

DHS priorities

Significant initiatives
over the next year



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DHS priorities

DHS has numerous programs, policies, and projects in the works that align both with state priorities of Education, Public Safety, Economic Development and Tax Cuts, and agency priorities including prevention in all areas, Medicaid sustainability, behavioral health, and an improved employee experience.

Specific areas of focus include:

- Federal budget bill impact
- SNAP
 - Nutrition waiver
 - Efforts to combat fraud
- Medicaid work requirement
- Maternal health
- Mental health
- Rural health
- 10:33 Initiative



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Budget bill overview

The federal budget bill signed into law this summer made a number of changes affecting our agency. This new law:

- Delivers **hundreds of millions in new federal funding** to support Arkansas healthcare transformation
- **Supports Arkansas' Medicaid work requirement reforms**, which were previously blocked by the courts
- Protects Arkansas taxpayers with **program integrity** reforms
- Has **minimal financial impact** on DHS' Medicaid budget

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Budget bill overview

- **No change** to the Federal Medical Assistance Percentage (FMAP) for traditional Medicaid or ARHOME
- **No change** to income eligibility
- **No negative financial impact** on key healthcare sectors, including:
 - Hospitals
 - Nursing homes
 - Outpatient clinics
 - Pharmacists
 - Mental health and therapy providers
 - Durable medical equipment suppliers
 - Insurance premiums
- **No adverse effect** from state-directed payment changes
- **No impact** on most provider taxes
- **Only one provider tax affected:** ambulance fees, which could cost the state an estimated **\$190,000** beginning in federal FY28

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Budget bill overview

Medicaid Eligibility Reviews

The budget bill requires states to conduct Medicaid eligibility reviews for the expansion population every six months, instead of every year. This prevents taxpayers from paying duplicative insurance or insurance to people who have moved out of state.

DHS views this as a program integrity measure with **no meaningful financial impact on Arkansas.**

Retroactive Coverage

Retroactive eligibility coverage is decreasing from 3 months to 2 months for traditional Medicaid, 3 months to 1 month for Expansion (AR Medicaid currently meets this criteria), and increasing from 0 to 2 months for Children's Health Insurance Program, or CHIP (ARKids A and B).

DHS views this as a program integrity measure with **no meaningful financial impact on Arkansas.**

Payment Error Rate Measurement (PERM) Summary

HHS reviews each state's Medicaid program every three years under the PERM program to estimate improper payment rates. States with error rates above 3% must either repay the excess or work with HHS on a corrective action plan via a "good faith waiver." The new law limits the amount HHS can waive and permits the inclusion of other audits beyond PERM.

DHS views this as a program integrity measure with **no meaningful financial impact on Arkansas.**

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Budget bill overview

Starting in 2027, BBB requires all applications for new or renewed 1115 demonstration waivers to be certified budget-neutral by the Chief Actuary at CMS to be approved.

DHS views this as a program integrity measure with **no meaningful financial impact on Arkansas.**

Starting in 2028, BBB creates a new 1915(C) waiver option for states that would allow coverage of Home and Community-Based Services (HCBS) for individuals based on state-established criteria that define whether individuals would otherwise need hospital, nursing home, or intermediate care facility level of care.

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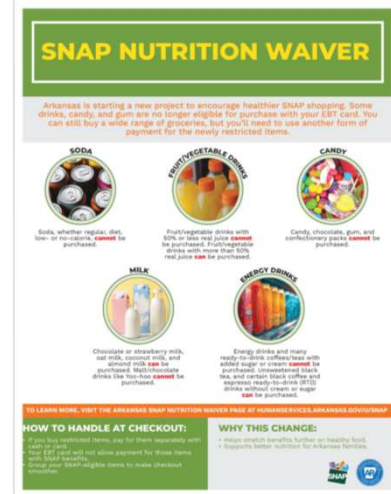
SNAP

DHS has received approval from the USDA Food and Nutrition Service to amend the statutory definition of ineligible food for purchase by Supplemental Nutrition Assistance Program (SNAP).

The following food and beverage items will be excluded from SNAP:

- Soda
- Low and no-calorie soda
- Fruit and vegetable drinks with less than 50% natural juice
- Other unhealthy drink
- Candy

This project is aimed at improving health outcomes and **increasing** the buying power for SNAP beneficiaries by **encouraging** healthier food and beverage purchases.



