

State of Arkansas  
95th General Assembly  
Regular Session, 2025

As Engrossed: H3/19/25

## A Bill

SENATE BILL 257

By: Senator C. Penzo  
By: Representative Lundstrum

### For An Act To Be Entitled

AN ACT TO AMEND THE MEDICAID FAIRNESS ACT; TO EXTEND THE APPEAL PERIOD FOR PROVIDERS IN THE ARKANSAS MEDICAID PROGRAM; TO REQUIRE COMPREHENSIVE INFORMATION IN NOTICES OF ADVERSE DECISIONS; TO MANDATE PUBLICATION OF ALL POLICIES, PROTOCOLS, AND REQUIREMENTS USED IN MAKING AN ADVERSE DECISION; AND FOR OTHER PURPOSES.

### Subtitle

TO AMEND THE MEDICAID FAIRNESS ACT; TO EXTEND THE APPEAL PERIOD FOR PROVIDERS IN THE ARKANSAS MEDICAID PROGRAM; AND TO REQUIRE COMPREHENSIVE INFORMATION IN NOTICES OF ADVERSE DECISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Legislative findings and intent.

(a) The General Assembly finds that:

(1) The Department of Human Services currently allows providers thirty-five (35) days to appeal an adverse determination before the determination becomes final under 20 CAR § 706-404(a)(5);

(2) The thirty-five (35) day period is overly restrictive and does not align with the operational realities of providers' business offices, where adverse determinations arrive via mail and require time to be reviewed, processed, and responded to appropriately;

(3) The current notice process lacks necessary details,



sometimes failing to include citations to specific policies, protocols, or procedures, which hinders providers from adequately investigating and appealing adverse decisions; and

(4) The inefficiency of the current process burdens both the department and its contracted vendors by increasing unnecessary phone calls, claims reopenings, and resubmissions which create additional administrative costs and delays.

(b) It is the intent of the General Assembly to improve efficiency and transparency in the Medicaid provider appeals process by:

(1) Extending the appeal period for providers;

(2) Requiring that notices of adverse decisions contain comprehensive information, including citations to applicable policies and procedures;

(3) Mandating the publication of all policies, protocols, and procedural requirements utilized in making adverse decisions; and

(4) Ensuring that these requirements apply to the department and any third-party vendors administering portions of the appeals process.

SECTION 2. Arkansas Code § 20-77-1702, concerning the definitions within the Medicaid Fairness Act, is amended to add an addition subdivision to read as follows:

(20) "Third-party entity" means a vendor or other similar entity contracted by the Department of Human Services to administer any part of the Medicaid appeals process.

SECTION 3. Arkansas Code § 20-77-1705 is amended to read as follows:  
20-77-1705. Explanations for adverse decisions required.

(a) Each denial or other deficiency that the Department of Human Services makes against a Medicaid provider shall be prepared in writing and shall specify:

(1) The nature of the adverse decision;

(2) The statutory provision or specific rule alleged to have been violated; and

(3) The facts and grounds that form the basis for the adverse decision.

(b) A notice of an adverse decision sent to a provider shall contain

at a minimum:

(1) A clear and detailed explanation of the rationale for the adverse decision; and

(2) Citations to all specific protocols, procedures, or policy manual references that were relied upon in making the adverse decision.

SECTION 4. Arkansas Code § 20-77-1712 is amended to read as follows:

20-77-1712. Notices.

(a) When the Department of Human Services sends letters or other forms of notice with deadlines to providers or recipients, the deadline shall not begin to run before the next business day following the date of the postmark on the envelope, the facsimile transmission confirmation sheet, or the electronic record confirmation, unless otherwise required by federal statute or regulation.

(b) The Department of Human Services shall allow a provider no less than sixty-five (65) days from the date of notice to the provider to appeal an adverse decision, whether through administrative reconsideration, administrative appeal, or any equivalent process.

SECTION 5. Arkansas Code Title 20, Chapter 77, Subchapter 17, is amended to add additional sections to read as follows:

20-77-1719. Publication of protocols, procedures, and requirements.

(a) The Department of Human Services shall publish and maintain all protocols, procedures, and requirements used in making adverse decisions on the website of the department.

(b) The publication shall include:

(1) The current version of each protocol, procedure, or requirement;

(2) Prior versions of each protocol, manual, or published requirement maintained in an archive for reference for a period equivalent to state law and rule regarding retention of medical records; and

(3) An effective date for each version of the protocol, manual, or published requirement to ensure providers have access to historical and current policy requirements.

(c)(1) The department shall not use or enforce any policy, protocol, or requirement that is not publicly disclosed and accessible to providers.

(2) Any internal, undisclosed, or unpublished protocol, procedure, or requirement shall be deemed invalid for the purpose of making an adverse decision.

(3) Subdivisions (c)(1) and (c)(2) of this section do not apply to:

(A) Any information, protocol, procedure, or requirement for which disclosure is prohibited by state law or rule or by federal law or regulation;

(B) Research regarding the latest medical standard of care or advancement of practice that is conducted by the department on a specific request for payment or claim; or

(C) Adverse actions associated with licensure or certification of providers.

20-77-1720. Third-party entity compliance.

A third-party entity shall comply with the requirements in this subchapter, including appeal periods, notice requirements, and publication of protocols, procedures, and requirements.

SECTION 6. DO NOT CODIFY. Implementation.

The Department of Human Services shall:

(1) Revise all policies, manuals, and procedural guidelines to conform with this act; and

(2) Conduct periodic audits to ensure compliance with this act and publish audit findings under this section annually.

/s/C. Penzo

APPROVED: 4/10/25