affects the new hire training assumptions, as there would be additional training needed for staff hired to replace lost staff.	• Assumptions were developed based on HCBS survey data, with input from DHS program experts. • Appendix 9 provides the PTO and training assumptions by staff type.

Overtime Adjustment Factors	• Select services include an adjustment to reflect time direct care staff are being paid time and a half (1.5 factor multiplied by regular wages) for working OT
	• Services with assumed OT include:
	  ○ Supportive Living (1, 2, 3-5, and 6-8 person rates)
	  ○ Therapeutic Communities (Levels 1-3)
	  ○ Residential Community Reintegration
		• A time and a half (or 1.5 factor) assumption is applied to the underlying average hourly wage for staff working overtime
		• Assumed percentage of staff hours associated with working overtime by staff type
		  ○ Supportive Living: 5% overtime hours adjustment for DSPs (Direct Support Professionals) and waiver program managers, given the need for support 24/7.
		  ○ Therapeutic Communities: 5% overtime hours adjustment for QBHPs and MHPs, given the need for support 24/7.
		  ○ Residential Community Reintegration: 5% overtime hours adjustment for the direct care staff, QBHPs and MHPs, given the need for support 24/7.

TIME SUB-ELEMENT	DEFINITION	ASSUMPTIONS
Supervisor Time	• For most services included in this analysis, direct care staff providing services require supervision. Supervisors are typically more experienced or higher credentialed staff types responsible for the direct oversight of the employees that are providing the services to individuals. • Supervision of direct care staff does not typically result in a separate billable unit of service. • The primary responsibility of a supervisor is to provide oversight of direct care workers. Supervisor responsibilities may also include the hiring and training of staff, program planning and evaluation, working with families, and working with community members. • Supervisor time is determined through application of a "span of control" assumption, which is a measure of how many direct care staff members a supervisor can oversee.	• Supervisor span of control assumptions by service can be found in Appendix 5 of this report.

Employee Related Expenses

This component of rate modeling captures the ERE expected to be incurred for each direct care staff type. We calculate ERE as a percentage of direct care worker and supervisor salaries and wages. These percentages vary by staff type, and consist of the following:

- Employer entity's portion of payroll taxes, employee medical and other insurance benefits
- Employer portion of retirement expenses incurred on behalf of direct care workers and supervisors

For purposes of developing the ERE assumptions, we based employer-related payroll taxes on federal and Arkansas-specific requirements. For example, the Internal Revenue Service (IRS) specifies amounts for items such as FICA and FUTA, whereas the state specifies amounts related to SUI. A significant portion of the ERE assumption is driven by the cost of health insurance and retirement benefits the employer provides to its employees. To capture these costs, we used the March 2025 reported BLS Employer Cost for Employee Compensation (ECEC) information[8].

For health insurance, we adjusted the BLS average hourly health insurance cost for private industry workers to reflect an assumed lower participation in health insurance benefits as compared to the national average.

- Nationally, 53% of small firms (3 to 199 workers) and 98% of large firms (200+ workers) offer health benefits. For firms offering benefits across the nation, 60% of workers in small firms and 62% of workers in large firms have health insurance coverage, reflecting overall take up rates of 72% and 77%, respectively based on the Kaiser Family Foundation's Employer Health Benefits 2024 Annual Survey[9].
- Less than half of the respondents to the online abbreviated survey for Arkansas HCBS providers indicated they offer health benefits to their W-2 employees, excluding dental and vision coverage. Among these respondents, the average employee take-up rate for health insurance ranges from 16% to 80%.
- Respondents to the Excel-based survey for Arkansas HCBS providers reported overall employer insurance costs ranging from 3.4% (25th percentile) to 8.7% (75th percentile) of total salary costs, with a median of 5.2%.

We adjusted the BLS ECEC health insurance costs by a factor of 50% to reflect the observed survey health insurance participation as compared to the national average. The resulting health insurance costs are between 1% and 10% of employee salary, depending on the staff type.

For retirement expenses, we adjusted the BLS hourly retirement cost for the BLS private industry workers (all employees) to reflect an assumed lower uptake of retirement benefits as compared to the national average.

- Nationally, 70% of private industry workers have access to defined contribution retirement plans (2024)[10]
- Less than half of the respondents to the online abbreviated survey for Arkansas HCBS providers indicated they offer retirement benefits to their W-2 employees. Among these respondents, the average employee take-up rate for retirement benefits ranges from 20% to 100%.
- Respondents to the Excel-based survey for Arkansas HCBS providers reported employer retirement contributions ranging from 0.6% (25th percentile) to 2.9% (75th percentile) of total salary costs, with a median of 1.2%.

We applied a factor of 50% to reflect the observed survey retirement costs as compared to the national average. The resulting retirement costs are approximately 1.86% of employee salary.

The detailed calculations related to the ERE percentage are shown by staff type in Appendix 10. Figure 7 describes the data sources and assumptions for each ERE component.

FIGURE 7: ERE ASSUMPTIONS BY COMPONENT

COMPONENTS	ASSUMPTIONS	SOURCE
Federal Unemployment Tax Act	$420 for all staff types Calculated as 6.0% of first $7,000 of wages	Internal Revenue Service. Topic No. 759 From 940 – Employer's Annual Federal Unemployment Tax Return – Filing and Deposit Requirements. Retrieved from https://www.irs.gov/taxtopics/tc759
Employer Medicare Withholding	Employer Medicare Withholding: 1.45% Applied as a percentage to wages for all staff types	Internal Revenue Service. Topic No. 751 Social Security and Medicare Withholding Rates. Retrieved from https://www.irs.gov/taxtopics/tc751 *Component of Federal Insurance Contributions Act*
Employer Social Security Withholding	Employer Social Security Withholding: 6.2% on first $176,100 Applied as a percentage to wages for all staff types	Internal Revenue Service. Topic No. 751 Social Security and Medicare Withholding Rates. Retrieved from https://www.irs.gov/taxtopics/tc751 *Component of Federal Insurance Contributions Act*
State Unemployment Insurance	$147 for all staff types Calculated as 2.1% (average tax rate of lowest negative reserve and highest positive reserve) of first $7,000	Employer UI Contributions – AR Division of Workforce Services. Retrieved from https://dws.arkansas.gov/workforce-services/employers/employer-ui-contributions/
Workers' Compensation	1.19% calculated as a percentage of BLS Wage and Salaries and Paid Leave components per March 2025 national data Applied as a percentage to wages for all staff types	BLS Employer Cost for Employee Compensation – March 2025. Table 1, Private Industry Workers. Retrieved from https://www.bls.gov/news.release/pdf/ecec.pdf
Health Insurance	Calculation applies the below adjustments to the BLS average employer insurance cost as reported for private industry workers in the West South-Central Region. Costs were trended to July 2026 using a 4.81% factor and reflect costs of $6,157. We applied a factor of 50% to this cost ($3,078) to reflect the observed health insurance costs in the provider survey as compared to the national average.	BLS Employer Cost for Employee Compensation – March 2025. Table 7, Private Industry Workers. Retrieved from https://www.bls.gov/news.release/pdf/ecec.pdf
Retirement	1.86%, reflecting 50% of the 3.7% retirement cost as reported by BLS for private industry workers in the West South-Central Region. This adjustment reflects an assumed lower use of retirement benefits as compared to the national average.	BLS Employer Cost for Employee Compensation – March 2025. Table 7, Private Industry Workers. Retrieved from https://www.bls.gov/news.release/pdf/ecec.pdf

Transportation Expenses

The transportation expense component of rate modeling is intended to capture the average out-of-pocket transportation costs for providers. This expense is included in rate modeling as a mileage reimbursement rate based on the 2025 IRS standard Federal mileage rate for business of $0.70 per mile[11]. For these services with travel, we converted the estimated travel time into miles using an average number of miles per hour (MPH) developed by weighting Arkansas county-specific population by rural, urban and frontier travel assumptions determined using population density from Arkansas-specific zip code tabulation areas (ZCTAS)[12] as summarized in Figure 8.

FIGURE 8: CALCULATED WEIGHTED AVERAGE NUMBER OF MPH

AREA CATEGORIES	POPULATION DENSITY[13,14]	DISTRIBUTION	AVERAGE MPH
Frontier	20 people per square mile	9.0%	45.00
Rural	Between 20 and 200 people per square mile	46.0%	40.00
Urban	More than 200 people per square mile	45.0%	25.00
Statewide		**100.0%**	**33.60**

Appendix 8 provides service-related travel assumptions by service.

Administration and Program Support

The administration and program support component is intended to account for the following types of costs:

- **Program support –** Costs include supplies, materials, equipment and facility space necessary to support service delivery.
- **Administration –** Generally, administrative related expenses include all expenses incurred by the contractor necessary to support the provision of services but not directly related to providing services to individuals. These expenses exclude transportation, wages and ERE for direct care staff and supervisors of direct care staff, and may include, but not be limited to those listed below:
    - Salaries and wages, and related employee benefits for employees or contractors that are not direct care staff or supervisors of direct care staff
    - Liability and other insurance
    - Licenses and taxes
    - Legal and audit fees
    - Accounting and payroll services
    - Billing and collection services
    - Bank service charges and fees
    - Information technology
    - Telephone and other communication expenses
    - Office and other supplies, including postage
    - Accreditation expenses, dues, memberships, and subscriptions
    - Meeting and administrative travel related expenses
    - Training tool and employee development expenses, including related travel
    - Human resources, including background checks and other recruiting expenses
    - Community education
    - Marketing/advertising
    - Interest expense and financing fees
    - Facility and equipment expense for space not used to directly provide services to individuals, and related utilities (excludes room and board per federal Medicaid requirements)
    - Vehicle and other transportation expenses not related to transporting individuals receiving services or transporting employees to provide services to individuals
    - Board of director expenses

Providers reported administration and program support costs in the aggregate across all services and there was a wide range in the cost experience reported, as illustrated in Figure 9. However, providers with significant in-home

care services had generally lower administration and program support costs, which aligns with an individual's services being provided outside of a clinic setting.

FIGURE 9: ADMINISTRATION AND PROGRAM SUPPORT COSTS AS A PERCENTAGE OF TOTAL ALLOWABLE MEDICAID COSTS, AS REPORTED IN THE PROVIDER SURVEY

	25th Percentile	50th Percentile	75th Percentile
All	12%	20%	27%
CES wavier services only	10%	16%	21%
BH services only	27%	28%	34%

Rate modeling reflects the use of a single factor related to administration and program support as a percentage of the total rate which is set by service. Administration and program support modeled payment rate assumptions ranged from 10% to 25% and reflect DHS' expectations regarding where the service is provided. For example, services that are provided exclusively in an individual's home would not require facility costs for service delivery purposes. Figure 10 provides the administration and program support percentage used for purposes of rate development.

FIGURE 10: ADMINISTRATION AND PROGRAM SUPPORT ASSUMPTIONS

ADMINISTRATION AND PROGRAM SUPPORT PERCENTAGE	NOTES AND RELEVANT SERVICES
10%	Services provided at an individual's residence • Supportive Living • Respite
20%	Services provided in a mix of locations (provider clinic and locations in the community). DHS' expectation is that these services be increasingly delivered outside of provider clinic settings. • Consultation • Supported and Supportive Employment • Crisis Stabilization Intervention • Individual Pharmacologic Counseling by RN • Peer Support • Supportive Housing • Adult Life Skills Development • Life Skills Development • Behavioral Assistance • Child and Youth Support Services • Therapeutic Communities Level 3
25%	Facility-based 24 hour services • Residential Community Reintegration • Therapeutic Communities Level 1, Level 2

Other Service-Specific IRM Assumptions

The following summarizes modeled payment rate assumptions regarding overtime and group sizes for specific CES waiver and BH services.

Overtime. As described in Figure 6, select services include an adjustment to reflect time direct care staff are being paid time and a half (1.5 factor multiplied by regular wages) for working overtime. Provider survey results indicate that a majority of CES waiver providers pay for overtime for DSPs, with 50th percentile values of annual hours worked of 3% for DSPs with a bachelor's degree and 7.9% for DSPs with a high school diploma. BH providers also report notable overtime for QBHPs. The payment rate modeling includes a 5% overtime hours adjustment for the following services and staff types, and the services reflect the need for support 24/7.

- Supportive Living: DSPs and waiver program managers
- Therapeutic Communities: QBHPs and MHPs
- Residential Community Reintegration: Direct care staff, QBHPs and MHPs

Group Sizes. Modeled payment rates include an assumption of a group size of three for the two services that may be provided in groups: Adult Life Skills Development and Life Skills Development (16-20 years old). This reflects group sizes reported in the survey data, although there is low utilization for this service and limited survey response.

Caseload Efficiency. For Supportive Living (3+ individuals), Residential Community Reintegration, and Therapeutic Community services, we included a caseload efficiency of 95% to account for changes or churn in residents at a specific location in a year or time where an individual may need their bed held in instances where they are residing outside of the facility.

Rehabilitation Day Servies

RDS provides a continuum of care for recovering clients with serious mental illness (SMI) living in the community based on their level of need. Currently, a fee-for-service model reimburses providers in 60-minute increments. DHS is currently working on updating the necessary policies and billing requirements to change this reimbursement to a per diem unit which will allow for increased flexibility to meet variable member support needs. Historically, providers have used a combination of services, including RDS (procedure code H2017, Modifier UA or UB) group therapy (procedure code 90853), Adult Life Skills Development (procedure code H2017, Modifier U3 or U5), and Peer Support (procedure code H0038) to support members. Under the per diem approach, providers would receive a partial or full RDS per diem payment based on service duration and would not be allowed to bill separately on that same day for group therapy, adult life skills or peer support services. The full day per diem applies to services with direct care of 5 or more hours, while the partial day per diem applies to a duration of care that is at least 3 hours but less than 5 hours.

The modeled RDS payment rates were developed using the following:

- Modeled payment rates for Adult Life Skills Development – Individual, Adult Life Skills Development – Group, and Peer Support
- Average CY 2024 RDS payment per 60 minute unit increased in proportion to the change in the Adult Life Skills development – Individual modeled payment rate
- Group therapy rate effective prior to January 1, 2024[15]
- Mix of services based on historical CY 2024 utilization.

Per DHS feedback, estimated modeled group therapy payments were revised downward to reflect the assumption that there will be a utilization shift of group therapy services towards services delivered by a QBHP. This downward adjustment was estimated at 30%.

To develop modeled per diem rates, total RDS payments were calculated for each day that RDS-related services were delivered during CY 2024 by summing model payments across services, where model payments reflected the component service payment rates described above multiplied by the number of units for that service. Model per diem rates were based on the median daily modeled payment within the partial or full per diem categorization:

- Partial per diem – at least 3 but less than 5 hours of services
- Full per diem – between 5 and 8 hours of services

Days with more than 8 hours of services were considered outliers and excluded from the per diem rate calculation.

Respite Services

Respite services were assigned the Supportive Living 1:1 modeled payment rate.

V. Estimated Fiscal Impact

We estimated the fiscal impact across the HCBS programs if DHS were to adopt the modeled payment rates described in this report. We calculate the fiscal impact as the modeled rates applied to CY 2024 utilization minus actual CY 2024 expenditures. The modeled payment rates include one new service (Therapeutic Community Level 3) and the addition of a new staff type (Mental Health Professional) for Crisis Stabilization Intervention. The estimated fiscal impact excludes any utilization changes for the new or existing services, but it is important to note increased payment rates, implementation of new services, changes in enrollment, and other factors may impact utilization and the resulting fiscal impact. Figure 1 earlier in this report illustrates the fiscal impacts in total and Appendix 2 summarizes fiscal impacts by service.

Modeled payment rates (trended to CY 2026) result in an estimated 16% to 19% increase in service costs for existing services. This equates to an estimated $82M to $96M increase in total computable expenditures (state and federal share) prior to accounting for PASSE administration, margin, or premium tax. The higher end of this range includes only the services whose rates increased ("hold harmless").

Supportive Living accounted for roughly 78% of the CY 2024 expenditures for the reviewed services. With a modeled increase of roughly 23%, Supportive Living is responsible for the majority of the aggregate increase. The modeled payment rates for BH services result in a net decrease, with variability at the individual service level. Staffing costs – wages and employee-related expenses – are the primary driver of modeled payment rate levels for all services.

Additional service-specific takeaways include:

- Supported Employment was previously paid at a rate at or below Supportive Living; the modeled rate is higher than Supportive Living as this service has similar staffing as Supportive Living but includes transportation costs and more indirect time.
- Consultation services modeled payment rates are lower than current rates based on the assumed staff type delivering the service; DHS anticipates further review of PASSE authorization processes for this service.
- 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 those for Behavioral Assistance and Child and Youth Support Services decreased.
- 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).

VI. Future Considerations for Provider Data Collection

Collecting data on provider service delivery costs on an ongoing basis can be supportive of evaluating current and future funding levels of the services included in this rate report. For example, collecting data annually on direct/clinical care wages and employee benefits can help DHS determine if increases in funding have resulted in wages and benefits consistent with DHS wage assumptions. Likewise, collecting data on administration and program support cost can help DHS evaluate efficiency of service delivery. This type of data collection will also be supportive in complying with new federal reporting requirements. Starting in 2028, the Access Rule[16] will require states to report direct care staff compensation as a percentage of total Medicaid payments on a provider-specific basis (homemaker, home health aide, personal care, and habilitation services). In 2030, states must submit data demonstrating that providers are spending a minimum of 80% of Medicaid payment rates on direct care staff compensation for homemaker, home health aide and personal care services.

VII. Limitations and Data Reliance

This report represents services performed under the contract (Contract) between Milliman and the State of Arkansas, Department of Human Services (DHS) as part of DHS' home- and community-based services (HCBS) payment rate review. It is our understanding that DHS will share this report publicly.

The information contained in this report was prepared for the Arkansas Department of Human Services (DHS) and their advisors. Modeling may be subject to change and refinements in the future based DHS decisions and additional DHS and Milliman review. Any user of the information in this report must possess a certain level of expertise in behavioral health and developmental disabilities services that will allow appropriate use of the information presented.

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to estimate modeled payment rates for HCBS. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The models, including all input, calculations, and output may not be appropriate for any other purpose. Where we relied on models developed by others, we have made a reasonable effort to understand the intended purpose, general operation, dependencies and sensitivities of those models. We relied on input, review, and validation by other experts in the development of our models.

In preparing this report, we relied on PASSE expenditure and utilization data as well as information including U.S. Bureau of Labor Statistics wage and benefit data, tax withhold information from federal and state agencies (including the Internal Revenue Service), provider cost and wage survey data, and information shared by provider technical workgroup members. We have not audited or verified the data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

The fiscal impact included in this report does not reflect estimations of future changes to service utilization. Future utilization may differ from historical utilization for a wide range of reasons, including changes in provider behavior due to increases or decreases to current payment rates such as those modeled in this analysis, changes in provider supply, or enrollment changes. The modeled payment rates include one new service - Therapeutic Community Level 3 – and the addition of a new staff type (MHP) for Crisis Stabilization Intervention. These changes have the potential to introduce new utilization. This fiscal impact also does not account for PASSE administration, margin, or premium tax.

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Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report who are actuaries are members of the American Academy of Actuaries and meet the qualification standards for performing the analysis in this report.

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Appendix 1: Summary of Modeled Payment Rates by Component

Description			Modeled Payment Rates (Trended to CY 2026)					Comparison to Current Payment Rates			
Procedure Code	Service Description	Unit Type	Salaries & Wages	Employee Related Expenses	Transportation Expenses	Administration & Program Support	Total Rate	Average Payment / Unit	Published Rate for BH, Most Frequent PASSE Rate for CES Waiver	Rate Selected for Calculation of Percent Change	Percent Change
A	B	C	D	E	F	G	H = D + E + F + G	I	J	K = I or J	L = H / K - 1
CES Waiver Services											
H2016, modifier varies	Supportive Living 1:1	15 min	$ 4.74	$ 1.06	$ 0.00	$ 0.64	$ 6.44	$ 5.20	$ 5.25	$ 5.20	23.8%
H2016, modifier varies	Supportive Living, 2 people	15 min	$ 2.59	$ 0.58	$ 0.00	$ 0.35	$ 3.52	$ 2.90	$ 3.00	$ 2.90	21.2%
H2016, modifier varies	Supportive Living, 3-5 people	15 min	$ 2.44	$ 0.50	$ 0.00	$ 0.31	$ 3.25	$ 2.90	$ 3.00	$ 2.90	11.9%
H2016, modifier varies	Supportive Living, 6-8 people	15 min	$ 1.80	$ 0.37	$ 0.00	$ 0.23	$ 2.40	$ 2.90	$ 3.00	$ 2.90	-17.3%
T1005	Respite	15 min	*Rate set to be equal to Supportive Living 1:1 rate*				$ 6.44	$ 4.25	$ 5.00	$ 5.00	28.8%
H2023	Supported and Supportive Employment, 1:1	15 min	$ 5.60	$ 1.25	$ 0.00	$ 1.71	$ 8.56	$ 4.27	$ 4.65	$ 4.27	100.4%
H2023, modifier varies	Supported and Supportive Employment, 2-4 people	15 min	$ 2.80	$ 0.62	$ 0.00	$ 0.86	$ 4.28	$ 2.75	$ 2.75	$ 2.75	55.6%
H2023, modifier varies	Supported and Supportive Employment, 5-8 people	15 min	$ 1.12	$ 0.25	$ 0.00	$ 0.34	$ 1.71	$ 1.82	$ 1.80	$ 1.82	-6.1%
T2025 UK	Consultation – Treatment Planning	Hour	$ 46.68	$ 8.62	$ 2.94	$ 14.56	$ 72.80	$ 123.05	$ 136.40	$ 136.40	-46.6%
T2025 U4	Consultation – Training staff and/or family	Hour	$ 46.68	$ 8.62	$ 2.94	$ 14.56	$ 72.80	$ 134.80	$ 136.40	$ 136.40	-46.6%
T2025 U3	Consultation – Updates to assessments	Hour	$ 46.68	$ 8.62	$ 2.94	$ 14.56	$ 72.80	$ 122.97	$ 136.40	$ 136.40	-46.6%
T2025 U2	Consultation – Medicaid eligibility paperwork	Hour	$ 46.68	$ 8.62	$ 2.94	$ 14.56	$ 72.80	$ 50.00	$ 50.00	$ 50.00	45.6%
T2025 U1	Consultation – Behavior support plans/training	Hour	$ 46.68	$ 8.62	$ 2.94	$ 14.56	$ 72.80	$ 136.13	$ 136.40	$ 136.40	-46.6%
Behavioral Health Services											
H2011, modifier TBD	Crisis Stabilization Intervention – MHP	15 min	$ 13.42	$ 2.08	$ 0.49	$ 4.00	$ 19.99	N/A - New	N/A - New	N/A - New	N/A
H2011 U4 U6	Crisis Stabilization Intervention – QBHP	15 min	$ 9.57	$ 1.79	$ 0.49	$ 2.96	$ 14.81	$ 24.65	$ 18.42	$ 18.42	-19.6%
H2020 U4	Residential Community Reintegration	Per Diem	$ 260.10	$ 48.81	$ 10.50	$ 99.49	$ 418.90	$ 359.88	$ 353.41	$ 353.41	18.5%
H0019 HQ UC U4	Therapeutic Communities – Level 1	Per Diem	$ 366.99	$ 44.71	$ 0.00	$ 101.05	$ 512.75	$ 507.22	$ 500.00	$ 500.00	2.6%
H0019 HQ U4	Therapeutic Communities – Level 2	Per Diem	$ 227.33	$ 21.45	$ 0.00	$ 50.31	$ 299.09	$ 358.17	$ 358.00	$ 358.00	-16.5%
H0019 HQ	Therapeutic Communities – Level 3	Per Diem	$ 114.61	$ 14.41	$ 2.19	$ 26.49	$ 157.70	N/A - New	N/A - New	N/A - New	N/A
TBD	Adult Rehabilitation Day Services (RDS)	Partial Day	*Calculated based on sum of component services*				$ 60.78	$ 52.37	N/A - New	$ 52.37	16.1%
TBD	Adult Rehabilitation Day Services (RDS)	Full Day	*Calculated based on sum of component services*				$ 96.74	$ 73.26	N/A - New	$ 73.26	32.0%
H0038 UC U4	Peer Support	15 min	$ 11.25	$ 2.09	$ 0.24	$ 3.40	$ 16.98	$ 16.64	$ 16.77	$ 16.77	1.3%
H2017, modifier TBD	Adult Life Skills Development – 1:1	15 min	$ 10.21	$ 1.91	$ 0.49	$ 3.15	$ 15.76	$ 11.49	$ 11.15	$ 11.15	41.3%
H2017, modifier TBD	Adult Life Skills Development – group	15 min	$ 3.18	$ 0.60	$ 0.00	$ 0.95	$ 4.73	$ 8.22	$ 5.58	$ 5.58	-15.2%
H2017 U4 UC	Life Skills Development – 1:1	15 min	$ 9.57	$ 1.79	$ 0.49	$ 2.96	$ 14.81	$ 11.19	$ 11.15	$ 11.15	32.8%
H2017 HQ U4 UC	Life Skills Development – group	15 min	$ 2.98	$ 0.56	$ 0.00	$ 0.88	$ 4.42	$ 5.54	$ 5.58	$ 5.58	-20.8%
H2019 U4 UC	Behavioral Assistance	15 min	$ 11.48	$ 2.15	$ 1.96	$ 3.90	$ 19.49	$ 21.54	$ 21.32	$ 21.32	-8.6%
H2015 UC U4	Child And Youth Support Services – 1:1	Hour	$ 38.28	$ 7.17	$ 1.96	$ 11.85	$ 59.26	$ 85.31	$ 85.18	$ 85.18	-30.4%
H0043 U4	Supportive Housing	Hour	$ 33.68	$ 6.31	$ 0.00	$ 10.00	$ 49.99	$ 25.59	$ 25.59	$ 25.59	95.3%
H0034 TD U4	Individual Pharmacologic Counseling By RN	15 min	$ 18.11	$ 2.60	$ 0.49	$ 5.30	$ 26.50	$ 18.62	$ 18.62	$ 18.62	42.3%

Note: Totals may not tie due to rounding

Milliman is not advocating for, recommending, or endorsing any specific adjusted payment rate approach or changes to funding levels. All final decisions regarding the design, modeling methodologies, parameters, and assumptions, and other aspects of the adjusted payment rate approach are the responsibility of DHS.

1. Modeled fees in Column H were based on rates developed using the Independent Rate Model, with exceptions as noted in the table. Adult Rehabilitation Day Service per diem rates were calculated as the sum of modeled rates for the individual components of the per diem service, with exceptions for the RDS per unit and group therapy components. The RDS per unit component rate was calculated as the historical rate multiplied by the modeled percentage increase in the adult life skills - individual rate. Group therapy was assigned a rate of $47.46, based on the rate prior to the January 1, 2024 rate adjustment. Per DHS feedback, estimated model group therapy payments were revised downward to reflect the assumption that there will be a utilization shift of group therapy towards RDS services delivered by a QBHP. This revision was set at approximately 30%.
2. Rate in Column J is based on the most recent archived fee schedule. Where an archived fee schedule rate was not available, the payment per unit reflects the most frequently paid rate in the claims experience (mode), calculated as CY 2024 expenditures divided by CY 2024 units. For "Supportive Living" multi-person services, the most frequently paid rate was identified based on the all of the multi-person services (2+) as the data did not allow for distinguishing between 2, 3-5 and 6-8 persons served. For "Crisis Stabilization - QBHP," "Behavioral Assistance," and "Child and Youth Support Services," the published rate is a weighted average of the archived fee schedule rates for services provided by degreed and non-degreed QBHPs.
3. Rate in Column K is the archived fee schedule rate for services other than Supportive Living and Supportive Employment, which use the average payment rate.

Appendix 2: Summary of Estimated Fiscal Impact for Modeled Payment Rates

Service Description	Estimated Payments[1] Current Rates (CY 2024)	Estimated Payments[1] Modeled Payment Rates	Estimated Fiscal Impact Estimated Change in Expenditures	Estimated Fiscal Impact Percent Change
CES Waiver Services				
Supportive Living 1:1	$ 304,929,712	$ 377,587,079	$ 72,657,367	24%
Supportive Living, 2+ people[2]	$ 66,917,719	$ 81,119,269	$ 14,201,550	21%
Supportive Living: Per Diem[3]	$ 14,022,197	$ 17,363,361	$ 3,341,164	24%
Supportive Living: Transportation[4]	$ 3,794,862	$ 4,585,269	$ 790,407	21%
Supportive Living: All Other[5]	$ 3,448,988	$ 3,448,988	$ -	0%
Respite	$ 83,025	$ 125,735	$ 42,709	51%
Supported and Supportive Employment, 1:1	$ 180,585	$ 361,926	$ 181,341	100%
Supported and Supportive Employment, 2-4 people	$ 2,756	$ 4,289	$ 1,533	56%
Supported and Supportive Employment, 5-8 people	$ 1,154	$ 1,084	$ (70)	-6%
Consultation – Treatment Planning	$ 473,382	$ 280,062	$ (193,320)	-41%
Consultation – Training staff and/or family	$ 509,931	$ 275,385	$ (234,546)	-46%
Consultation – Updates to assessments	$ 533,810	$ 316,025	$ (217,785)	-41%
Consultation – Medicaid eligibility paperwork	$ 6,250	$ 9,100	$ 2,850	46%
Consultation – Behavior support plans/training	$ 403,208	$ 215,634	$ (187,575)	-47%
CES Waiver Services- Totals	**$ 395,307,579**	**$ 485,693,205**	**$ 90,385,625**	**23%**
Crisis Stabilization Intervention – MHP	*New allowed staff type with no CY 2024 utilization.*			
Crisis Stabilization Intervention – QBHP[6]	$ 1,002,019	$ 601,982	$ (400,037)	-40%
Therapeutic Communities – Level 1	$ 17,145,080	$ 17,331,976	$ 186,896	1%
Therapeutic Communities – Level 2	$ 34,717,293	$ 28,991,093	$ (5,726,200)	-16%
Therapeutic Communities – Level 3	*New service with no CY 2024 utilization.*			
Residential Community Reintegration	$ 1,564,778	$ 1,821,377	$ 256,599	16%
Adult Rehabilitation Day Services (RDS)-Partial Day[7]	$ 813,338	$ 943,913	$ 130,576	16%
Adult Rehabilitation Day Services (RDS)-Full Day[7]	$ 7,059,330	$ 9,321,866	$ 2,262,537	32%
Peer Support	$ 103,475	$ 105,616	$ 2,141	2%
Adult Life Skills Development – 1:1	$ 2,026,042	$ 2,777,984	$ 751,941	37%
Adult Life Skills Development – Group	$ 1,036	$ 596	$ (440)	-42%
Life Skills Development – 1:1	$ 489,456	$ 648,012	$ 158,556	32%
Life Skills Development – Group	$ 5,300	$ 4,230	$ (1,070)	-20%
Behavioral Assistance[6]	$ 35,724,274	$ 32,328,258	$ (3,396,016)	-10%
Child And Youth Support Services[6]	$ 9,166,022	$ 6,366,865	$ (2,799,157)	-31%
Supportive Housing	$ 742	$ 1,450	$ 708	95%
Individual Pharmacologic Counseling By RN	$ 16,590	$ 23,612	$ 7,021	42%
Behavioral Health Services - Totals	**$ 109,834,774**	**$ 101,268,828**	**$ (8,565,946)**	**-8%**
All Services - Totals	**$ 505,142,353**	**$ 586,962,033**	**$ 81,819,680**	**16%**

General Notes:

1. No utilization adjustments were made to the CY 2024 claims experience. This fiscal impact also does not account for PASSE administration, margin, or premium tax.

2. "Supportive Living, 2+ people" aggregates estimated payments and units for Supportive Living services delivered for groups of two to eight people.

3. "Supportive Living: Per Diem" services have no official Medicaid rate but are paid by specific PASSEs. The fiscal impact assumes an increase in the rate proportional to the "Supportive Living 1:1" rate change.

4. "Supportive Living: Transportation" includes both individual mileage payments ($0.52/mile) and multi-person mileage payments ($0.26/mile). To conservatively estimate the impact, all miles are treated as individual miles and the standard IRS federal mileage rate is applied ($0.70/mile).

5. "Supportive Living : All Other" expenditures were included for context and do not have modeled payment rates; the expenditures carry through to "Estimated Fiscal Impact" without change.

6. "Crisis Stabilization - QBHP," "Behavioral Assistance," and "Child and Youth Support Services" aggregate estimated payments and units across services delivered by non-degreed and degreed providers. Modeled payment rates reflect delivery by a QBHP regardless of degree.

7. RDS:

   a. Approximately $1.25M in group therapy expenditures were included in the CY 2024 RDS per diem expenditure calculation, reflecting group therapy services that were either provided on the same day as RDS or on the same day as either Adult Life Skills or Peer Support.

   b. The modeled RDS per diem payment rate was based on historical expenditures for the component services. The group therapy component of the RDS per diem modeled rate reflects two adjustments: 1) the component payment rate was set to equal the historical rate prior to 1/1/2024 ($47.46), and 2) per DHS feedback, estimated model group therapy payments were revised downward to reflect the assumption that there will be a utilization shift of group therapy towards RDS services delivered by a QBHP. This revision was set at approximately 30%.

Column Notes:

Current Rates (CY 2024): CY 2024 expenditures

Modeled Payment Rates: Modeled fee multiplied by CY 2024 units, aggregated as described in general notes above. Due to inconsistencies in the reported claims experience, CY 2024 units were adjusted when reported units aggregated across days for each recipient differed from expected units by a factor of 2. Expected units were calculated as total expenditures divided by the fee schedule rate.

Estimated Change in Expenditures: Calculated as the difference between modeled expenditures and expenditures reported in the CY 2024 claims experience.

Percent Change: Calculated as the percentage difference between modeled expenditures and expenditures reported in the CY 2024 claims experience.

Appendix 3: Provider Technical Workgroup Feedback Summary

SUMMARY OF FEEDBACK RECEIVED FROM THE PRESENTATION OF PAYMENT RATE ASSUMPTIONS TO THE PROVIDER TECHNICAL WORKGROUP ON SEPTEMBER 5, 2025

FEEDBACK	RESPONSE
Administrative and program support costs	
Recommendation that DHS use the CES waiver services administrative and program support median result (50th percentile) from the survey (16%). Commentor indicated that this recommendation aligns with the average indirect cost rate for non-profits as well as the standard indirect cost rate of 15% for federal grants.	The administration and program support cost used in the rate models is specific to supportive living and respite services as opposed to a non-profit organization overall, which may have a range of service lines.
Concern expressed that the assumption for the administrative and program support cost component (10%) may not be reflective of Supportive Living costs when delivered in provider owned group homes and apartment complexes.	The assumption used in the modeled payment rates reflects the provision of the service in individuals' places of residence. The costs of the private residence itself fall under room and board costs, which are non-allowable Medicaid costs.
Concern expressed that the proposed administrative and program support cost assumptions are low compared to one individual provider's experience, and that the survey data was not weighted based on the volume of services provided. Additional comment that 65/35 is the split often seen in an LLC of independently licensed clinicians, and that one could speculate that the 35 percent is a proxy for indirect time.	We did not weight discrete survey data results by proportion of the state served. We note that individual providers will vary in regards to their administrative and program support costs, both due to business decisions and due to their specific service lines.
Employee Related Expenses	
Feedback expressed about employee related expenses: • Recommendation that health benefits be at least 10% of total salary costs. Concern expressed that if rates do not allow providers to offer health insurance and other benefits, it will continue to limit their ability to recruit and retain a quality, stable workforce for individuals with IDD or behavioral health needs. • Concern expressed that retirement benefits seem low given the reliance on the experience of small employers.	The selected assumption is intended to reflect health insurance and retirement costs currently, with survey data informing the selection.
Indirect Time	
Concern expressed about indirect time: The use of 17% indirect service time seems arbitrary other than reducing the percentage, as applied to Life Skills Development (16-20 years old), Behavioral Assistance, and Child and Youth Support Services.	The survey results indicated that reporting of indirect time on the survey varied, with providers reporting both 10 or 15 minutes for both 50 and 60 minutes of service. In other words, the range of indirect time varied from 17% to 30%. The selection is intended to represent a baseline amount of resources, recognizing that there will be variances by member and service provided. The Adult Life Skills Development service was set at 25% indirect time in recognition of higher indirect activities associated with that service when it is delivered in community settings.
Not all direct time (face to face) has a billing code.	This comment appears to reference time spent with a client that is not billable under a covered Medicaid service. For purposes of this payment rate development, we are accounting for the indirect time associated with the Medicaid billable service.
Occupancy Adjustment	
One commentor asked for clarification that "ADC" is calculated at 15 individuals, then a 95% occupancy rate is anticipated.	We assume that this commentor is referencing Residential Community Reintegration. The modeled payment rate for this service reflects a case load efficiency factor of 95% with staffing hours identified assuming 15 individuals (consistent with the number of individuals served observed in submitted provider survey data).
Paid Time Off and Training	
Recommendation that CES waiver services staff should be set at the same level as BH services staff (25 days), as both CES Waiver and BH service providers compete in the same labor market and require rates that support competitive pay and benefits.	The survey results indicated a notable difference between CES waiver and BH provider paid time off (PTO), which is reflected in the modeled assumptions.
Concern expressed that the assumptions seem to advantage CES providers and disadvantage BH providers. Commentor indicated that the survey result for CES providers was 17 days, which was increased to an assumption of 20 days, and that the survey result for CES providers was 26.5 days, which was decreased to an assumption of 25 days.	CES direct care staff PTO was set higher than the median percentile (set at 20 days as compared to median of 17 days) based on provider technical workgroup member and DHS program staff feedback that the median reported was likely lower than typical experience. The BH direct care staff PTO (25 days) considered the range of PTO days reported by BH providers (the 25th percentile was 20-24 days, and the 75th percentile was 32-33 days).
Concern raised that PTO assumptions vary by job title, indicating that it is inconsistent with the legal requirement to treat employees equitably.	The variance in PTO reflects differences observed in the survey data, which may also occur based on seniority, job roles and number of hours worked.
Support expressed for CES waiver training assumptions: The assumption of 40 hours of training for new staff and 20 hours of annual training for all staff is reasonable and appropriate.	Thank you for this feedback.

FEEDBACK	RESPONSE
Therapeutic Communities	
Recommendation that staffing should be adjusted to reflect anticipated changes in average length of stay.	Staffing assumptions reflect an approximate amount of expected resources for a TC location, expressed on a per diem basis. The payment rate buildup assumes a 95% occupancy, recognizing that not all beds will be filled as people exit the particular TC level/program.
Concern expressed that staffing as shown in the assumptions is set to a standard, rather than client need. Commentor indicated that this would compromise safety and quality making staffing more difficult. Commentor also indicated that while the integration of RDS seemed reasonable, RDS is an optional service for TC Level 3 clients who have the freedom to decline to attend.	Therapeutic community staffing assumptions reflect an approximate amount of expected resources for a TC location, which will vary overall depending on the TC level. DHS is in the process of updating the TC service definitions and policies to include expectations for the level of support provided. It is assumed that within a TC location, providers will also vary the specific support provided to each member served based on their individual needs.
Question: Does the payment rate buildup approach consider that the Therapeutic Communities rates were initially tied to the Arkansas State Hospital per diem? Commentor also noted that the Arkansas State Hospital payment rates have increased while the Therapeutic Community payment rates have not.	The approach to developing the payment rates (independent rate model) is inherently different than using a percentage of a hospital per diem rate, and is intended to reflect the anticipated resources needed to deliver the service.
Transportation	
Recommendation that the same transportation assumptions for Community Reintegration programs (225 miles/week) be used for Therapeutic Communities 1 and 2.	Transportation is not included in the TC 1 and 2 modeled payment rates given DHS' expectations regarding the amount of transportation needed, and the ability to use the existing Medicaid transportation benefit.
Concern expressed that without transportation that is provided by the organization, RDS will not happen.	The RDS per diem rate reflects transportation based on the component parts of the service. However, this does not include transportation to and from the provider location where RDS is performed. DHS has indicated that transportation to and from the provider location is covered under the Medicaid transportation benefit.
Concern expressed that a distance of 8.4 miles is less than what one Commentor sees in rural settings.	The 8.4 mile assumption reflects a weighted average that incorporates distances traveled in urban, rural and frontier areas of Arkansas.
Turnover	
Feedback received about turnover varied, specifically: • The modeled 30% turnover rate is inadequate as it is lower than the 37% rate for behavioral health providers from the survey results and is lower than the 31.4% average rate of the comparison states. • The proposed 30% turnover rate for CES Waiver and BH services staff is a fair and reasonable assumption.	The 30% modeled rate reflects an assumption of notable turnover. Turnover as reported in the provider survey does vary widely, with the 25th percentile for BH and CES providers at approximately 16%, and the 75th percentile between 40%-42%.
Question: Was consideration given to the average cost of turnover being calculated at 6-9 months of an employee's salary?	Turnover costs are tied to the amount of new hire training needed as reflected in Column F (adjusted new hire training) in Appendix 9 as opposed to being tied to a specific number of months of employee salary. The adjusted new hire training is a component of the "PTO & Training Time Adjustment Factor" which increases the assumed wage costs.
Wages	
Recommendations and comments on wage selection: • Use the 75th percentile of BLS to attract a high-quality workforce to serve the most complex clients and assist with high vacancies and turnover. • When establishing wage levels, consider the below given difficulty in staffing, particularly in rural areas. – Wage levels in Arkansas' state-run Human Development Centers ($18/hour) – Private practice pay for MHPs – Geographic variance in BLS wages, e.g., variance in wages across Metropolitan Statistical Areas (MSAs) and non-MSAs over 10% – Competition from other employment sectors for DSPs, including Amazon, Walmart, hospitals and nursing homes. • Build annual inflation into the fee structure and update over time. One commentor suggested using a 4% trend assumption, consistent with the rate assumption used for Care Coordinator positions in the calculation of the PASSE PMPM for 2025 and 2026.	The current wage selections range from the 50th percentile to the 90th percentile of Arkansas statewide BLS wages. They are intended to reflect existing wages in the current behavioral health and intellectual/developmental disabilities workforce (inflated to Calendar Year 2026), recognizing that PASSEs can negotiate higher payment rates to ensure access to services. HDC wages were not considered as these providers serve individuals with more intensive needs than those receiving the services under review in this rate report. Current HCBS archived payment rates do not vary by geographic region, and DHS is not changing this approach for purposes of modeled payment rates. The current wage selection is trended to the midpoint of CY 2026, using an annual wage trend factor of 2.81% to represent anticipated wage growth based on a blend of AR-specific wage trend from May 2024 to April 2025, and national wage trend from April 2025 to July 2026.[1] DHS anticipates adjusting the care coordinator trending for final PASSE capitation rates to reflect more current wage experience, which is in line with the trending used in the rate report. Additional adjustments would depend on DHS policy decisions and available funding and appropriations.

[1] Bureau of Labor Statistics (June 2025). Average Hourly Earnings of All Employees, Private Education and Health Services, Dollars per Hour, Monthly, Not Seasonally Adjusted. Series ID: SMU05000006500000000 (Arkansas). Retrieved from: https://data.bls.gov/series-report

FEEDBACK	RESPONSE
Recommendation that DHS modify the blending of the BLS occupational categories for DSPs to reflect a 50/50 split between Home Health and Personal Care Aides, and Social and Human Services Assistants. The commentor's rationale for this recommendation is that the population with intellectual and developmental disabilities is diverse, with support needs ranging from mild to highly complex (including dual diagnoses and significant medical needs) and as such the skill and experience range of DSPs is very broad.	The BLS Home Health and Personal Care Aides BLS category is weighted most heavily (80%) as it encompasses workers that provide both basic health-related services and nonmedical services, and specifically mentions positions that work with people who have developmental or intellectual disabilities to help create a behavior plan and teach self-care skills.[2] The blending of 20% with the Social and Human Service Assistants position is intended to reflect some of the complexity of support that DSPs provide. For individuals with disabilities, BLS describes the role of Social and Human Service Assistants as helping to "find rehabilitation services that aid their clients" and may "work with employers to make a job more accessible to people with disabilities", and "find personal care services to help clients with daily living activities".[3]
Question: For QBHPs, the most weight is on the BLS occupational category with the lowest wage. What occupations were used and how would they represent a staff with a four year undergraduate degree?	Arkansas HCBS provider survey results indicate that the majority of direct care behavioral health staff have a high school diploma or GED, which supports the 90% weighing towards the "Social and Human Service Assistants" BLS occupational category. The remaining 10% weighting is tied to BLS occupational categories that reflect a minimum of a Bachelors degree (Child, Family and School Social Workers and Mental Health and Substance Abuse Social Workers). The following BLS webpage provides additional detail: https://www.bls.gov/ooh/community-and-social-service/social-workers.htm#tab-8.
Other Feedback	
One commentor indicated that while the provider workgroup materials indicated that PASSEs are able to contract with providers for (greater) rates, in reality this is not typical, is labor intensive and that PASSE PMPM rates are tied to the Medicaid rates.	Thank you for this feedback.

[2] Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Home Health and Personal Care Aides, at https://www.bls.gov/ooh/healthcare/home-health-aides-and-personal-care-aides.htm (last modified on August 28, 2025).
[3] Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Social and Human Service Assistants, at https://www.bls.gov/ooh/community-and-social-service/social-and-human-service-assistants.htm (last modified on August 28, 2025).

Appendix 4: Detailed Rate Build-up Examples

Supportive Living 1:1

Ref.	Description	DSP	Waiver Program Manager	Total	Notes
A	Average minutes of direct time per unit	15.00			Based on separately developed direct time assumptions
B	Average minutes of indirect time per unit	0.47			Based on separately developed indirect time assumptions
C	Average minutes of transportation time per unit	-			No travel time for this code
D	**Total minutes per unit**	**15.47**			D = A + B + C
E	Staffing ratio	1.00			
F	Supervisor span of control		30.00		30 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		0.52		G = D / E / F
H	PTO/training time adjustment factor	10.2%	10.2%		Based on separate PTO build
I	**Adjusted total minutes per unit**	**17.04**	**0.57**		I = D / E * (1 + H) || I = G * (1 + H)
J	Hourly wage	$ 14.88	$ 22.60		Based on separate wage build
K	**Total wage expense per unit**	**$ 4.23**	**$ 0.21**	**$ 4.44**	K = I * J / 60
L	Total OT minutes per unit	0.77	0.03		Based on separate OT build
M	**Total wage expense per unit w/ OT**	**$ 4.51**	**$ 0.23**	**$ 4.74**	M = (J * 1.5 / 60) * L + K
N	Employee related expense (ERE) percentage	22.5%	18.5%		Based on separate ERE build
O	**Total ERE expense per unit**	**$ 1.01**	**$ 0.04**	**$ 1.06**	O = M * N
P	Estimated miles driven per unit			-	No mileage reimbursement for this code
Q	Federal reimbursement rate			$ 0.70	
R	**Transportation fleet costs per unit**			**$ 0.00**	R = P * Q
S	Administration & program support			10.0%	Portion of total rate
T	**Administration expenses**			**$0.64**	T = S * (M + O + R) / (1 - S)
U	**Total rate**			**$ 6.44**	U = M + O + R + T
V	Rate adjusted for multiple people			$6.44	Single Person Rate
W	**15 min Rate**			**$ 6.44**	**15 min Rate**

Ref.	Summary of Rate Model Components			Total	Notes
X	Direct Service Employee Salaries & Wages			$ 4.62	
Y	Indirect Service Employee Salaries & Wages			$ 0.12	
Z	Transportation Service Employee Salaries & Wages			$ 0.00	
AA	Employee Related Expenses			$ 1.06	
AB	Transportation & Fleet Vehicle Expenses			$ 0.00	
AC	Administration & Program Support			$ 0.64	
AD	**Total Rate**			**$6.44**	

Note: Totals may not tie due to rounding

Supportive Living, 2 people

Ref.	Description	DSP	Waiver Program Manager	Total	Notes
A	Average minutes of direct time per unit	15.00			Based on separately developed direct time assumptions
B	Average minutes of indirect time per unit	0.94			Based on separately developed indirect time assumptions
C	Average minutes of transportation time per unit	-			No travel time for this code
D	**Total minutes per unit**	**15.94**			D = A + B + C
E	Staffing ratio	2.00			2 people receiving services in a group
F	Supervisor span of control		30.00		30 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		0.27		G = D / E / F
H	PTO/training time adjustment factor	10.2%	10.2%		Based on separate PTO build
I	**Adjusted total minutes per unit**	**8.78**	**0.29**		I = D / E * (1 + H) || I = G * (1 + H)
J	Hourly wage	$ 14.88	$ 22.60		Based on separate wage build
K	**Total wage expense per unit**	**$ 2.18**	**$ 0.11**	**$ 2.29**	K = I * J / 60
L	Total OT minutes per unit	0.80	0.01		Based on separate OT build
M	**Total wage expense per unit w/ OT**	**$ 2.47**	**$ 0.12**	**$ 2.59**	M = (J * 1.5 / 60) * L + K
N	Employee related expense (ERE) percentage	22.5%	18.5%		Based on separate ERE build
O	**Total ERE expense per unit**	**$ 0.56**	**$ 0.02**	**$ 0.58**	O = M * N
P	Estimated miles driven per unit			-	No mileage reimbursement for this code
Q	Federal reimbursement rate			$ 0.70	
R	**Transportation fleet costs per unit**			**$ 0.00**	R = P * Q
S	Administration & program support			10.0%	Portion of total rate
T	**Administration expenses**			**$0.35**	T = S * (M + O + R) / (1 - S)
U	**Total rate**			**$ 3.52**	U = M + O + R + T
V	Rate adjusted for multiple people			$3.52	2 Person Rate
W	**15 min Rate**			**$ 3.52**	**15 min Rate**

Ref.	Summary of Rate Model Components			Total	Notes
X	Direct Service Employee Salaries & Wages			$ 2.34	
Y	Indirect Service Employee Salaries & Wages			$ 0.25	
Z	Transportation Service Employee Salaries & Wages			$ 0.00	
AA	Employee Related Expenses			$ 0.58	
AB	Transportation & Fleet Vehicle Expenses			$ 0.00	
AC	Administration & Program Support			$ 0.35	
AD	**Total Rate**			**$3.52**	

Note: Totals may not tie due to rounding

Supportive Living, 3-5 people

Ref	Description	DSP	Waiver Program Manager	Total	Notes
A	First shift workers	2.00	0.33		
B	Second shift workers	2.00	0.33		
C	Third shift workers	1.00	0.17		
D	Weekend first shift workers	2.00	0.33		
E	Weekend second shift workers	2.00	0.33		
F	Weekend third shift workers	1.00	0.17		
G	Total weekly hours	280.00	46.67		G = {[(A + B + C) * 5] + [(D + E + F) * 2]} * 8
H	Number of individuals served			4	The assumed number of clients served at in the location
I	PTO/training time adjustment factor	10.2%	10.2%		Based on separate PTO build
J	Adjusted total hours of time per week	308.47	51.41		J = G * (1 + I)
K	Hourly wage	$ 14.88	$ 22.60		Based on separate wage build
L	Total wages expense per week	$ 4,590.10	$ 1,161.92		L = J * K
M	Percent of total hours paid at time and a half	5.0%	5.0%		Based on separate OT build
N	**Total weekly wage expense with OT**	**$ 4,902.58**	**$ 1,241.02**	**$ 6,143.60**	N = (G * K * M * 1.5) + L
O	Employee related expense (ERE) percentage	22.5%	18.5%		Based on separate ERE build
P	**Total ERE expense per week**	**$ 1,102.19**	**$ 229.07**	**$ 1,331.26**	P = N * O
Q	Estimated miles driven per unit			-	No mileage reimbursement for this code
R	Federal reimbursement rate			$0.70	
S	**Transportation fleet costs per week**			**$0.00**	S = Q * Z * R
T	**Subtotal before administration & program support**			**$ 7,474.86**	T = N + P + S
U	Administration & program support			10.0%	Based on assumptions
V	**Administration & program support cost per week**			**$830.54**	V = (T * U) / (1 - U)
W	**Other cost**			**$0.00**	
X	**Total cost per week**			**$8,305.41**	X = T + V
Y	Caseload efficiency			95.0%	Based on assumptions
Z	Units per week			672.00	
AA	**15 min Rate**			**$3.25**	**U = X / Y / Z / H**

Ref.	Summary of Rate Model Components			Total	Notes
AB	Direct service employee salaries & wages			$ 2.44	
AC	Indirect Service Employee Salaries & Wages			$ 0.00	
AD	Transportation Service Employee Salaries & Wages			$ 0.00	
AE	Employee Related Expenses			$ 0.50	
AF	Transportation & fleet vehicle expenses			$ 0.00	
AG	Administration & Program Support			$ 0.31	
AH	**Total Rate**			**$3.25**	

Note: Totals may not tie due to rounding

Supportive Living, 6-8 people

Ref	Description	DSP	Waiver Program Manager	Total	Notes
A	First shift workers	2.50	0.25		
B	Second shift workers	2.50	0.25		
C	Third shift workers	2.00	0.20		
D	Weekend first shift workers	2.50	0.25		
E	Weekend second shift workers	2.50	0.25		
F	Weekend third shift workers	2.00	0.20		
G	Total weekly hours	392.00	39.20		G = {[(A + B + C) * 5] + [(D + E + F) * 2]} * 8
H	Number of individuals served			7	The assumed number of clients served at in the location
I	PTO/training time adjustment factor	10.2%	10.2%		Based on separate PTO build
J	Adjusted total hours of time per week	431.86	43.19		J = G * (1 + I)
K	Hourly wage	$ 14.88	$ 22.60		Based on separate wage build
L	Total wages expense per week	$ 6,426.14	$ 976.01		L = J * K
M	Percent of total hours paid at time and a half	5.0%	5.0%		Based on separate OT build
N	**Total weekly wage expense with OT**	**$ 6,863.61**	**$ 1,042.46**	**$ 7,906.07**	N = (G * K * M * 1.5) + L
O	Employee related expense (ERE) percentage	22.5%	18.5%		Based on separate ERE build
P	**Total ERE expense per week**	**$ 1,543.06**	**$ 192.42**	**$ 1,735.49**	P = N * O
Q	Estimated miles driven per unit			-	No mileage reimbursement for this code
R	Federal reimbursement rate			$0.70	
S	**Transportation fleet costs per week**			**$0.00**	S = Q * Z * R
T	**Subtotal before administration & program support**			**$ 9,641.56**	T = N + P + S
U	Administration & program support			10.0%	Based on assumptions
V	**Administration & program support cost per week**			**$1,071.28**	V = (T * U) / (1 - U)
W	**Other cost**			**$0.00**	
X	**Total cost per week**			**$10,712.84**	X = T + V
Y	Caseload efficiency			95.0%	Based on assumptions
Z	Units per week			672.00	
AA	**15 min Rate**			**$2.40**	**U = X / Y / Z / H**

Ref.	Summary of Rate Model Components			Total	Notes
AB	Direct service employee salaries & wages			$ 1.80	
AC	Indirect Service Employee Salaries & Wages			$ 0.00	
AD	Transportation Service Employee Salaries & Wages			$ 0.00	
AE	Employee Related Expenses			$ 0.37	
AF	Transportation & fleet vehicle expenses			$ 0.00	
AG	Administration & Program Support			$ 0.23	
AH	**Total Rate**			**$2.40**	

Note: Totals may not tie due to rounding

Behavioral Assistance

Ref.	Description	Direct Care Staff	Direct Supervisor	Clinical Supervisor	Total	Notes
		QBHP	QBHP Supervisor - Degreed	MHP Supervisor - Independently Licensed Masters		
A	Average minutes of direct time per unit	15.00				Based on separately developed direct time assumptions
B	Average minutes of indirect time per unit	2.50				Based on separately developed indirect time assumptions
C	Average minutes of transportation time per unit	5.00				Based on separately developed transportation assumptions
D	**Total minutes per unit**	**22.50**				D = A + B + C
E	Staffing ratio	1.00				
F	Supervisor span of control		8.00	10.00		8 employees per direct supervisor and 10 employees per clinical supervisor
G	Supervisor time per unit		2.81	2.25		G = D / E / F
H	PTO/training time adjustment factor	14.2%	16.7%	16.7%		Based on separate PTO build
I	Adjusted Total minutes per unit	25.69	3.28	2.63		I = D / E * (1 + H) || I = G * (1 + H)
J	Hourly wage	$19.52	$27.70	$36.80		Based on separate wage build
K	**Total wage expense per unit**	**$8.36**	**$1.52**	**$1.61**	**$11.48**	K = I * J / 60
L	Total OT minutes per unit	0.00	0.00	0.00		Based on separate OT build
M	**Total wage expense per unit w/ OT**	**$8.36**	**$1.52**	**$1.61**	**$11.48**	M = (J * 1.5 / 60) * L + K
N	Employee related expense (ERE) percentage	19.7%	17.0%	15.5%		Based on separate ERE build
O	**Total ERE expense per unit**	**$1.64**	**$0.26**	**$0.25**	**$2.15**	O = M * N
P	Estimated miles driven per unit				2.80	Based on separately developed transportation assumptions
Q	Federal reimbursement rate				$0.70	
R	**Transportation fleet costs per unit**				**$1.96**	R = P * Q
S	Administration & program support				20.0%	Portion of total rate
T	**Administration expenses**				**$3.90**	T = S * (M + O + R) / (1 - S)
U	**Total rate**				**$ 19.49**	U = M + O + R + T
V	Rate adjusted for multiple people				$19.49	Single Person Rate
W	**Final Rate and Unit**				**$ 19.49**	**15 min Rate**

Ref.	Summary of Rate Model Components				Total	Notes
X	Direct Service Employee Salaries & Wages				$ 8.12	
Y	Indirect Service Employee Salaries & Wages				$ 1.12	
Z	Transportation Service Employee Salaries & Wages				$ 2.24	
AA	Employee Related Expenses				$ 2.15	
AB	Transportation & Fleet Vehicle Expenses				$ 1.96	
AC	Administration & Program Support				$ 3.90	
AD	**Total Rate**				**$19.49**	

Note: Totals may not tie due to rounding

Residential Community Reintegration

Ref	Description	Residential Community Reintegration Staff	QBHP	MHP - Independently Licensed Masters	Licensed Practical Nurse	Registered Nurse	Physician	Dietician	Total	Notes
A	First shift workers	8.00	2.00	2.00	1.50	0.20	0.05	0.10		
B	Second shift workers	7.00	1.00	-	-	-	-	-		
C	Third shift workers	3.30	-	-	-	-	-	-		
D	Weekend first shift workers	3.00	-	-	-	-	-	-		
E	Weekend second shift workers	3.00	-	-	-	-	-	-		
F	Weekend third shift workers	3.00	-	-	-	-	-	-		
G	Total weekly hours	876.00	120.00	80.00	60.00	8.00	2.00	4.00		G = {[(A + B + C) * 5] + [(D + E + F) * 2]} * 8
H	Number of individuals served								15	The assumed number of clients served at in the location
I	PTO/training time adjustment factor	14.2%	14.2%	16.7%	16.7%	16.7%	16.7%	16.7%		Based on separate PTO build
J	Adjusted total hours of time per week	1,000.04	136.99	93.38	70.03	9.34	2.33	4.67		J = G * (1 + I)
K	Hourly wage	$ 14.88	$ 19.52	$ 36.80	$ 26.05	$ 39.37	$ 164.89	$ 36.22		Based on separate wage build
L	Total wages expense per week	$ 14,880.65	$ 2,674.09	$ 3,436.32	$ 1,824.38	$ 367.63	$ 384.93	$ 169.11		L = J * K
M	Percent of total hours paid at time and a half	5.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%		Based on separate OT build
N	**Total weekly wage expense with OT**	**$ 15,858.27**	**$ 2,849.77**	**$ 3,657.12**	**$ 1,824.38**	**$ 367.63**	**$ 384.93**	**$ 169.11**	**$ 25,111.20**	N = (G * K * M * 1.5) + L
O	Employee related expense (ERE) percentage	22.5%	19.7%	15.5%	17.4%	15.2%	8.8%	15.5%		Based on separate ERE build
P	**Total ERE expense per week**	**$ 3,565.22**	**$ 560.90**	**$ 565.62**	**$ 318.02**	**$ 55.72**	**$ 33.68**	**$ 26.28**	**$ 5,125.44**	P = N * O
Q	Estimated miles driven per unit								225	Based on separately developed transportation assumptions
R	Federal reimbursement rate								$0.70	
S	**Transportation fleet costs per week**								**$1,102.50**	S = Q * Z * R
T	**Subtotal before administration & program support**								**$ 31,339.14**	T = N + P + S
U	Administration & program support								25.0%	Based on assumptions
V	**Administration & program support cost per week**								**$10,446.38**	V = (T * U) / (1 - U)
W	**Other cost**								**$0.00**	
X	**Total cost per week**								**$41,785.52**	X = T + V
Y	Caseload efficiency								95.0%	Based on assumptions
Z	Units per week								7.00	
AA	**15 min Rate**								**$418.90**	**U = X / Y / Z / H**

Ref.	Summary of Rate Model Components								Total	Notes
AB	Direct service employee salaries & wages								$ 260.10	
AC	Indirect Service Employee Salaries & Wages								$ 0.00	
AD	Transportation Service Employee Salaries & Wages								$ 0.00	
AE	Employee Related Expenses								$ 48.81	
AF	Transportation & fleet vehicle expenses								$ 10.50	
AG	Administration & Program Support								$ 99.49	
AH	**Total Rate**								**$418.90**	

Note: Totals may not tie due to rounding

Therapeutic Communities – Level 3

Ref	Description	QBHP	MHP - Unlicensed and Non-Independently Licensed Masters	MHP Supervisor - Independently Licensed Masters	Physician	Registered Nurse	Licensed Practical Nurse	Total	Notes
A	First shift workers	1.50	1.00	1.00	0.25	0.03	0.20		
B	Second shift workers	1.50	-	-	-	-	-		
C	Third shift workers	0.10	-	-	-	-	-		
D	Weekend first shift workers	1.50	0.50	-	-	-	-		
E	Weekend second shift workers	1.50	-	-	-	-	-		
F	Weekend third shift workers	0.10	-	-	-	-	-		
G	Total weekly hours	173.60	48.00	40.00	10.00	1.20	8.00		G = {[(A + B + C) * 5] + [(D + E + F) * 2]} * 8
H	Number of individuals served							16	The assumed number of clients served at in the location
I	PTO/training time adjustment factor	14.2%	16.7%	16.7%	16.7%	16.7%	16.7%		Based on separate PTO build
J	Adjusted total hours of time per week	198.18	56.03	46.69	11.67	1.40	9.34		J = G * (1 + I)
K	Hourly wage	$ 19.52	$ 30.75	$ 36.80	$ 164.89	$ 39.37	$ 26.05		Based on separate wage build
L	Total wages expense per week	$ 3,868.52	$ 1,722.83	$ 1,718.16	$ 1,924.64	$ 55.14	$ 243.25		L = J * K
M	Percent of total hours paid at time and a half	5.0%	5.0%	5.0%	0.0%	0.0%	0.0%		Based on separate OT build
N	**Total weekly wage expense with OT**	**$ 4,122.67**	**$ 1,833.53**	**$ 1,828.56**	**$ 1,924.64**	**$ 55.14**	**$ 243.25**	**$ 10,007.79**	N = (G * K * M * 1.5) + L
O	Employee related expense (ERE) percentage	19.7%	16.4%	15.5%	8.8%	15.2%	17.4%		Based on separate ERE build
P	**Total ERE expense per week**	**$ 811.43**	**$ 300.76**	**$ 282.81**	**$ 168.41**	**$ 8.36**	**$ 42.40**	**$ 1,614.17**	P = N * O
Q	Estimated miles driven per unit							50.00	Based on separately developed transportation assumptions
R	Federal reimbursement rate							$0.70	
S	**Transportation fleet costs per week**							**$245.00**	S = Q * Z * R
T	**Subtotal before administration & program support**							**$ 11,866.96**	T = N + P + S
U	Administration & program support							20.0%	Based on assumptions
V	**Administration & program support cost per week**							**$2,966.74**	V = (T * U) / (1 - U)
W	**RDS / RDS Equivalent Per Diem Rate**							**$1,945.11**	
X	**Total cost per week**							**$16,778.81**	X = T + V
Y	Caseload efficiency							95.0%	Based on assumptions
Z	Units per week							7.00	
AA	**Per Diem Rate**							**$157.70**	**U = X / Y / Z / H**

Ref.	Summary of Rate Model Components							Total	Notes
AB	Direct service employee salaries & wages							$ 114.61	
AC	Indirect Service Employee Salaries & Wages							$ 0.00	
AD	Transportation Service Employee Salaries & Wages							$ 0.00	
AE	Employee Related Expenses							$ 14.41	
AF	Transportation & fleet vehicle expenses							$ 2.19	
AG	Administration, Program Support & Overhead							$ 26.49	
AH	**Total Rate**							**$157.70**	

Note: Totals may not tie due to rounding

Appendix 5: Staffing and Service Time Assumptions

CES Waiver Services Staff Type, Supervisor and Indirect Time

Service*	Indirect Time	Direct / Clinical Care Staff	Supervisor / Supervisor Span of Control
Supportive Living, 1:1 Supportive Living , 2 people	3.125% or roughly a half-minute indirect time for every 15 minutes direct time	Direct Support Professional (DSP)	Waiver Program Manager 1:30
Supported Employment	30% or 4.5 minutes indirect time for every 15 minutes direct time		
Consultation – Treatment Planning	75% or 45 minutes indirect time for every 60 minutes direct time	Waiver Program Manager	N/A
Consultation – Training staff and/or family			
Consultation – Updates to assessments *Note: Includes Adaptive assessments only; psychological assessments are assumed to be performed by other providers via a referral / outsourcing*			
Consultation – Medicaid eligibility paperwork			
Consultation – Behavior support plans/training			

* Respite is not listed separately as respite is assumed to have the same payment rate as Supportive Living.

Supportive Living 3+ Multiple Person Weekly Staffing Assumptions

Weekly Hours Estimates for Supportive Living: Shared Staffing				
		Direct Care Staff	Waiver Program Manager	Total
3-5 people (assumes 4 individuals)	**Total weekly hours**	**280**	**47**	**327**
6-8 people (assumes 7 individuals)	**Total weekly hours**	**392.00**	**39**	**431**

Behavioral Health – 15 Minute and Hourly Services Staff Type, Supervisor and Indirect Time

Service	Indirect Time	Direct / Clinical Care Staff Type	Supervisor / Span of Control
Adult Life Skills Development	25%, equal to 15 minutes of indirect time for every hour of direct time	QBHP	QBHP Team Lead: 1:8 Independently licensed clinician: 1:10 *Note: No supervisor time is included in the crisis stabilization intervention payment rate modeling when the service is delivered by a MHP – Independently Licensed.*
Behavioral Assistance Child and Youth Support Services Life Skills Development (16-20 years old)	17%, equal to 10 minutes of indirect time for every hour of direct time		
Supported Housing	10%, equal to 6 minutes of indirect time for every hour of direct time		
Crisis Stabilization Intervention*	17%, equal to 10 minutes of indirect time for every hour of direct time	QBHP Mental health professional (MHP) – independently licensed	
Peer Support	30%, equal to 18 minutes of indirect time for every hour of direct time *Note: Indirect time is higher than the services listed above due to peer support-specific supervisory time.*	Peer Support Specialist	QBHP Team Lead: 1:6 Independently licensed clinician: 1:8 *Note: The independently licensed clinical supervisory span of control ratio is lower than the services listed above due to peer support-specific supervisory time.*
Individual Pharmacologic Counseling By RN	30%, equal to 18 minutes of indirect time for every hour of direct time	RN	Doctor of Medicine (MD) / Doctor of Osteopathic Medicine (DO): 1:30

* There is a service titled “Crisis Intervention” (delivered by MHPs only) that is defined in DHS’ Crisis Manual and is not included in this rate report.

Therapeutic Communities Weekly Staffing Assumptions

Weekly Hours Estimates for 16 Individuals								
		Direct Care Staff	Non-Independently Licensed MHP	Independently Licensed MHP	Physician / Prescriber	Registered Nurse (RN)	Licensed Practical Nurse (LPN)	Total
Level 1	Total weekly hours	756	40	56	20	40	40	952
Level 2	Total weekly hours	280	40	56	10	40	N/A	426
Level 3	Total weekly hours	174	48	40	10	1.2	8	281

Therapeutic Communities Weekly Staffing Assumption Descriptions

Level	Direct Care Staff	MHP Licensed Staff	Physician / Prescriber	Nursing Staff
Level 1	Hours reflect the assumption that there are 3-4 clients per staff member during the first and second shifts and 4-5 clients per staff member during the third shift (overnight).	Hours reflect time spent by independently licensed and non-independently licensed staff, including clinical supervision and client service delivery responsibilities by a MHP.	The 0.50 FTE assumption reflects the monthly service requirements and an allocation of on-call, supervision of nursing staff and other indirect time involved with providing the service.	1.0 FTE of a RN and 1.0 FTE of a licensed practical nurse (LPN).
Level 2	Hours reflect the assumption that there are eight clients per staff member during the first and second shifts and 16 clients per staff member overnight.		The 0.25 FTE assumption reflects the monthly service requirements and an allocation of on-call, supervision of nursing staff and other indirect time involved with providing the service.	1.0 FTE of a RN. LPN hours were not included in Level 2 based on provider survey results that Level 2 staffing relies on RNs only, as compared to a mix of RN and LPN staffing in Level 1.
Level 3	Hours reflect service requirement that include 5 hours per client a week with on-call availability overnight.			**RN:** 0.03 of FTEs assumed to be supervising LPN staff, 1:7 supervision span of control. **LPN:** 0.20 of FTEs assumed to serving 16 members per week, reflecting an estimate of two hours per member per month.

Residential Community Reintegration Weekly Staffing Assumptions

Weekly Hours Estimates for 15 Individuals								
	Residential Community Reintegration Staff	QBHP	Independently Licensed MHP	Physician	RN	LPN	Dietician	Total
Total weekly hours	876	120	80	2	8	60	4	1,150

Appendix 6: BLS Occupation Code Description

BLS Occupational Code Categories Included in Provider Groups		
BLS Occupation Title	**BLS Occupational Code**	**BLS Job Description**
Child, Family, and School Social Workers	21-1021	Provide social services and assistance to improve the social and psychological functioning of children and their families and to maximize the family well-being and the academic functioning of children. May assist parents, arrange adoptions, and find foster homes for abandoned or abused children. In schools, they address such problems as teenage pregnancy, misbehavior, and truancy. May also advise teachers.
Dietitians and Nutritionists	29-1031	Plan and conduct food service or nutritional programs to assist in the promotion of health and control of disease. May supervise activities of a department providing quantity food services, counsel individuals, or conduct nutritional research.
Healthcare Social Workers	21-1022	Provide individuals, families, and groups with the psychosocial support needed to cope with chronic, acute, or terminal illnesses. Services include advising family caregivers. Provide patients with information and counseling, and make referrals for other services. May also provide case and care management or interventions designed to promote health, prevent disease, and address barriers to access to healthcare.
Home Health and Personal Care Aides	31-1120	This occupation includes the 2018 SOC occupations 31-1121 Home Health Aides and 31-1122 Personal Care Aides.
Licensed Practical and Licensed Vocational Nurses	29-2061	Care for ill, injured, or convalescing patients or persons with disabilities in hospitals, nursing homes, clinics, private homes, group homes, and similar institutions. May work under the supervision of a registered nurse. Licensing required.
Mental Health and Substance Abuse Social Workers	21-1023	Assess and treat individuals with mental, emotional, or substance abuse problems, including abuse of alcohol, tobacco, and/or other drugs. Activities may include individual and group therapy, crisis intervention, case management, client advocacy, prevention, and education.
Physicians, All Other	29-1229	All physicians not listed separately.
Registered Nurses	29-1141	Assess patient health problems and needs, develop and implement nursing care plans, and maintain medical records. Administer nursing care to ill, injured, convalescent, or disabled patients. May advise patients on health maintenance and disease prevention or provide case management. Licensing or registration required. Includes Clinical Nurse Specialists. Excludes "Nurse Anesthetists" (29-1151), "Nurse Midwives" (29-1161), and "Nurse Practitioners" (29-1171).
Social and Human Service Assistants	21-1093	Assist other social and human service providers in providing client services in a wide variety of fields, such as psychology, rehabilitation, or social work, including support for families. May assist clients in identifying and obtaining available benefits and social and community services. May assist social workers with developing, organizing, and conducting programs to prevent and resolve problems relevant to substance abuse, human relationships, rehabilitation, or dependent care. Excludes "Rehabilitation Counselors" (21-1015), "Psychiatric Technicians" (29-2053), "Personal Care Aides" (31-1122), and "Eligibility Interviewers, Government Programs" (43-4061).
Social Workers, All Other	21-1029	All social workers not listed separately.
Substance Abuse, Behavioral Disorder, and Mental Health Counselors	21-1018	This occupation includes the 2018 SOC occupations 21-1011 Substance Abuse and Behavioral Disorder Counselors and 21-1014 Mental Health Counselors.
Job Description Source Bureau of Labor Statistics (May 2024). *May 2024 Occupation Definitions*. Retrieved from https://www.bls.gov/oes/oes_doc.htm		

Appendix 7: Arkansas Statewide BLS Wages by Staff Type

Staff Types and Corresponding BLS SOCs	Blend %	BLS Wages Trended to July 2026					Arkansas Provider Survey Data Trended to July 2026
		25th Percentile	50th Percentile	Midpoint 50th & 75th Percentile	75th Percentile	90th Percentile	50th Percentile
Direct Support Professional (DSP)	**100%**	**$13.71**	**$14.88**	**$15.68**	**$16.48**	**$17.66**	**$14.64**
Home Health and Personal Care Aides	80%	$13.07	$13.84	$14.28	$14.73	$15.79	
Social and Human Service Assistants	20%	$16.28	$19.06	$21.27	$23.48	$25.14	
Residential Community Reintegration Staff	**100%**	**$13.71**	**$14.88**	**$15.68**	**$16.48**	**$17.66**	**$15.71**
Home Health and Personal Care Aides	80%	$13.07	$13.84	$14.28	$14.73	$15.79	
Social and Human Service Assistants	20%	$16.28	$19.06	$21.27	$23.48	$25.14	
Waiver Program Manager	**100%**	**$15.96**	**$18.54**	**$20.57**	**$22.60**	**$24.21**	**$22.03**
Home Health and Personal Care Aides	10%	$13.07	$13.84	$14.28	$14.73	$15.79	
Social and Human Service Assistants	90%	$16.28	$19.06	$21.27	$23.48	$25.14	
Peer Support Specialist	**100%**	**$16.79**	**$19.52**	**$21.79**	**$24.06**	**$26.08**	**$19.25**
Social and Human Service Assistants	90%	$16.28	$19.06	$21.27	$23.48	$25.14	
Child, Family, and School Social Workers	5%	$19.74	$21.93	$23.87	$25.81	$30.20	
Mental Health and Substance Abuse Social Workers	5%	$23.02	$25.43	$29.11	$32.80	$38.84	
QBHP	**100%**	**$16.79**	**$19.52**	**$21.79**	**$24.06**	**$26.08**	**$19.64**
Social and Human Service Assistants	90%	$16.28	$19.06	$21.27	$23.48	$25.14	
Child, Family, and School Social Workers	5%	$19.74	$21.93	$23.87	$25.81	$30.20	
Mental Health and Substance Abuse Social Workers	5%	$23.02	$25.43	$29.11	$32.80	$38.84	
QBHP Supervisor - Degreed	**100%**	**$17.63**	**$20.30**	**$22.71**	**$25.11**	**$27.70**	**$27.82**
Social and Human Service Assistants	75%	$16.28	$19.06	$21.27	$23.48	$25.14	
Child, Family, and School Social Workers	10%	$19.74	$21.93	$23.87	$25.81	$30.20	
Mental Health and Substance Abuse Social Workers	15%	$23.02	$25.43	$29.11	$32.80	$38.84	
MHP - Unlicensed and Non-Independently Masters	**100%**	**$20.10**	**$26.12**	**$30.75**	**$35.38**	**$49.92**	**$30.57**
Substance Abuse, Behavioral Disorder, and Mental Health Counselors	80%	$19.03	$25.52	$30.53	$35.55	$52.27	
Mental Health and Substance Abuse Social Workers	10%	$23.02	$25.43	$29.11	$32.80	$38.84	
Healthcare Social Workers	10%	$25.80	$31.67	$34.15	$36.62	$42.19	
MHP - Independently Licensed Masters	**100%**	**$20.33**	**$25.93**	**$31.36**	**$36.80**	**$50.41**	**$36.77**
Substance Abuse, Behavioral Disorder, and Mental Health Counselors	70%	$19.03	$25.52	$30.53	$35.55	$52.27	
Mental Health and Substance Abuse Social Workers	10%	$23.02	$25.43	$29.11	$32.80	$38.84	
Healthcare Social Workers	10%	$25.80	$31.67	$34.15	$36.62	$42.19	
Social Workers, All Other	10%	$21.29	$23.58	$36.64	$49.70	$57.19	
Dietician	**100%**	**$28.03**	**$31.00**	**$33.61**	**$36.22**	**$45.00**	**$37.16**
Dietitians and Nutritionists	100%	$28.03	$31.00	$33.61	$36.22	$45.00	
Licensed Practical Nurse	**100%**	**$24.10**	**$26.05**	**$28.19**	**$30.33**	**$32.35**	**$27.48**
Licensed Practical and Licensed Vocational Nurses	100%	$24.10	$26.05	$28.19	$30.33	$32.35	
Registered Nurse	**100%**	**$33.41**	**$39.37**	**$41.31**	**$43.25**	**$51.03**	**$38.86**
Registered Nurses	100%	$33.41	$39.37	$41.31	$43.25	$51.03	
Physician	**100%**		**$126.54**				**$164.89**
Physicians, All Other	100%		$126.54				

Note: Totals may not tie due to rounding. Green boxes indicate wage selections used in payment rate modeling.

General Notes:

1. We trended hourly wages using an annual wage trend of 2.81% based on a blend of national (CEU650000000) and Arkansas (SMU05000006500000003) BLS Average Hourly Earnings data (June 2025).
2. State of Arkansas, Department of Human Services. Provider Cost and Wage Survey for Home and Community-Based Services, 2025. Administered in June 2025 (2024-2025 experience).
3. Statewide wage data retrieved from: Bureau of Labor Statistics May 2024 State Occupational Employment and Wage Estimates. Retrieved from https://www.bls.gov/oes/current/oes_ar.htm
4. The BLS value for “Physicians, All Other” reflects the average wage reported, due to limited data for this occupational code.

Appendix 8: Service-Related Travel Assumptions

Service Type	Transportation Assumptions Trip: one-way travel to a location	Notes
CES Waiver Services		
Supportive Living	Transportation time is assumed to part of the direct time spent with the individual receiving services. The payment rate does not include mileage costs as providers can bill for mileage costs separately.	
Respite	Respite uses the supportive living rate.	
Supported and Supportive Employment	Transportation time is assumed to part of the direct time spent with the individual receiving services. The payment rate does not include mileage costs as providers can bill for mileage costs separately.	
Consultation	Staff have 2 trips on average per day of service billed.	Payment rate reflects staff travel time and mileage.
Behavioral Health Services		
Crisis Stabilization Intervention	Staff have 2 trips on average per day of service billed.	Payment rate reflects staff travel time and mileage.
Residential Community Reintegration	An average of 225 miles per week was assumed to support 15 members.	Payment rate reflects staff travel time and mileage.
Therapeutic Communities	Travel is included in Level 3, assuming 50 miles per day for each Level 3 location (all staff, 16 members) based on the assumption that members are living in close proximity to each other.	Payment rate reflects staff travel time and mileage.
Adult Rehabilitation Day Services per diem	Travel is included based on the component parts of the service (RDS, Adult Life Skills Development, Peer Support and Group Therapy).	N/A
Peer Support	Staff have 1 trip on average every other day of service billed.	Payment rate reflects staff travel time and mileage.
Adult Life Skills Development	Staff have 2 trips on average per day of service billed (individual services only as travel for group services is not expected).	Payment rate reflects staff travel time and mileage.
Life Skills Development	Staff have 2 trips on average per day of service billed (individual services only as travel for group services is not expected).	Payment rate reflects staff travel time and mileage.
Behavioral Assistance	Staff have 4 trips on average per day of service billed.	Payment rate reflects staff travel time and mileage.
Child And Youth Support Services	Staff have 2 trip on average per day of service billed.	Payment rate reflects staff travel time and mileage.
Supportive Housing	No travel is expected.	N/A
Individual Pharmacological Counseling by RN	Staff have 1 trip on average per day of service billed, assumes travel occurs between clinic locations.	Payment rate reflects staff travel time and mileage.

Appendix 9: PTO & Training Time Assumptions

Paid Time Off and Training Time									
	A	B	C	D	E	F	G	H	J
Provider Group	Annual PTO	Annual Ongoing Training	Total PTO & Ongoing Training	Unadjusted New Hire Training	Turnover percentage	Adjusted New Hire Training	Total PTO & Training	Total Hours Per Employee	PTO & Training Time Adjustment Factor
			A + B			D * E	C + F		(H / H - G) - 1
DSP	160	20	**180**	40	30%	**12**	**192**	2,080	**10.17%**
Waiver Program Manager	160	20	**180**	40	30%	**12**	**192**	2,080	**10.17%**
QBHP	200	40	**240**	60	30%	**18**	**258**	2,080	**14.16%**
Peer Support	200	80	**280**	60	30%	**18**	**298**	2,080	**16.72%**
MHP - Unlicensed and Non-Independently Licensed Masters	240	40	**280**	60	30%	**18**	**298**	2,080	**16.72%**
QBHP Supervisor - Degreed	240	40	**280**	60	30%	**18**	**298**	2,080	**16.72%**
MHP - Independently Licensed Masters	240	40	**280**	60	30%	**18**	**298**	2,080	**16.72%**
MHP Supervisor - Independently Licensed Masters	240	40	**280**	60	30%	**18**	**298**	2,080	**16.72%**
Registered Nurse	240	40	**280**	60	30%	**18**	**298**	2,080	**16.72%**
Physician	240	40	**280**	60	30%	**18**	**298**	2,080	**16.72%**
Licensed Practical Nurse	240	40	**280**	60	30%	**18**	**298**	2,080	**16.72%**
Residential Community Reintegration Staff	200	40	**240**	60	30%	**18**	**258**	2,080	**14.16%**
Dietician	240	40	**280**	60	30%	**18**	**298**	2,080	**16.72%**

Appendix 10: ERE Assumptions

Employee Related Expenses											
	A	B	C	D	E	F	G	H	I	J	K
Provider Group	Trended Wage	Annual Employee Salary	Medicare Withholding	Social Security	FUTA	SUI	Workers Comp	Insurance	Retirement	ERE per Employee	ERE Percentage
Notes >>>		A * 2080	B * 1.45%	B * 6.2% up to $176,100 taxable limit	6% up to 7,000 tax limit	2.1% up to $7,000 tax limit	B * 1.19%	$6,157 * 50%	B * 3.7% * 50%	SUM (C to I)	J / B
DSP	$ 14.88	$ 30,950	$ 449	$ 1,919	$ 420	$ 147	$ 368	$ 3,078	$ 577	$ 6,958	22.5%
Residential Community Reintegration Staff	$ 14.88	$ 30,950	$ 449	$ 1,919	$ 420	$ 147	$ 368	$ 3,078	$ 577	$ 6,958	22.5%
QBHP	$ 19.52	$ 40,602	$ 589	$ 2,517	$ 420	$ 147	$ 483	$ 3,078	$ 757	$ 7,991	19.7%
Peer Support	$ 19.52	$ 40,602	$ 589	$ 2,517	$ 420	$ 147	$ 483	$ 3,078	$ 757	$ 7,991	19.7%
Waiver Program Manager	$ 22.60	$ 47,008	$ 682	$ 2,914	$ 420	$ 147	$ 559	$ 3,078	$ 877	$ 8,677	18.5%
Licensed Practical Nurse	$ 26.05	$ 54,184	$ 786	$ 3,359	$ 420	$ 147	$ 644	$ 3,078	$ 1,010	$ 9,445	17.4%
QBHP Supervisor - Degreed	$ 27.70	$ 57,616	$ 835	$ 3,572	$ 420	$ 147	$ 685	$ 3,078	$ 1,074	$ 9,812	17.0%
MHP - Unlicensed and Non-Independently Licensed Masters	$ 30.75	$ 63,960	$ 927	$ 3,966	$ 420	$ 147	$ 761	$ 3,078	$ 1,193	$ 10,492	16.4%
Dietician	$ 36.22	$ 75,338	$ 1,092	$ 4,671	$ 420	$ 147	$ 896	$ 3,078	$ 1,405	$ 11,709	15.5%
MHP - Independently Licensed Masters	$ 36.80	$ 76,544	$ 1,110	$ 4,746	$ 420	$ 147	$ 910	$ 3,078	$ 1,427	$ 11,839	15.5%
MHP Supervisor - Independently Licensed Masters	$ 36.80	$ 76,544	$ 1,110	$ 4,746	$ 420	$ 147	$ 910	$ 3,078	$ 1,427	$ 11,839	15.5%
Registered Nurse	$ 39.37	$ 81,890	$ 1,187	$ 5,077	$ 420	$ 147	$ 974	$ 3,078	$ 1,527	$ 12,411	15.2%
Physician	$ 164.89	$ 342,971	$ 4,973	$ 10,918	$ 420	$ 147	$ 4,078	$ 3,078	$ 6,396	$ 30,011	8.8%

Note: Totals may not tie due to rounding.