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SNAP fraud prevention

- SNAP fraud has been occurring both in Arkansas and nationally for several years, and we saw an increase in this activity beginning in July. This affected both SNAP and Summer EBT.
- We have taken several steps to increase this including launching an information campaign to encourage SNAP recipients to protect their accounts; sending messages by text and email to SNAP recipients; creating a new website with tips and a form to report fraud; and adding new restrictions and anti-fraud tools to the phone line to prevent automated scam calls.
- We have also disallowed the use of easy-to-guess PINs like 1-1-1-1, and are pursuing additional security features in our next vendor contract such as more secure CHIP-activated cards. However, it's important to note that this will require new cards and upgrades to retailer systems, so it will take time to implement.
- DHS is not authorized to replace SNAP benefits, so it's critical that beneficiaries take steps to protect their accounts including by changing their PIN to a combination no one else knows.



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SNAP Budget Bill reforms

- Expands **SNAP work requirement** for able-bodied adults up to 65-years-old to align with **commonsense work requirement policies**
- Protects taxpayers by challenging states to reduce their **SNAP Payment Error Rate**. If Error Rates are below 6%, there continues to be no cost to the state for SNAP benefits. Arkansas' Error Rate is currently 7.9% but **DHS will take steps to reduce that**. Apart from that, DHS views this as a program integrity measure with **no meaningful financial impact on Arkansas**.
- The bill increases state SNAP administration costs from 50% to 75%. Currently, admin costs are split evenly between the state and federal government. In FY25, Arkansas spent \$47.8 million on SNAP administrative costs. Increased state spending could be an estimated \$23.9 million beginning in federal FY 2027.

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Medicaid work and community engagement requirement

- The budget bill **expands Medicaid work requirement policy** to all 50 states
- Arkansas' previous work requirement was **blocked by federal courts**
- The budget bill provides federal **authorization** to enforce a requirement that young, healthy Medicaid beneficiaries must **work, volunteer, or attend school for at least 20 hours per week**.
- The budget bill provides **\$100 million** to states to **support systems changes** to support work requirement reforms

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Medicaid work and community engagement requirement

240,000+ ARHOME recipients are subject to the Community Engagement requirements identified in the budget bill, which will be required in the new ARHOME Waiver.



Engagement Hours Required

80 hours per month of one or more of the following activities:

1. Employment
2. Work program participation
3. Educational enrollment
4. Community Service



Engagement Exemptions

Certain populations are **exempt** from federal requirements, for example:

1. Disabled veterans
2. Caregivers
3. Pregnant and Postpartum women
4. Medically frail



Verification Details

States must determine if a Medicaid applicant met requirements **upon application** and every **six month thereafter**. States are encouraged to use **available data** where possible, coupled with **outbound outreach**.

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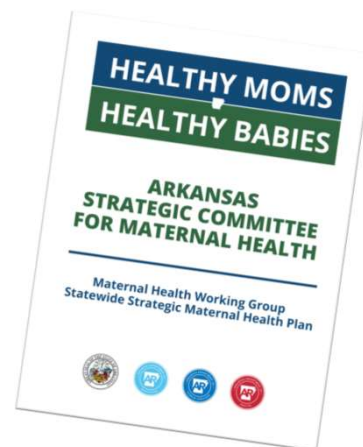
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Maternal health

Current Initiatives

1. Healthy Moms, Healthy Babies and other 2025 Legislation
2. Transforming Maternal Health (TMaH) Grant
3. Maternal Life360 Homes



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Maternal health

DHS has already implemented presumptive eligibility and global unbundling.

- Presumptive Eligibility began June 1, 2025.
- Total number made presumptively eligible:

June	July	August	September*	Total
342	603	851	436	2,232

*As of September 3, 2025

- Global Unbundling began July 1, 2025

The following is under review and soon to begin promulgation:

- Remote monitoring
- Doula Coverage
- Lactation Specialists^

CHW policy is still being written.

^Separate Legislation (Act 627)

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Maternal health

Transforming Maternal Health Grant

We are currently laying the groundwork to begin making provider payments in 2027 (Model Year 3). This effort includes engaging stakeholders to develop payment policies and models around the following:

- Doulas, CHWs, CNMs, birthing centers, group and mobile pregnancy service models, remote monitoring, and home visiting.
- The *Healthy Moms, Healthy Babies* legislation worked on by the Governor and the Legislature put us ahead of our timeline for these efforts.



Payments	Model Years	Supported Activities	Distributing Entity
Provider Infrastructure Payments	3-5 (2027-2029)	1. Patient safety initiatives and maternal care assessments. 2. Quality measure reporting 3. Data integration and other data driven activities 4. Team-based care 5. Enhanced access to care 6. Connections to address health related social needs and behavioral health	Arkansas Hospital Association

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Maternal health

Maternal Life 360 Homes



Craighead County
St. Bernards Medical Center Pregnancy Clinic and Parents as Teachers, Jonesboro
Urban Renewal and Housing (JURHA) – 4334 E Highland Drive, Suite B, Jonesboro, AR
72402
1-870-207-0421 or email knutucker@sbrmc.org

Independence County
White River Health System – Pioneer Parent HUB- Community Connection Center 490
E College Suite 104 Batesville, AR 72501
1-870-793-0627 or email cmartin@gobsd1.org

Pulaski and Saline County
Baptist Health Medical Center – Little Rock
Call (501) 202-4099 or email mihow@baptist-health.org

Pulaski and Faulkner County
Baptist Health Medical Center – North Little Rock
Call (501) 202-4099 or email mihow@baptist-health.org

Life360 Homes have served **114 women** as of August 1, 2025.
Three hospitals are actively pursuing Life360 Enrollment.

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Maternal health

Upcoming Activities

1. Begin promulgation of remaining *Healthy Moms, Healthy Babies initiatives*
2. Develop birth center policies with TMaH workgroup and begin that promulgation
3. Develop payment process for Provider Infrastructure Payments (including application)
4. Implement a closed-loop referral system to address health related social needs
5. Work with DIS and SHARE to build out data integration and use of electronic health records
6. Establish quality metrics to be used in provider incentive payments and value-based payments for TMaH; begin to collect that data
7. Continue to recruit and onboard Life360 Home providers to serve pregnant women

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Mental health

Statewide Crisis Hub

- DHS in partnership with the University of Arkansas is developing a coordinated statewide system of care that will address behavioral health needs for children and adults through prevention, early intervention, and crisis services.
- It will divert people who otherwise might end up in jails to more appropriate settings where they can receive crisis stabilization treatment.
- There will be a specific emphasis on infant mental health, school-based behavioral health and mental health, and substance abuse treatment for adults with a focus on pregnant women and new moms.
- The University of Arkansas is working now to procure the vendor to take the crisis calls and to establish the mobile crisis response teams in seven pilot areas (Fayetteville, Fort Smith, Jonesboro, Little Rock, Helena, El Dorado, Warren, and Monticello). We expect to announce rollout details in the near future.



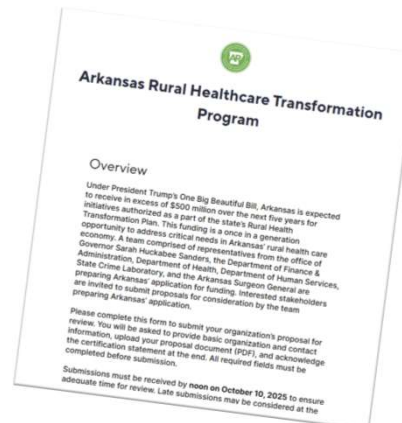
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Rural Health Transformation Program

- The budget bill allocates **\$50 billion** to support healthcare transformation across the country, with **Arkansas expected to receive at least \$500 million**.
- A team comprised of representatives from DHS and the office of Governor Sanders, the Department of Finance & Administration, Department of Health, State Crime Laboratory, and the Arkansas Surgeon General will prepare Arkansas' application for funding.



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10:33 Initiative

- This pilot program has the potential to transform lives by connecting Arkansans in poverty with faith-based and community partners who can help them improve their lives and health and attain economic independence.
- The pilot will take place in Pulaski, Union, and Pope Counties over a yearlong period.
- The program uses Restore Hope's HopeHub case management and data sharing platform to bring advocates and partners together to help individuals in need.



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