

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



---

## State Demonstrations Group

December 20, 2024

Janet Mann  
Deputy Secretary and Medicaid Director  
Arkansas Department of Human Services  
P.O. Box 1437  
Slot S201  
Little Rock, AR 72203-1437

Dear Director Mann:

The Centers for Medicare and Medicaid Services (CMS) is approving an amendment to Arkansas's "Arkansas Healthy Opportunity for Me (ARHOME)" section 1115 demonstration, (Project Number 11-W-00379/6) in accordance with section 1115(a) of the Social Security Act (the "Act"). Approval of this amendment will provide expenditure authority to the state to provide non-medical transportation (NMT) services to qualifying beneficiaries. The NMT services transport the qualifying beneficiaries to and from Health-Related Social Need (HRSN) services which they are authorized to receive under the demonstration. Both the NMT services and the HRSN services for which NMT services are authorized must be described in the beneficiary's care plan. The authority is effective from the date this approval is issued through December 31, 2026.

CMS has determined that Arkansas's ARHOME demonstration, as amended to include NMT services, is likely to assist in promoting the objectives of the Medicaid statute by increasing access to high-quality medical assistance and improving health outcomes for beneficiaries.

CMS's approval of this section 1115(a) demonstration amendment is subject to the limitations specified in Attachment J below, which is appended to the demonstration's special terms and conditions (STCs), as amended and restated in our approval on November 1, 2022. Attachment J amends the demonstration's expenditure authorities and STCs as further specified therein, and governs any supplemental attachments defining the nature, character, and extent of federal involvement in this project. The STCs in Attachment J of this letter should be considered as part of the broader set of STCs that were approved on November 1, 2022, for the "ARHOME" demonstration and will be incorporated into the full STCs at the next approval action for this demonstration, unless the governing expenditure authorities and STCs state that a particular rule or policy does not apply.

### **Budget Neutrality**<sup>1</sup>

CMS has long required, as a condition of demonstration approval, that demonstrations be “budget neutral,” meaning the federal costs of the state’s Medicaid program with the demonstration cannot exceed what the federal government’s Medicaid costs in that state likely would have been without the demonstration. In requiring demonstrations to be budget neutral, CMS is constantly striving to achieve a balance between its interest in preserving the fiscal integrity of the Medicaid program and its interest in facilitating state innovation through section 1115 approvals. In practice, budget neutrality generally means that the total computable (i.e., both state and federal) costs for approved demonstration expenditures are limited to a certain amount for the demonstration approval period. This limit is called the budget neutrality expenditure limit and is based on a projection of the Medicaid expenditures that could have occurred absent the demonstration (the “without waiver” [WOW] costs). The demonstration amendment is projected to be budget neutral to the federal government. The state will be held to the budget neutrality monitoring and reporting requirements as outlined in the STCs.

Under this approval, projected demonstration expenditures associated with the new NMT services will be treated as hypothetical for the purposes of budget neutrality, and the WOW costs have been trended forward for the approval period.

### **Monitoring and Evaluation Requirements**

The state is required to conduct systematic monitoring and robust evaluation of the section 1115 demonstration in alignment with the STCs, and must accommodate this amendment, as appropriate, in its monitoring and evaluation activities. The state’s monitoring and evaluation efforts must facilitate understanding the extent to which the demonstration might support reducing existing health disparities.

### **Consideration of Public Comments**

Public comments were addressed in the approval letter for ARHOME’s HRSN program on November 1, 2022. As stated in that approval letter, comments of support for the demonstration were generally related to the establishment of the Life360 HOMEs. During that public comment period, CMS received two comments briefly discussing the strain transportation needs put on Medicaid beneficiaries. This demonstration amendment approval allows the state to now provide transportation to and from covered HRSN services under Life360 HOMEs, which is expected to improve beneficiaries’ access to services and help ensure access to care.

After carefully reviewing the proposal and the public comments received during the federal comment period, and all other relevant materials provided by the state, CMS has concluded that the approval of this amendment is likely to assist in promoting the objectives of Medicaid.

---

<sup>1</sup> For more information on CMS’s current approach to budget neutrality, see <https://www.medicare.gov/medicaid/section-1115-demonstrations/budget-neutrality/index.html>

**Other Information**

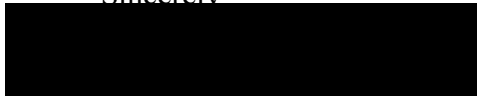
CMS’s approval of this demonstration project is conditioned upon compliance with the previously approved expenditure authorities and special terms and conditions, which set forth in detail the nature, character and extent of anticipated federal involvement in the project.

In addition, the approval is subject to CMS receiving written acceptance of this award within 30 days of the date of this approval letter. Your project officer is Kamia Rathore. She is available to answer any questions concerning this amendment. Kamia Rathore’s contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid and CHIP Services  
Mail Stop S2-25-26  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850  
Email: Kamia.Rathore@cms.hhs.gov

We appreciate your state’s commitment to addressing continuous eligibility, and we look forward to our continued partnership on the “ARHOME” demonstration. If you have any questions regarding this approval, please contact Jacey Cooper, Director, State Demonstrations Group, Center for Medicaid and CHIP Services, at (410) 786-9686.

Sincerely



Anne Marie Costello  
Deputy Director, Center for Medicaid & CHIP Services

cc: Lee Herko, State Monitoring Lead, Medicaid and CHIP Operations Group

Enclosures:

**Arkansas Health and Opportunity for Me**  
**Approval Period: January 1, 2022 through December 31, 2026**  
**Amended: December 20, 2024**

**Attachment J**  
**CENTERS FOR MEDICARE & MEDICAID SERVICES**  
**Amendments to Expenditure Authorities and Special Terms and Conditions**  
**Effective December 20, 2024**

**NUMBER:** 11-W-00379/6

**TITLE:** Arkansas Health and Opportunity for Me Section 1115  
Demonstration

**AWARDEE:** Arkansas Department of Human Services

This Attachment J is appended to the STCs effective December 20, 2024.

This Attachment J amends this demonstration, as approved on December 21, 2021 and as amended and restated on November 1, 2022, by adding the following language to the expenditure authorities and STCs, as further specified herein, for the remaining period of this demonstration from December 20, 2024 through December 31, 2026. Except to extent amended herein, existing expenditure and waiver authorities and Special Terms and Conditions (STCs) currently approved and set forth in this demonstration remain in full force and effect.

**Amendment to Expenditure Authorities**

This Attachment J hereby amends the expenditure authorities, as approved on December 21, 2021 and as amended and restated on November 1, 2022, to add the following authority. The following expenditure authority must only be implemented consistent with the approved STCs and shall enable Arkansas to implement the section 1115 demonstration amendment.

5. **Expenditures for Non-Medical Transportation.** Expenditures for non-medical transportation (NMT) not otherwise covered under title XIX of the Act for qualifying individuals, as described in STC 41 as well as other applicable STCs.

Arkansas Health and Opportunity for Me  
Approval Period: January 1, 2022 through December 31, 2026  
Amended: December 20, 2024

**AMENDMENTS TO SPECIAL TERMS AND CONDITIONS**

This Attachment J hereby amends the STCs, as approved on December 21, 2021 and as amended and restated on November 1, 2022, as follows.

1. This Attachment J amends STC 41, entitled “Allowable HRSN Services,” by adding the following language as STC 41.d.

d. Non-medical transportation (NMT) services may be provided to Medicaid beneficiaries who qualify for HRSN services under this demonstration. The NMT services transport the qualifying beneficiary to and from HRSN services which they are authorized to receive under this demonstration. Both the NMT services and the HRSN services for which NMT services are authorized must be described in the beneficiary’s care plan. All NMT services must be provided in alignment with the technical specifications, and safeguards applicable to NMT authorized under 1915(c) waiver or under 1915(i) state plan authorities.

2. This Attachment J amends STC 78, entitled “Medicaid Expenditure Groups,” by adding a row to Table 3 as specified below. The remainder of STC 78 and Table 3 remains in full force and effect.

<b>Table 3: Master MEG Chart</b>					
<b>MEG</b>	<b>Which BN Test Does Applies?</b>	<b>WOW Per Capita</b>	<b>WOW Aggregate</b>	<b>WW</b>	<b>Brief Description</b>
NMT	Hypo 1	X		X	Non-medical transportation for Medicaid beneficiaries eligible for HRSN services authorized under ARHOME whose care plan includes HRSN services.

BN – budget neutrality; MEG – Medicaid expenditure group; WOW – without waiver; WW – with waiver

3. This Attachment J amends STC 79, entitled “Reporting Expenditures and Member Months,” by adding a row to Table 4 as specified below. The remainder of STC 79 and Table 4 remains in full force and effect.

<b>Table 4. MEG Detail for Expenditure and Member Month Reporting</b>								
<b>MEG (Waiver Name)</b>	<b>Detailed Description</b>	<b>Exclusions</b>	<b>CMS-64.9 or 64.10 Line(s) To Use</b>	<b>How Expend. Are Assigned to DY</b>	<b>MAP or ADM</b>	<b>Report Member Months (Y/N)</b>	<b>MEG Start Date</b>	<b>MEG End Date</b>
NMT	Report all expenditures for approved HRSN related transportation	See STC #41.d	Follow standard CMS 64.9 or CMS 64.10 Category of Service Definitions	Date of Service	MAP	Y	12/20/24	12/31/26

4. This Attachment J amends STC 90, entitled “Hypothetical Budget Neutrality Test 1,” by adding a row to Table 6 as specified below. The remainder of STC 90 and Table 6 remains in full force and effect.

<b>Table 6. Hypothetical Budget Neutrality Test 1</b>									
<b>MEG</b>	<b>PC or Agg</b>	<b>WOW Only, WW Only, or Both</b>	<b>Base Year</b>	<b>Trend Rate</b>	<b>DY 01</b>	<b>DY 02</b>	<b>DY 03</b>	<b>DY 04</b>	<b>DY 05</b>
NMT	PC	Both	2025	5.0%	-	-	-	\$35.30	\$37.07