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State/Territory Name: Arkansas

State Plan Amendment (SPA) #: 26-0001

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355 (300)
Kansas City, Missouri 64106

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

July 16, 2026

Janet Mann
Director of Health and Medicaid Director
Arkansas Department of Human Services
112 West 8th Street, Slot S401
Little Rock, AR 72201-4608

Re: Arkansas State Plan Amendment (SPA) AR-26-0001

Dear Director Mann:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) AR-26-0001. This amendment requests to add rehabilitation services only rate for acute inpatient hospitals and extension of the threshold for Medicaid section 1905(a)(1) of the Social Security Act.

We conducted our review of your submittal according to statutory requirements in section 1905(a)(1) of the Social Security Act and implementing regulations. This letter informs you that Arkansas' Medicaid SPA TN AR-26-0001 was approved on July 16, 2026, with an effective date of July 1, 2026.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the Arkansas State Plan.

If you have any questions, please contact Lee Herko at (570) 230-4048 or via email at Lee.Herko@cms.hhs.gov.

Sincerely,

Nicole McKnight
Acting Director, Division of Program Operations

Enclosures

cc: Elizabeth Pitman

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26 — 0001

2. STATE: AR

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
7/1/2026

5. FEDERAL STATUTE/REGULATION CITATION
1905(a)(1)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 165,559
b. FFY 2027 $ 330,354

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
3.1 A 1a
3.1 B 2a
4.19 A 9a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
3.1 A 1a - Supersedes: 14-0011; Approved 6-1-15
3.1 B 2a - Supersedes 14-0011; Approved 6-1-15
4.19 A 9a- Supersedes 14-0011; Approved 6-1-15

9. SUBJECT OF AMENDMENT
Addition of a rehabilitation services only rate for acute inpatient hospitals and extension of the threshold for Medicaid

10. GOVERNOR'S REVIEW *(Check One)*
[✓] GOVERNOR'S OFFICE REPORTED NO COMMENT
[ ] COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
[ ] NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
[ ] OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Elizabeth Pitman

13. TITLE
Director, Division of Medical Services

14. DATE SUBMITTED
4-21-26

15. RETURN TO
Office of Rules Promulgation
PO Box 1437, Slot S295
Little Rock, AR 72203-1437
Attn: Mac Golden

FOR CMS USE ONLY

16. DATE RECEIVED
April 21, 2026

17. DATE APPROVED
July 16, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Nicole McKnight

21. TITLE OF APPROVING OFFICIAL
Acting Director, Division of Program Operations

22. REMARKS

1. Inpatient Hospital Services

Inpatient admissions to an acute care/general hospital will be allowed up to seven (7) days of service per admission when determined inpatient care is medically necessary. On the eighth day of hospitalization, if the physician determines the patient should not be discharged on the eighth day of hospitalization, the hospital may request an extension of inpatient days.

Inpatient admissions to a rehabilitative hospital will be allowed up to ten (10) days of service per admission when determined inpatient care is medically necessary. Extension of benefits will be available when medically necessary. Medically necessary inpatient days are available to individuals under age 1 without regard to corresponding hospital day limit and extension procedures

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1. Inpatient Hospital Services (Continued)

Rehabilitative Hospitals

Effective for dates of service on or after August 1, 1991, rehabilitative hospitals are reimbursed hospital-specific prospective per diem rates, subject to an upper limit, with no cost settlement. Rates will be effective July 1 of each year. The rate year is the State fiscal year, July 1 through June 30.

Effective October 1, 2014, for recipients age 21 and older, all in-state and out-of-state rehabilitative hospitals will be reimbursed a $400 prospective per diem rate for hospital days beyond 24 during the State Fiscal Year.

The prospective per diem rates are established using total reimbursable costs under Medicare principles of reasonable cost reimbursement, except that the gross receipts tax is not an allowable cost. The initial per diem rate is calculated from the hospital's most recent unaudited cost report submitted to Medicare prior to July 1, 1991, trended forward for inflation. Arkansas Medicaid will calculate a new per diem rate annually, based on the provider's most recent unaudited cost report, and adjust the per diem rate for inflation.

The inflation factor used will be the Consumer Price Index for all urban consumers (CPI-U), U.S. city average for all items. We will use the change in the CPI-U during the calendar year before the start of the rate year. For example, we will use the 12-month change in the CPI-U as of December 31, 1991, to set the rates that will be effective July 1, 1992. The inflation adjustment will be made at the beginning of each rate year.

The upper limit is set annually at the 70th percentile of all rehabilitative hospitals' inflation-adjusted Medicaid per diem rate. Arkansas Medicaid will negotiate with the Arkansas Hospital Association annually (State fiscal year July 1 through June 30) regarding adjustment of the 70th percentile upper limit.

Rehabilitation Services in Acute Care Inpatient Hospitals other than Rehabilitative Hospitals

Effective for dates of service on or after July 1, 2026, all inpatient acute care hospitals, including Pediatric Hospitals, Border City University-Affiliated Pediatric Teaching Hospitals, Arkansas State Operated Teaching Hospitals, Inpatient Psychiatric Hospitals, Out-of-State Hospitals, and Critical Access Hospitals, are reimbursed at the same hospital-specific prospective per diem rates used for rehabilitative hospitals when only rehabilitative services are provided in an acute care setting. These rates are subject to an upper limit with no cost settlement. Rates will be effective July 1 of each year. The rate year is State fiscal year, July 1 through June 30.