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State/Territory Name: Arkansas

State Plan Amendment (SPA) #: 25-0014

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

February 19, 2026

Janet Mann
Deputy Secretary and Medicaid Director
112 West 8th Street, Slot S401
Little Rock, AR 72201-4608

RE: TN 25-0014

Dear Janet Mann:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Arkansas state plan amendment (SPA) to Attachment 4.19-A and 4.19-B AR 24-0014, which was submitted to CMS on November 26, 2025. This plan amendment carves out select drugs from the DRG reimbursement for hospitals and use actual acquisition cost.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of January 1, 2026. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Diana Dinh at 670-290-8857 or via email at Diana.Dinh@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER <u>2 5 — 0 0 1 4</u>	2. STATE <u>A R</u>
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
5. FEDERAL STATUTE/REGULATION CITATION Section 1115A of the Social Security Act		4. PROPOSED EFFECTIVE DATE 1/1/2026	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A Page 11ddd Attachment 4.19-B Page 4aa Attachment 4.19-B, Page 1aa(1)		6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a FFY <u>2026</u> \$ <u>2,930,028</u> b FFY <u>2027</u> \$ <u>3,894,290</u>	
9. SUBJECT OF AMENDMENT Cell and Gene Therapy (CGT) Model.		8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Same, Supersedes AR-23-0018 Same, Supersedes AR-22-0022 Same, Supersedes AR-22-0004	
10. GOVERNOR'S REVIEW (Check One)			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT			
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
11. SIGNATURE OF STATE AGENCY OFFICIAL 		15. RETURN TO Office of Rules Promulgation PO Box 1437, Slot S295 Little Rock, AR 72203-1437 Attn: Mac Golden	
12. TYPED NAME Elizabeth Pitman		13. TITLE Director, Division of Medical Services	
14. DATE SUBMITTED 11-26-25		FOR CMS USE ONLY	
16. DATE RECEIVED November 26, 2025		17. DATE APPROVED February 19, 2026	
PLAN APPROVED - ONE COPY ATTACHED			
18. EFFECTIVE DATE OF APPROVED MATERIAL January 1, 2026		19. SIGNATURE OF APPROVING OFFICIAL 	
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe		21. TITLE OF APPROVING OFFICIAL Director, FMG	
22. REMARKS			

1. Inpatient Hospital Services (continued)

Long-Acting Reversible Contraceptives (LARC)

Effective for claims with dates of service on or after January 1, 2024, all acute care hospitals will be reimbursed in addition to the per diem rates for Food and Drug Administration approved Long-Acting Reversible Contraceptives (LARCs) to include the IUD and contraceptive implants, and insertion and removal. LARC reimbursement will be the same as found in Attachment 4.19-B page 1v.

Select Carved-Out Drugs from Hospital Settings

Effective for dates of service on or after January 1, 2026, prescribed drugs identified as carved out of the inpatient and outpatient hospital payment methodologies are reimbursed under this section and reimbursed separately from hospital payment rates. The list of carved-out prescribed drugs is maintained on the State's website at <https://humanservices.arkansas.gov/divisions-shared-services/medical-services/helpful-information-for-providers/fee-schedules/>. Reimbursement for these drugs will be based on the provider's Actual Acquisition Cost for the drug, verified by the purchasing invoice. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -
OTHER TYPES OF CARE

Revised:

January 1, 2026

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12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye, or by an optometrist
- a. Prescribed Drugs (Continued)
- vii. Clotting Factor
- a. Pharmacies dispensing Antihemophilic Factor products will be reimbursed at the lesser of methodology plus the established professional dispensing fee. The lesser of methodology for the allowed ingredient cost shall be the Wholesale Acquisition Cost (WAC) plus zero percent (+0%) or State Actual Acquisition Cost (SAAC).
- b. Pharmacies dispensing Antihemophilic Factor products purchased through the Federal Public Health Service's 340B Drug Pricing Program (340B) by pharmacies that carve Medicaid into the 340B Drug Pricing Program shall be reimbursed the lesser of methodology for the allowed ingredient cost shall be the 340B actual invoice price, Wholesale Acquisition Cost (WAC) plus zero percent (+0%) or State Actual Acquisition Cost (SAAC). The 340B actual invoice price for each drug reimbursement covered under this program must be submitted to the Department prior to any claims being processed.
- viii. Drugs Purchased at Nominal Price
- Facilities purchasing drugs at Nominal Price (outside of 340B or FSS) shall be reimbursed by their actual acquisition cost.
- ix. Physician Administered Drugs
- Reimbursement rates for Physician Administered Drugs are a "fee schedule" as determined by the Medicare fee schedule. If the Medicare rate is not available, then other published pricing Average Wholesale Price (AWP) less five percent (-5%) shall be used to determine reimbursement. Under the fee schedule methodology, reimbursement is based on the lesser of the billed charge for each procedure or the maximum allowable for each procedure.
- x. Select Carved-Out Drugs from Hospital Settings
- Effective for dates of service on or after January 1, 2026, prescribed drugs identified as carved out of the inpatient and outpatient hospital payment methodologies are reimbursed under this section and reimbursed separately from hospital payment rates. The list of carved-out prescribed drugs is maintained on the State's website at <https://humanservices.arkansas.gov/divisions-shared-services/medical-services/helpful-information-for-providers/fee-schedules/>. Reimbursement for these drugs will be based on the provider's Actual Acquisition Cost for the drug, verified by the purchasing invoice. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers.
- b. State Upper Limit (SUL) shall apply to certain drugs identified administratively, judicially, or by a federal agency as having a published price exceeding the ingredient cost. The calculated SAAC shall be obtained from actual acquisition costs from multiple resources, if available. Depending on the variance, either the highest acquisition cost, an average of the acquisition costs, or invoice price shall be used in determining a SAAC. When Brand and Generic drugs are available for the same ingredient, reimbursement will be based on the Generic State Actual Acquisition Cost (SAAC).

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -
OTHER TYPES OF CARE

January 1, 2026

2.a. Outpatient Hospital Services (continued)

(6) Border City University-Affiliated Pediatric Teaching Hospitals

Special consideration is given to border city university-affiliated pediatric teaching hospitals due to the higher costs typically associated with such hospitals. Effective for claims with dates of service on or after January 1, 2018, outpatient hospital facility services provided to patients under the age of 21 at border city university-affiliated pediatric teaching hospitals will be reimbursed based on reasonable costs with interim payments and a year-end cost settlement. The State will utilize cost data in a manner approved by CMS consistent with the method used for identifying cost for the private hospital access payments as outlined in this Attachment 4.19-B, Page 1a.

Arkansas Medicaid will use the lesser of the reasonable costs or customary charges to establish cost settlements. The cost settlements will be calculated using the methods and standards used by the Medicare Program.

A border city university-affiliated pediatric teaching hospital is defined as a hospital located within a bordering city (see Attachment 4.19-A page 3b) that submits to the Arkansas Medicaid Program a copy of a current and effective affiliation agreement with an accredited university, and documentation establishing that the hospital is university-affiliated, is licensed and designated as a pediatric hospital or pediatric primary hospital within its home state, maintains at least five different intern pediatric specialty training programs, and maintains at least one-hundred (100) operated beds dedicated exclusively for the treatment of patients under the age of 21.

- (7) Effective for claims with dates of service on or after June 1, 2022, all Arkansas hospitals shall be paid based on 100% of the Medicare average comprehensive payment rate as of June 1, 2022 for the vagus nerve stimulation therapy, device and procedure. All rates are published on the [agency's website](#). Except as otherwise noted in the plan, state developed fee schedules are the same for both governmental and private providers.

(8) Select Carved-Out Drugs from Hospital Settings

Effective for dates of service on or after January 1, 2026, prescribed drugs identified as carved out of the inpatient and outpatient hospital payment methodologies are reimbursed under this section and reimbursed separately from hospital payment rates. The list of carved-out prescribed drugs is maintained on the State's website at <https://humanservices.arkansas.gov/divisions-shared-services/medical-services/helpful-information-for-providers/fee-schedules/>. Reimbursement for these drugs will be based on the provider's Actual Acquisition Cost for the drug, verified by the purchasing invoice. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers.