



STATE OF ARKANSAS
**Department of Finance
and Administration**

D
OFFICE OF BUDGET
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Post Office Box 3278
Little Rock, Arkansas 72203-3278
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September 1, 2023

Senator Jonathan Dismang, Co-Chair
Representative Frances Cavenaugh, Co-Chair
Performance Evaluation & Expenditure Review Committee
Arkansas Legislative Council
State Capitol Building
Little Rock, AR 72201

RE: FY 24 American Rescue Plan Act Request

Dear Co-Chairs:

Pursuant to Section 36 (01) of Act 796 of 2023, I am forwarding the attached American Rescue Plan Act request(s) that have received my approval as Chief Fiscal Officer of the State.

- Department of Education – Office of Early Childhood – TEFAP Reach and Resiliency \$968,821
- Department of Commerce – Arkansas Rehabilitation Services – Expanding the Public Health Workforce \$80,000

Pursuant to Section 36 (02) of Act 796 of 2023, I am forwarding the attached American Rescue Plan Act request(s) that have received my approval as Chief Fiscal Officer of the State.

- Department of Finance and Administration – 2023 Victims of Crime Act (VOCA) \$17,000,000
- Department of Parks, Heritage and Tourism – Outdoor Recreation Grants Program - Dardanelle \$1,589,000
- Department of Human Services – Emergency Aid Relief to Hospitals – Baxter Health \$4,589,119
- Department of Human Services – Emergency Aid Relief to Hospitals – Arkansas Methodist Medical Center \$3,301,356
- Department of Human Services – Emergency Aid Relief to Hospitals – Fulton County Hospital \$5,000,000



STATE OF ARKANSAS
**Department of Finance
and Administration**

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- Department of Human Services – Emergency Aid Relief to Hospitals – Howard Memorial Hospital \$3,441,839
- Department of Public Safety – Arkansas Crime Information Center – IT Upgrades \$250,000
- Department of Public Safety – Arkansas State Police – Construction and Equipment Upgrades \$24,750,000
- Department of Public Safety – Law Enforcement Training Academy \$4,700,000
- Department of Public Safety – Commission on Law Enforcement Standards and Training – Construction and Equipment Upgrades \$21,805,000

Sincerely,

James L. Hudson
Secretary

Attachment(s)

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.1

Agency: ADE - Office of Early Childhood Education Business Area Code: 0500

Program Title: TEFAP Reach and Resiliency

Granting Organization: USDA CFDA #: 10.568

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
To provide funds to the food banks and food storage agencies to make food more available and accessible to citizens of Arkansas.

American Rescue Plan Act Program Funding

Func. Area: EDUC Fund Code: FRP5006 Direct Funding: X
Funds Center: E65 Internal Order/WBS Element: _____ State: _____
Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: 46	968,821
Other:	
Total	\$ 968,821

Anticipated Duration of Federal Funds: 6/30/25

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DFA IGS State Technology Planning Date

Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:

 8/8/2023

Cabinet Secretary/Agency Director

Date

Robert Brech 8/30/23

Office of Budget Date

CH 8/10/23

Office of Personnel Mgmt

Date

PROPOSAL FOR AMERICAN RESCUE PLAN ACT (ARPA) FUNDS TEFAP REACH AND RESILIENCY GRANT

The Commodity Distribution Unit (CDU) was notified on May 31, 2022, that it would receive a grant from the Emergency Food Assistance Program (TEFAP) Reach and Resiliency grant. The contract starts on June 13, 2022, and it ends on June 30, 2024. The funding will be used to provide equipment to assist agencies in providing USDA foods through the TEFAP program to underserved areas of the State of Arkansas.

The coherent goal for the grant funding is to expand outreach and distribution efforts to improve the accessibility of USDA foods available to TEFAP clients. The CDU will be working with partnering food banks and/or community action agencies to distribute food to underserved participants residing in remote counties or rural areas.

The state of Arkansas will enter a partnership with Eligible Recipient Agencies' (ERA) to improve the distribution and outreach of TEFAP foods. The ERA will be awarded sub grants to assist with the purchase of new transportation or replacement of aging transportation, provide improved long-term storage of TEFAP foods at both ERA facilities and distribution sites through the addition of cold and dry storage equipment, renovate facilities to increase long-term cold storage, and remodel distribution sites to increase the number of clients served.

With the distribution of sub grants to our partnering agencies, we are expected to see an increase of up to 15 percent of USDA foods served to TEFAP clients. We anticipate the funded projects will allow for greater distribution to underserved clients in counties and areas where under 40 percent of persons in poverty are served. The grant will allow partner ERA to better serve participants residing in underserved areas by increasing the amount of TEFAP foods distributed to various distribution sites.

The CDU will monitor all monthly client served reports from partnering agencies, proposed research and outreach documents, progress of activities, invoices for purchased equipment and renovations, representation at community/stakeholder meetings, and consistent communication with partnering agencies through quarterly meetings and emails. The CDU will visit partnering agencies to ensure that equipment, materials and supplies, and renovations that have been purchased or contracted are being used for the specified purpose.

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.2

Agency: Arkansas Rehabilitation Services Business Area Code: 0520
 Program Title: Expanding the Public Health Workforce w/n the Disability Network: AT St Grants
 Granting Organization: Department of Health & Human Services CFDA #: 93.464
 Effective Date of Authorization: Beginning: 8/01/2023 Ending: 6/30/2024
 Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):

This grant award provides one-time funding to support "Expanding the Public Health Workforce for State Grant for Assistive Technology program"

American Rescue Plan Act Program Funding

Func. Area: EDUC Fund Code: FRP5201 Direct Funding: x
 Funds Center: CA3 Internal Order/WBS Element: 1020SGARP22 State: _____
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	80000
Other:	
Other:	
Total	\$ 80000

Anticipated Duration of Federal Funds: 9/30/2024

DFA IGS State Technology Planning Date _____
 Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: [Signature] 8/14/23 Robert Brech 8/30/23
 Cabinet Secretary/Agency Director Date Office of Budget Date Office of Personnel Mgmt Date
[Signature] 8/15/23 Pete Caubble 8/15/23



Hugh McDonald
SECRETARY OF COMMERCE

Charisse Childers, Ph.D.
DIRECTOR
DIVISION OF WORKFORCE SERVICES

Joseph Baxter
COMMISSIONER
ARKANSAS REHABILITATION SERVICES

To: Secretary Hudson
From: April Cooper
Date: August 15, 2022
Subject: Detail plan for use of ARP funds

Arkansas Rehabilitation Services is requesting appropriation for American Rescue Plan Act funds received from Department of Health and Human Services Grant No. 2201ARATPH in the amount of \$80,000.00.

The funds will be used to hire and provide assistive technology programs and expand the workforce that supports public health for people with disabilities, their families, support providers and network staff and volunteers.

Please let me know if you have any questions.

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.3

Agency: DFA - Budget and Management Services Business Area Code: 0610
 Program Title: 2023 Victims of Crime Act (VOCA)

Granting Organization: US Treasury CFDA #: State Fiscal Recovery Fund

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 DFA - Budget and Management Services is requesting this appropriation to assist in providing high quality services that are directly related to the emotional healing and recovery of crime victims. VOCA funds support a broad array of programs and services that focus on helping victims in the immediate aftermath of a crime and supporting them as they rebuild their lives.

American Rescue Plan Act Program Funding

Func. Area: ADMN Fund Code: NEW Direct Funding: _____
 Funds Center: NEW Internal Order/WBS Element: _____ State: X
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: (CI: 46)	17,000,000
Other:	
Total	\$ 17,000,000

Anticipated Duration of Federal Funds: September 30, 2024

	DFA IGS State Technology Planning	Date
Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.		

Positions to be established: (list each position separately)

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Cmnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: 8/30-23 Date
 8-30-23 Date
 Office of Personnel Mgmt Date

DS 8/30/23

Victims of Crime Act (VOCA) Funding
Total Amount to be Funded - \$ 17,000,000

The State of Arkansas, Department of Finance and Administration, Office of Intergovernmental Services (DFA-IGS) is requesting the availability of grant funds of \$17,000,000 for the Victims of Crime Act (VOCA) program from the ARPA – State-Indirect appropriation within the DFA – Disbursing Officer.

The Victims of Crime Act (VOCA) of 1984 was passed by Congress to assist states in providing high quality services that are directly related to the emotional healing and recovery of crime victims. VOCA funds support a broad array of programs and services that focus on helping victims in the immediate aftermath of a crime and supporting them as they rebuild their lives.

The primary revenue source for VOCA grants is the Crime Victims Fund, which is funded through fines, penalties, and forfeitures collected from persons and companies convicted of offenses against the United States. The U.S. Department of Justice, Office of Victims of Crime (OVC) administers these funds at the federal level while DFA-IGS administers VOCA funds at the state level. Applicants are encouraged to submit projects aligned with the Goals & Objectives adopted by the Advisory Board as the State of Arkansas Victim Services Plan.

Allowable direct services/activities include:

- Immediate emotional, psychological, and physical health and safety of a victim.
- Personal advocacy and emotional support
- Mental health counseling and care
- Peer support
- Facilitation of participation in criminal justice and other public proceeding arising from the crime
- Legal Assistance
- Forensic Medical Evidence Collection Examinations
- Forensic Interviews
- Transportation
- Public Awareness
- Transitional Housing Services; and
- Relocation services

Awards will be made for a twelve (12) month period from October 1, 2023, through September 30, 2024. Awards may be eligible for a one (1) year continuation that is dependent upon available funds and the previous year's performance. Awards will be limited to a maximum of \$300,000. A total of 118 applicants have been received.

Eligible entities include:

- Non-Profit Organizations
- Criminal Justice Agencies
- Faith-Based Organizations
- Hospitals and/or Emergency Medical Facilities; and
- Governmental Entities

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.4

Agency: Department of Parks, Heritage and Tourism Business Area Code: 0900
 Program Title: Office of Outdoor Recreation - Outdoor Recreation Grants Program
 Granting Organization: American Rescue Plan Act of 2021 CFDA #: _____
 Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 This project will provide funding to support improvements within the City of Dardanelle. This request will support the development of two (2) trails. The first trail will connect the Arkansas River lock and dam to Merritt Park and from Merritt Park to Dardanelle Primary School. The second trail will connect the Arkansas River lock and dam to River Park Total cost of the project is estimated at \$1,589,000. The project will connect key recreational areas together via trail that will allow a safe passage for residents to travel parks. Funding will be provided as a project specific grant from the Office of Outdoor Recreation.

American Rescue Plan Act Program Funding

Func. Area: REC Fund Code: New Direct Funding: _____
 Funds Center: NEW Internal Order/WBS Element: _____ State: X
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: Construction (CI:05)	1,589,000
Other:	
Total	\$ 1,589,000

Anticipated Duration of Federal Funds: 12/30/2026

DFA IGS State Technology Planning	Date
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Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comit Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: [Signature] 8/30/23 Date
 Cabinet Secretary/Agency Director
 Robert Brech 9/1/2023 Date
 Office of Budget
 Office of Personnel Mgmt Date 9
[Signature] 8/31/2023

Attached Narrative: American Rescue Plan Act of 2021 Program Appropriation and Personnel
Authorization Request – Department of Parks, Heritage, & Tourism – Office of Outdoor Recreation

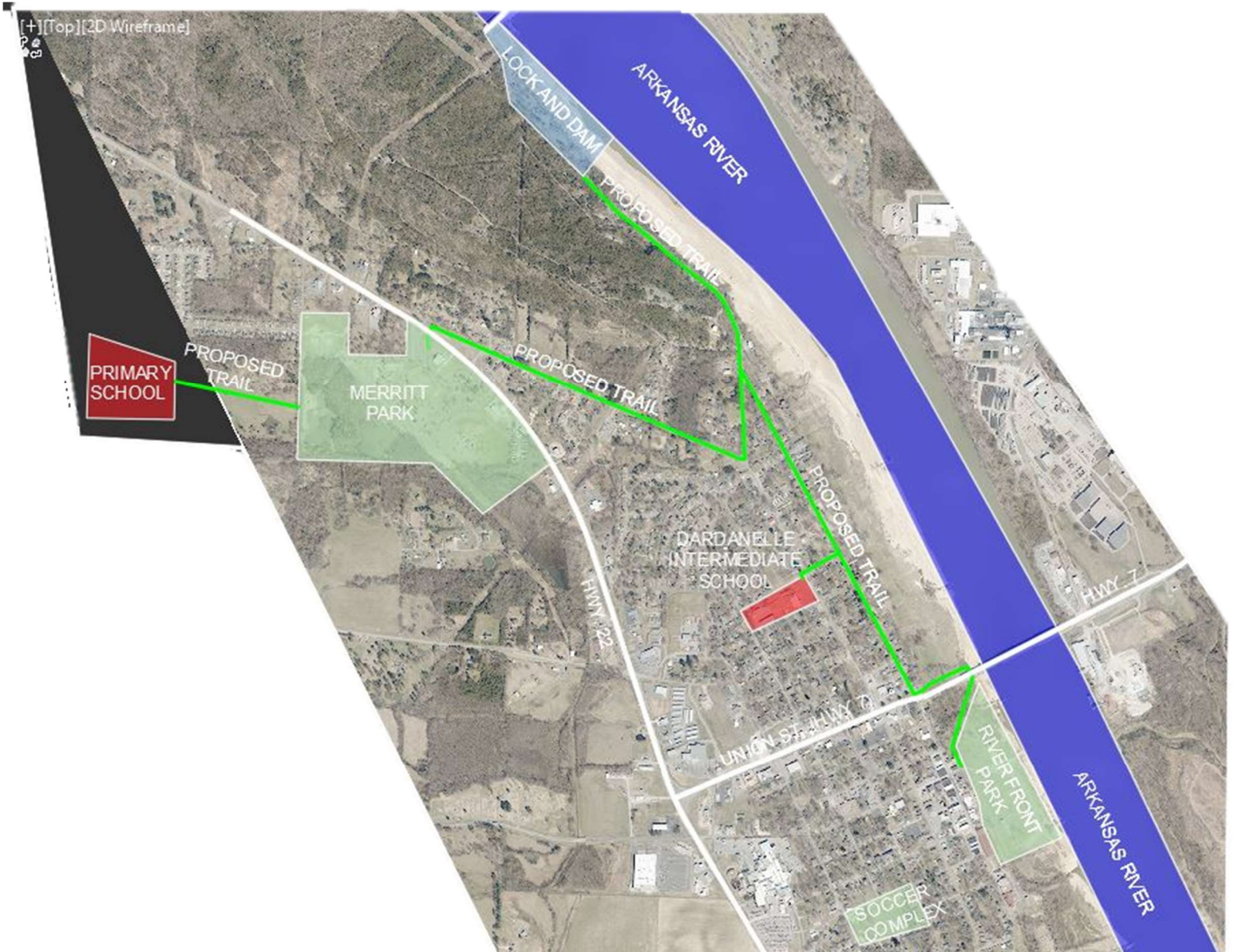
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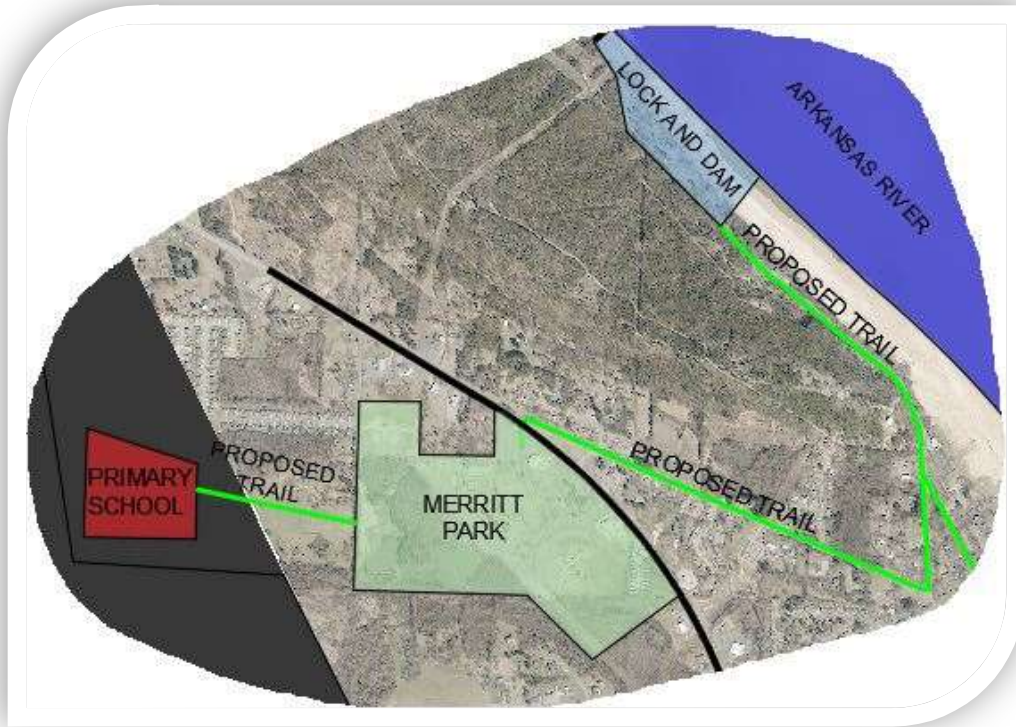
DARDANELLE Arkansas

where history & hospitality reside

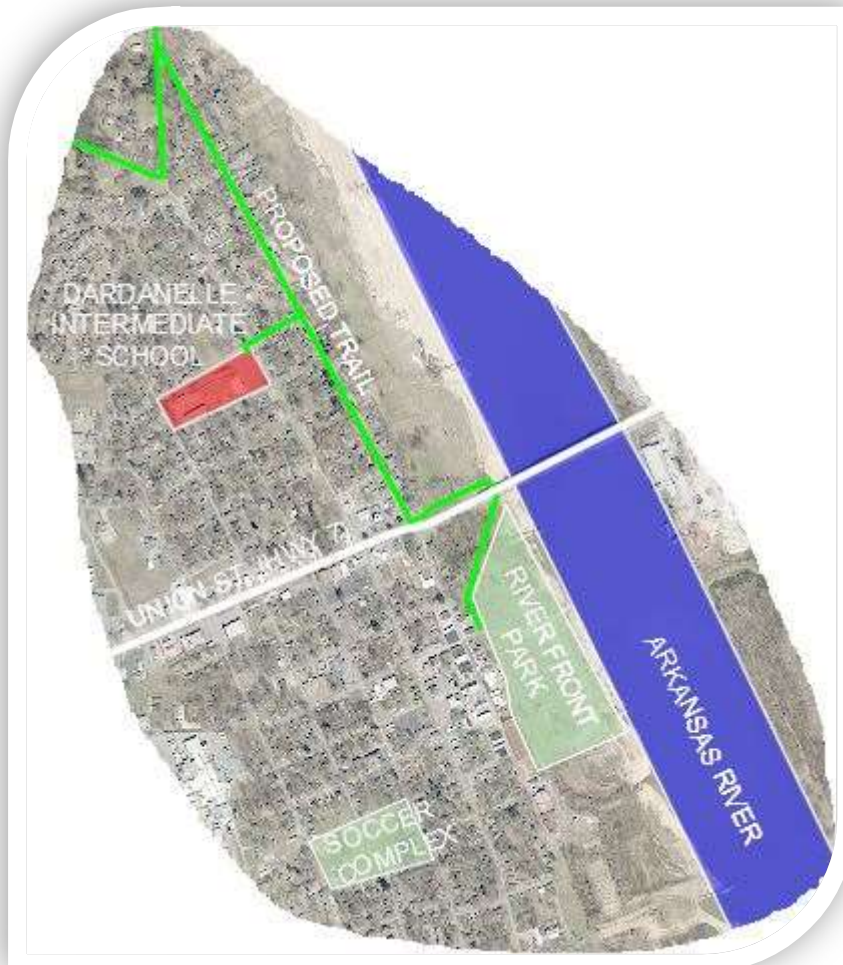
Dardanelle Trail System



**BARRETT &
ASSOCIATES**
PROFESSIONAL ENGINEERS
LAND SURVEYORS
GEOTECHNICAL SERVICES



Merritt Park to Lock and Dam - \$805,000



Lock and Dam to River Park - \$784,000



ARKANSAS
DEPARTMENT OF
**HUMAN
SERVICES**

DHS Secretary Kristi Putnam
Office of the Secretary

P.O. Box 1437, Slot S201, Little Rock, AR 72203-1437
P: 501.682.8650 F: 501.682.6836 TDD: 501.682.8820

August 30, 2023

Secretary Jim Hudson
Department of Finance and Administration
1509 West Seventh Street, Suite 401
Little Rock, AR 72201

Re: Release of ARPA Funding – Hospital Assistance

Dear Secretary Hudson,

On behalf of the Department of Human Services, I respectfully request release of a portion of the American Rescue Plan Act of 2021 (ARPA) State Fiscal Recovery Funds (SFRF) Arkansas Allotment to address the negative impacts of the public health emergency due to the COVID-19 pandemic (PHE), such as staffing and bed shortages; extraordinary costs of providing COVID-19 mitigation, prevention, and treatment; and disruptions in utilization of health care services across payers.

Participating hospitals have undergone an independent study and are developing and implementing a sustainability plan. The agency is requesting \$4,589,119 in ARPA funding and appropriation which will be disbursed through the Arkansas Medicaid payment system to Baxter Health for their efforts to provide rural healthcare to Arkansans.

Thank you for your assistance. If you need additional information, please contact Misty Eubanks, DHS CFO, at 501-320-6327.

Sincerely,

Kristi Putnam, Secretary
Arkansas Department of Human Services

KP:mbe

cc: Robert Brech, Administrator
DFA – Office of Budget

Andy Babbitt, Administrator
DFA- Office of Accounting

Baxter County Regional Hospital Sustainability Plan Summary

February Baseline Metrics

- 82.8 Days Cash on Hand and 34 Days in AR, Net
- 52 % in Labor/Net Patient Service Revenue (NPSR)
- -1% Operating Margin¹
- 4.1 for FTEs per Adjusted Occupied Bed (AOB)
- 130.9 in Average Daily Census

Challenges

Baxter Health is a 268 licensed-bed general hospital within Baxter County. Baxter Health has been experiencing challenges in collecting revenue due to increased denials from third party payers. The hospital has also noted difficulties in staffing key provider positions throughout the hospital. This reliance on travelers to fill positions post-pandemic (due to provider labor shortage) has burdened the hospital with high labor costs, upwards of \$180 an hour, and impacted overall operating margins.

Sustainability Approach - Track 2

Baxter Health selected *Track 2: Strategic Hospital Improvement* and chose to focus on improving Days in Accounts Receivable, Net and Operating Margin.

Initiatives

Days in Accounts Receivable, Net improvements focus on improving revenue cycle processes. Baxter Health plans to work more closely to challenge non-paying payers more aggressively and to meet with commercial payers every 1-2 months to ensure claims adjudication is in accordance with regulations and contracts. Baxter Health is also working to negotiate improved rates with commercial payers to positively impact net revenue and cash flow.

Operating Margin and strong management of operational performance is especially important given the high concentration of governmental payers and low reimbursement rates experienced at Baxter. New margin initiatives include:

- Addition of approximately 10 new physicians (including an orthopedic surgeon and a vascular surgeon) in 2023 to increase referrals and revenue growth
- Increased drug discounts and rebates
- Increased population health services
- Continued reduction of travelers
- Reduction of staff positions and
- Closure of certain service lines

Noted Progress/Updates

Baxter Health has historically funded growth and enhanced medical services through margin improvement initiatives. For the seven months ending July 2023, Net Income from Operations has improved \$6.1M from the same period in 2022. The hospital has experienced success within their chronic care management and remote monitoring, which went from 100-200 CCMs²/month (peak in 2023) to 2500 CCMs/month. Baxter was recently approved for CMS Bundled Payments for Care Improvement (BPCI) and has partnered with Main Street for population health management. Active marketing and awareness campaigns are underway to increase surgery cases within the community.

Cybersecurity Checklist

Baxter's Director of Information Technology reviewed the six Internet Security Basic Controls and eight Cyber Defense Minimum Standards. Baxter will work with Legislative Audit to complete an on-site cyber review.

¹ Baxter's operating margin was re-calculated to remove one-time events from the calculation in the May 2023 report.

² CCM is care coordination services done outside of the regular office visit for patients with two or more chronic conditions expected to last at least 12 months or until the death of the patient, and that place the patient at significant risk of death, acute exacerbation/decompensation, or functional decline. [Source: CMS.Gov]

BAXTER
HEALTH
SUSTAINABILITY PLAN

PURPOSE

The purpose of this document is to define the actions Baxter County Regional Hospital (Baxter Health) will take to maintain financial viability and continue to provide a level of critical healthcare to the communities it serves. This plan provides a clear path to balance long-term debt, protect the value of current assets, support ongoing operations and maintenance of the physical plant, manage expenses, and increase operating revenues.

OVERVIEW OF STRENGTHS, CHALLENGES, AND OPPORTUNITIES

Baxter Health is committed to championing access to compassionate high-quality care by remaining independent, strategically comprehensive and community-focused. Baxter Health is a Magnet® Recognized hospital offering compassionate emergency, primary, and specialty care in over 40 locations. Baxter Health is focused on providing compassionate care beyond measure and has been serving patients of North Central Arkansas and South Central Missouri since 1963. The counties they serve in Arkansas includes Baxter, Marion, Fulton, Sharp, Izard, Stone, Searcy, Newton, and Boone. Baxter Health also serves two counties in Missouri. Although Baxter Health serves rural counties and the hospital is located in a retirement community of fewer than 15,000 people, according to the Arkansas Business Journal, Baxter Health is the 11th largest hospital in Arkansas, and the 42nd largest business in Arkansas.

The healthcare team consists of a medical staff of over 220 primary care and specialty care providers, an ANCC Magnet® Recognized nursing program, and a healthcare support staff that exemplify compassion and excellence. The healthcare organization encompasses a 268-bed short-term acute care hospital, outpatient surgery center, and approximately 40 primary care clinics and specialty care clinics. This allows Baxter Health to offer some of the latest advancements in medicine across a comprehensive array of specialties that include: family medicine, emergency medicine, cardiology, heart and vascular surgery, neuro-spine surgery, general surgery, orthopaedics, women's health, and more.

In consecutive years, Baxter Health has been recognized as one of the Best Places to Work in Healthcare by Modern Healthcare Magazine and Best Places to Work in Arkansas by Arkansas Business Magazine, as well as a Top 100 Rural & Community Hospital by Chartis Center for Rural Health.

Baxter Health has significant community support as evidenced by the second largest hospital volunteer organization in the state of Arkansas, with almost 500 individuals dedicating their time and resources. In 2022, the volunteers dedicated more than 64,500 hours to improving the services of Baxter Health, the most hours of any hospital volunteer organization in Arkansas.

Baxter Health has been and will continue to be a safety net hospital for the North Central Arkansas. Being in a rural retirement area, Baxter Health relies disproportionately more on Government Funding (more than most hospitals in the nation and the State of Arkansas). Due to this high reliance on Medicare and Medicaid, Baxter's operating margins have always been very slim, ranging pre-COVID in the 1%-2% range. The impact of the pandemic and subsequent labor and supply inflation had a significant negative impact on Baxter Health's financial status. Days Cash on Hand recently hit an all-time low and operating losses continue, albeit less than prior years.

THE CURRENT STRENGTHS AND CHALLENGES TO THE FINANCIAL VIABILITY AND SUSTAINABILITY OF THE HOSPITAL ARE AS FOLLOWS:

STRENGTHS

- 1. Excellence in Quality Patient Care:** Baxter Health, a non-profit health system, has been esteemed as a Magnet® Recognized Health System, which is a significant testament to its commitment to excellent patient care. This prestigious designation is only conferred to healthcare organizations that demonstrate superior nursing practices. Being a Magnet-designated health system means that Baxter Health consistently meets and exceeds national standards for healthcare quality and safety, leading to improved patient outcomes and overall patient satisfaction.
- 2. One of the Best Places to Work in Healthcare:** Baxter Health's commitment to quality patient care has garnered Baxter Health a great reputation within the healthcare industry. Baxter Health has been consecutively recognized as one of the Best Places to Work in Healthcare by Modern Healthcare Magazine for three years in a row, one of the Best Places to Work in Arkansas by Arkansas Business Magazine for 5 years in a row, and a Top 100 Rural & Community Hospital by Chartis Center for Rural Health. These accolades reinforce Baxter Health's position as a leading provider of quality healthcare in their region.
- 3. Resilience to Perform in Difficult Financial Environments:** Baxter Health has demonstrated great resilience year after year and found ways to achieve operational earnings and growth, with very limited reimbursement increases. Baxter Health's payor mix is highly concentrated with Medicare, Medicaid and other Government payors. Medicare represents approximately 65% of the total revenue, and Baxter Health's Medicare reimbursement rates are in the lowest 1% of all rural hospitals nationally. CMS sets reimbursement fee schedules with average annual increases of approximately 3.6%. Inpatient Medicaid fee schedules have not increased since 2007. With over 80% of revenue limited from either no increases to approximately 3.6% annually, Baxter Health must find pathways to overcome the revenue limitations and achieve positive margins.

For the five years preceding the pandemic, Baxter Health achieved increased margins each year. The pandemic halted operational earnings and Baxter Health is working diligently to return to profitability. Although Baxter Health has incurred \$1.0 Mil of operational losses in the first six months of 2023, significant financial improvement totaling \$6.0 Mil has been achieved over the same period prior. This demonstrates the dedicated focus of the Baxter Health team to repeatedly overcome challenges associated with a limited reimbursement environment where increased costs can't be passed on to the consumer or payor.

- 4. Revenue Cycle Management:** Baxter Health is proud of the Revenue Cycle Management achievements including Net Days in Accounts Receivable averaging 33 Days over the last five years. The Revenue Cycle team focuses on optimal performance from the moment a patient arrives for care to the complete collection of the account. This performance level is critical to the sustainability of Baxter Health.
- 5. Value Base Care and Population Health Management:** Over the last three years, Baxter Health has excelled in Value-Based Care and Population Care Management with more improvements expected in 2023. The achievements have improved the overall quality of care provided to patients as well as provided financial benefit to the organization. Baxter Health has participated in Medicare Shared Savings Program (MSSP) since the development of its Accountable Care Organization and Clinically Integrated Network over eight years ago. Within the last three years, shared savings and profitability

have been achieved in both MSSP (traditional Medicare) and Medicare Advantage programs. Baxter Health has recently received a national award for successes associate with Annual Wellness Visits.

Care Management outreach to patients has recently reached an all-time high ensuring patient care enhancements. Currently, Baxter Health is evaluating Medicare Bundle Payment opportunities for the upcoming year. The acceleration of Value Base Care and Population Health have improved quality of care of patients while providing a significant revenue stream for the organization.

CHALLENGES

1. Days in Accounts Receivable/Aggressive Denials of Payment by Insurance Companies

With the advancement of artificial intelligence, third party payers are becoming more and more aggressive in denials of services provided and for denials of services provided that have been paid. Audits of charts that services have been completed and payments were made two or three years ago are on the rise due to the insurance companies' ability to put the charts through algorithms created by artificial intelligence. This type of aggressive behavior by third party insurances is very time consuming and costly for Baxter Health to either receive or keep the money that should be considered theirs for providing the service and expending the resources to take care of the patient.

2. Staffing, Recruitment, and Managing Salary Expense

Staffing and recruitment for the right number of staff and the right mix of staff continues to be a challenge and area of focus for Baxter Health. It is difficult to find people to work in just about every area of the organization weather it is nursing, environmental services, radiology, surgery or physicians.

In March of 2022, Baxter Health had 60 travelers working to fill positions throughout the hospital. Some of those traveler positions were costing the organization as much as \$180 an hour. Being in a rural area of Arkansas, with the Medicare wage index being extremely low and serving a population skewed heavy towards Medicare, it is critical to the organization to not only reduce the number of travelers due to their high costs, but also to recruit and retain all positions so everyone is working at the top of their expertise or license to help reduce overall salary and wage costs.

3. Other Challenges

As referenced above, the high volume of government payers associated with Medicare reimbursement at the lowest 1% of all rural hospitals in the nation causes significant financial strain on Baxter Health. Baxter Health leadership works diligently with CMS, legislators and consultants to improve future reimbursement. This avocation for improved reimbursement for rural hospitals is a slow process but one we are dedicated to continuing.

With the challenging healthcare environment and high mix of Medicare business, Baxter Health strives to diversify with new lines of profitable business to support the growth which helps improve hospital margins. Recent expansions into new counties have improved Baxter Health's payer mix to less Medicare and increased commercial business. To capitalize on this positive trend, Baxter Health desires to expand business lines in Fulton County. Expansion requires significant leadership attention creating stress on Baxter Health's lean staff. Remaining focused on current and foundational lines of business while managing new growth in other lines of service will be an increased challenge.

IMPROVEMENT EFFORTS AND FUNDING OPPORTUNITIES

1. Days in Account Receivable, Net/Revenue Cycle Improvement

Days in Account Receivable and Net/Revenue Cycle Improvements are a critical part of the long-term sustainability for Baxter Health. Given the reimbursement environment discussed above, Days in Accounts Receivable and Revenue Cycle Management must remain strong to ensure cash flows appropriately. Baxter Health has maintained a well-respected Days in AR metric historically but must diligently watch processes closely to ensure the payers are paying accurately and timely. Baxter Health is dedicated to ensuring strong revenue cycle management processes including working closely with payers to challenge vigorously any payer that may not be paying timely or accurately. Meetings with commercial payers will be held monthly or every two months to ensure claims adjudication is in accordance with regulations and/or contracts. Denials from payers will be worked aggressively. In addition, Baxter Health will work with insurance payers to negotiate improved increases with commercial payers to help improve net revenue and improve cash flow.

Baxter Health is committed to meet the following targets:

- 6-month target – Days in A/R, net within 20% of the benchmark of 43.7
- 12-month target – Days in A/R, net within 5% of the benchmark of 43.7

2. Operating Margin

With the high concentration of government payer mix and low reimbursement levels as noted above, the return of profitability and sustainability of Baxter Health will require strong management of operational performance. Significant progress in Net Operating Income began in the last half of 2022 and continued in 2023. For the seven months ending July 2023, Net Income from Operations has improved \$6.1 Mil from the same period in 2022. Even with these continued improvements, newly developed market pressures produced by urologists and orthopaedic surgeons opening an Ambulatory Surgical Center (ASC), are expected to cause outpatient surgical volume and related Gross Revenue to soften late in 2023 continuing into 2024. Effective May 15, 2023, all Baxter Health chemotherapy services were transferred to Highland Oncology at Baxter Health to enhance cancer care and access to cancer research studies for Arkansans in North Central Arkansas. The opening of the competing ASC and the transfer of the profitable oncology service line will cause significant margin pressure in the coming months. To offset these margin constraints, margin improvement initiatives continue to be a primary focus. Baxter Health has proven year after year to fund growth and enhanced medical services through strong margin improvement initiatives even with little to no reimbursement increases from Medicare, Medicaid, and other government payers and aggressive behavior from commercial and Medicare Advantage payers. New margin initiatives including the addition of approximately 10 new physicians (including an orthopaedic surgeon and a vascular surgeon) in 2023 to increase referrals and revenue growth, increased drug discounts and rebates, increased population health services, continued reduction of travelers, reduction of staff positions, and unfortunate closure of certain service lines will improve Operating Margins and offset market pressures noted above. Baxter Health is committed to improving financial performance to support its purpose of championing access to compassionate high-quality care by remaining independent, strategically compressive and community-focused.

Baxter Health is committed to meet the following targets:

Operating Margin

- 6-month target – 20%-40% improvement from February 2023 baseline of negative 1.0%
- 12-month target – 70%-90% improvement from February 2023 baseline of negative 1.0%

Additional Funding Opportunity

In addition to the sustainability focus as part of Tract 2 – Strategic Hospital Improvement, Baxter Health has committed and signed a Letter of Intent to support Fulton County Hospital in a Tract 1 – Transformative Hospital Reform plan. Baxter Health’s support of the transformation of Fulton County Hospital will take significant resources, time of an already lean Baxter Health staff and financial investment, during the next year. We, respectfully, request your consideration of this additional responsibility when determining the ARPA funding award for Baxter Health. A copy of the Fulton County Hospital Sustainability Plan noting Baxter Health’s commitments is attached hereto.

SUMMARY

Track 2 – Strategic Hospital Improvement

Benchmark	Initiative	Description	Start Date	Time to Implement	Revenue Impact	Expense Impact	Status
<p>Days in A/R</p> <p>c. 6-month target – Days in A/R, net within 20% of the benchmark of 43.7</p> <p>d. 12-month target – Days in A/R, net within 5% of the benchmark of 43.7</p>	<ul style="list-style-type: none"> Meetings with Commercial Payers Strong denial management Improved commercial contract rates 	<p>Goal to improve payment flow, reduce denials and increase net reimbursements. Additional AR Days will remain within the stated benchmark targets</p>	September 1, 2023	6 Months and 12 Months, respectively, for the two targets	Estimated \$800,000 annualized net revenue	Personnel time associated with the management of revenue cycle and holding payers accountable; no additional employees expected to be added	
<p>Operating Margin</p> <p>a. 6-month target - 20%-40% improvement from February baseline</p> <p>b. 12-month target – 70%-90% improvement from February baseline</p>	<p>Implementation of new margin improvement initiatives including recruitment of physicians to support referrals and growth, increasing drug discounts and rebates, increase population health services, reduction of staff/travelers, closure of services lines, etc.</p>	<p>Leadership will monitor margin improvement initiatives through monthly meetings with initiative leaders.</p>	Immediately	6 Months and 12 Months, respectively, for the two targets	<p>Recruitment of physicians and new population health revenue streams will support growth and increased Patient Service Revenue.</p> <p>Drug rebates will improve Net Revenues</p>	<p>Continued reduction of travelers and related hourly cost, reduction in staff and closure of certain service lines will reduce existing expenses</p>	

CYBERSECURTY DEFENSE

Baxter's Director of Information Technology reviewed the six Internet Security Basic Controls and eight Cyber Defense Minimum Standards. Baxter will work with Legislative Audit to complete an on-site cyber review.

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.6

Agency: Arkansas Department of Human Services Business Area Code: 0710
 Program Title: Emergency Aid Relief to Hospitals
 Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds (SFRF)
 Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 Hospitals continue to experience severe financial strain due to the economic impacts of the ongoing COVID-19 pandemic. Increased costs and labor shortages have resulted in lesser revenues for the hospitals. This means that several hospitals across the state, particularly those that serve rural populations, are at immediate risk of closure.
 Use of these funds will allow hospitals to maintain operations to ensure patients receive the care they need during and between the pandemic disease "surges". The purpose of these payments is to assist hospitals to offset extraordinary costs related to mitigating and preventing COVID-19 and retaining and acquiring frontline staff that have occurred as a result of the COVID-19 pandemic.
 This request is for Arkansas Methodist Medical Center in support of their efforts to provide rural healthcare to Arkansans.

Func. Area: HHS Fund Code: FRP7178 Direct Funding: _____
 Funds Center: AZ5 Internal Order/WBS Element: _____ State: X
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	3,301,356
Other:	
Other:	
Total	\$ 3,301,356

Anticipated Duration of Federal Funds: 9/30/2024

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DFA IGS State Technology Planning **Date**
 Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:
Kristi Putnam
Digitally signed by Kristi Putnam
 Date: 2023.08.30 14:30:31 -0500

 Cabinet Secretary/Agency Director Date

Robert Brech 8/31/2023

 Office of Budget Date

 Office of Personnel Mgmt Date

Joshua Kenyon
 8/30/23



ARKANSAS
DEPARTMENT OF
**HUMAN
SERVICES**

DHS Secretary Kristi Putnam
Office of the Secretary

P.O. Box 1437, Slot S201, Little Rock, AR 72203-1437
P: 501.682.8650 F: 501.682.6836 TDD: 501.682.8820

August 30, 2023

Secretary Jim Hudson
Department of Finance and Administration
1509 West Seventh Street, Suite 401
Little Rock, AR 72201

Re: Release of ARPA Funding – Hospital Assistance

Dear Secretary Hudson,

On behalf of the Department of Human Services, I respectfully request release of a portion of the American Rescue Plan Act of 2021 (ARPA) State Fiscal Recovery Funds (SFRF) Arkansas Allotment to address the negative impacts of the public health emergency due to the COVID-19 pandemic (PHE), such as staffing and bed shortages; extraordinary costs of providing COVID-19 mitigation, prevention, and treatment; and disruptions in utilization of health care services across payers.

Participating hospitals have undergone an independent study and are developing and implementing a sustainability plan. The agency is requesting \$ 3,301,356 in ARPA funding and appropriation which will be disbursed through the Arkansas Medicaid payment system to Arkansas Methodist Medical Center for their efforts to provide rural healthcare to Arkansans.

Thank you for your assistance. If you need additional information, please contact Misty Eubanks, DHS CFO, at 501-320-6327.

Sincerely,

Kristi Putnam, Secretary
Arkansas Department of Human Services

KP:mbe

cc: Robert Brech, Administrator
DFA – Office of Budget

Andy Babbitt, Administrator
DFA- Office of Accounting

Arkansas Methodist Medical Center Sustainability Plan Summary

February Baseline Metrics

- 68.5 Days Cash on Hand and 60 Days in AR, Net
- 58% in Labor/Net Patient Service Revenue (NPSR)
- -8% Operating Margin
- 5.6 for FTEs per Adjusted Occupied Bed (AOB)
- 40.3 in Average Daily Census

Challenges

Arkansas Methodist Medical Center (AMMC) is a 129 licensed-bed general hospital within Greene County. Arkansas Methodist has been experiencing financial challenges impacted by an overall 6-year downtrend in-patient volume, consistent year over year increase in supply and drug expenses, and surge in salaries post-pandemic due to provider labor shortage. In addition to reduced patient volume and increased expenses, hospital leadership has noted a 15% plan enrollment increase within Medicare Advantage Plans, which per management has increased denials of inpatient admissions. The hospital is also out of compliance with an affirmative debt service coverage ratio on two different notes held with a local bank totaling \$13.8M.

Sustainability Approach - Track 2

AMMC selected *Track 2: Strategic Hospital Improvement* and chose to focus on improving Days in Accounts Receivable, Net and Operating Margin. To meet these improvement goals, leadership kicked off a two-part performance improvement plan (beginning in January 2023) with a total estimated impact ranging from \$6-7M over a 12-month period.

Initiatives

Days in Accounts Receivable, Net improvements focus on improving revenue cycle processes. AMMC has engaged two companies to assist with clinic billing and working older claims to increase collectible revenue. AMMC is also reviewing its Medicare Advantage contracts to resolve claim denial issues and has already terminated one contract due to high denials and difficult approval process.

Operating Margin improvements include cost-cutting measures, such as participation in a more suitable Group Purchasing Organization (GPO), renegotiation of contracts, and reduction of salaries and positions where possible. Additionally, the hospital has identified revenue-generating measures including:

- Recruit a neurologist to increase MRI downstream revenues for a potential revenue impact of \$400k
- Recruit two orthopedic surgeons to acquire new cases for a potential net impact of \$1M
- Add a pain clinic service line to address demonstrated community need for a potential net impact of \$300k
- Add a geriatric service line to address demonstrated community need for a potential net impact of \$500k

Noted Progress/Updates

Since February, AMMC has successfully targeted operational inefficiencies by eliminating 37 positions, which resulted in savings of \$1.8M annually and negotiated contracts resulting in savings of \$300k. Improvements to the Emergency Department process flow has increased net revenues by \$480k per year. AMMC has also expanded services to include a new infusion center, a pulmonary rehab unit, and an expansion into spinal surgery, but revenue benefits are yet to be realized from these initiatives. Since February 2023, AMMC has improved its registration, billing, coding, and collections functions by outsourcing its clinic billing and hiring a firm to work older hospital claims. AMMC's accounts receivable balance has decreased by 25% to-date.

Cybersecurity Checklist

AMMC's Director of Information Technology reviewed the six Internet Security Basic Controls and eight Cyber Defense Minimum Standards. AMMC will work with Legislative Audit to complete an on-site cyber review.

ARPA Grant Support – Arkansas Methodist Medical Center

Arkansas Methodist Medical Center (AMMC) has selected Track 2 “Strategic Hospital Reform” as the means to achieve sustainability. AMMC has significant short term financial challenges. Our net loss in FY 2023 was over \$5.5M (unaudited). We have implemented, or are in the process of implementing, numerous new revenue sources and expense reductions, which will bring us back to a profitable status. Many of these revenue enhancements and expense reductions will take several months to take effect. The ARPA funds would be used to bridge the gap until these initiatives are realized.

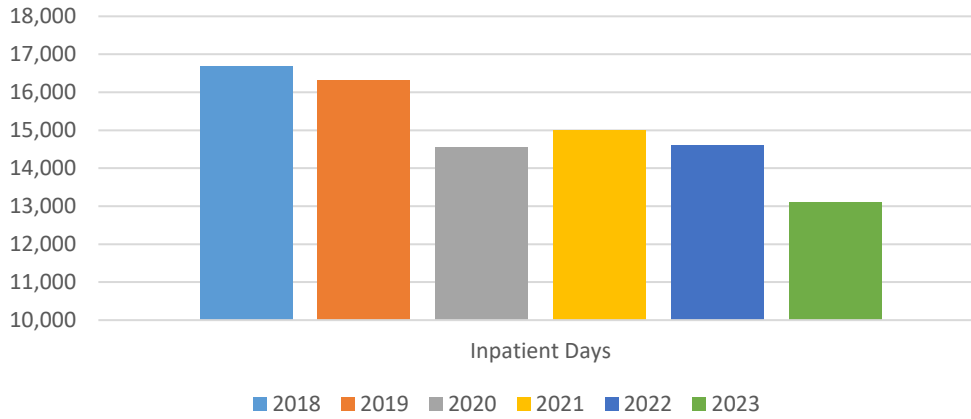
The information provided in this presentation is designed to demonstrate the needs for the funds; actions taken to minimize our losses; and how we intend to use the funds. In addition, this also addresses goals and benchmarks to measure progress in achieving those goals.

Background:

- Paragould is the 15th largest city in Arkansas with a population exceeding 30,000 residents. Paragould’s population has increased by 2.1% since 2020.
- Paragould is often referred to as a “bedroom community” to Jonesboro. In reality, Paragould is an independent, growing community in and of itself. Paragould has a very strong industrial base. According to the US Census Bureau, approximately 1,315 Craighead County residents commute to Greene County on a daily basis for employment.
- AMMC is one of the top 5 employers in Greene County.
- AMMC is a major economic driver for Greene County. AMMC provides employment for over 700, with an annual payroll and benefits expense in excess of \$40,000,000. Including suppliers, vendors, and induced jobs, the number of annual jobs created by AMMC is estimated to be 1,655.
- 5,000 Inpatient, Rehabilitation and Observation admissions annually.
- 7,300 Ambulance transports annually
- 14,000 Home Health visits annually
- 21,000 Emergency Room visits annually
- AMMC is requesting funds to be used as a **bridge** to take us from our current financial situation to a situation where we have adequate funds necessary to pursue revenue opportunities

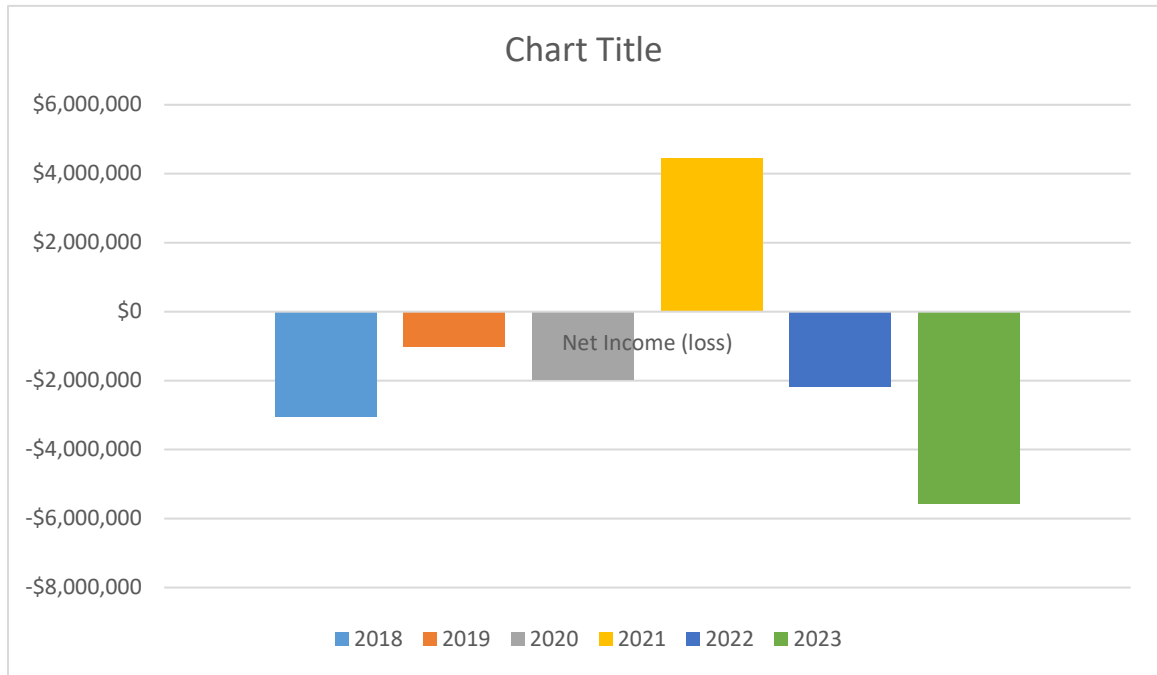
Current Situation and Current Challenges:

- Slowly returning to Post-COVID levels of service. However, volumes are still not quite up to pre-pandemic levels. The following graph illustrates the reduction in patient days that occurred as a result of the pandemic.



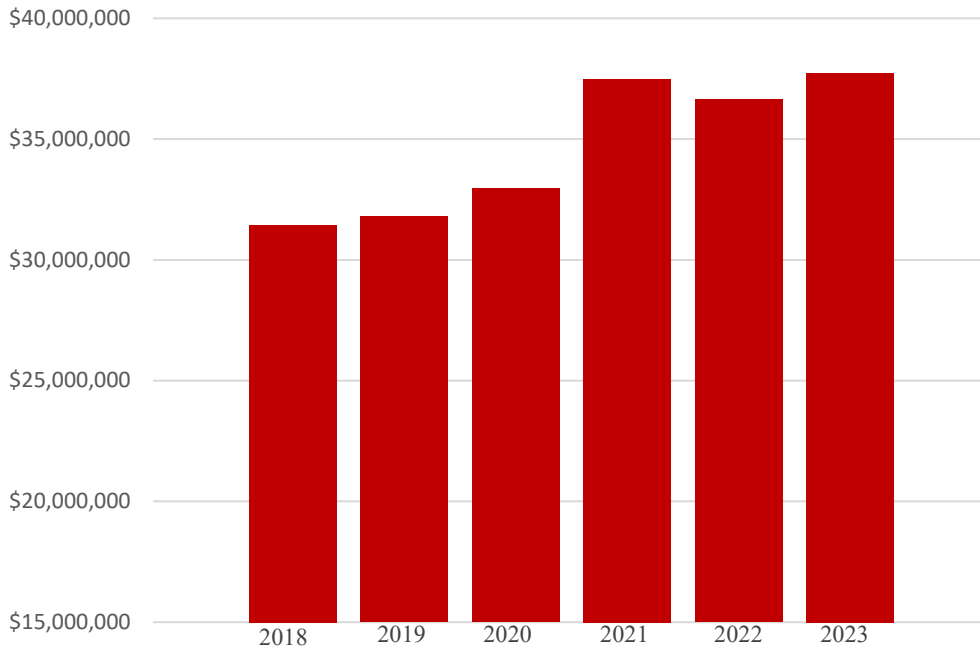
	2018	2019	2020	2021	2022	2023
Inpatient Days	16,689	16,300	14,547	14,987	14,607	13,092

AMMC’s Fiscal Year ended June 30. Actual losses for FY 2023 are approximately \$5.6M. The following graph highlights AMMC’s financial performance before and during the pandemic.



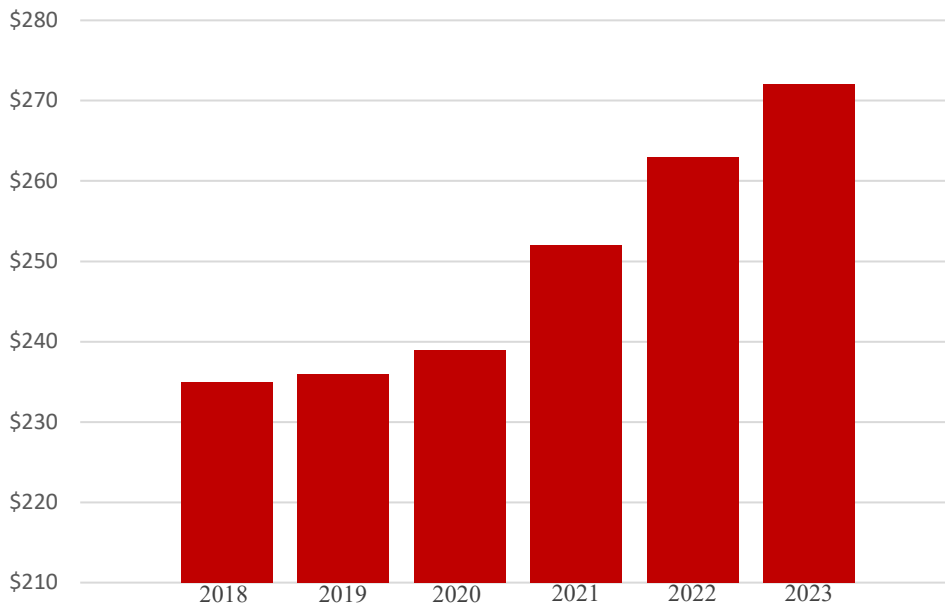
	2018	2019	2020	2021	2022	2023
Net Income (loss)	-\$3,051,870	-\$1,019,113	-\$1,990,897	\$4,452,372	-\$2,188,127	-\$5,570,120

Staff shortages and a very low county unemployment rate of only 3.9% have led to significantly higher salaries. Despite the significant increase in salaries over the past several years, AMMC is still below market in critical areas. The following graph shows the drastic increase in salaries that has occurred over the past few years.



	2018	2019	2020	2021	2022	2023
Salary Expenses	\$31,442,653	\$31,799,488	\$32,963,474	\$37,488,543	\$36,641,402	\$37,745,419

- Supply cost per adjusted patient day have increased significantly. This graph shows total supply and drug expense per adjusted patient day for the past few years.



	2018	2019	2020	2021	2022	2023
Supply and Drug Expenses	\$235	\$236	\$239	\$252	\$263	\$272

- Reimbursement from Medicaid and Blue Cross is very low compared to other states.
- Medicare Advantage Plan Growth. Since 2018 our percentage of patients with Medicare Advantage plans has increased from 10% to 25%. These plans are notorious for denying

claims, delaying authorizations for care, restricting patient care and causing hospitals to hire dozens of employees to fight for payment and to comply with burdensome requirements. Initial denials for inpatient admissions approximate 50%.

- AMMC's recent financial losses have caused us to be out of compliance with bank loan covenants.

Performance Improvement & Sustainability Plan:

Arkansas Methodist has implemented two Performance Improvement and Sustainability Plans; one in January of 2023 and a second in May of 2023. The combined financial impact of these plans is estimated to range between \$6,000,000 and \$7,000,000 over a 12 month period. Due to the lengthy amount of time necessary to establish new revenue sources, a significant portion of the two plans focus on cost reductions and achieving operational efficiencies. The expense reductions are necessary to allow time for new revenue sources to be realized. AMMC has recently worked hard to improve operational and financial performance. The following improvements have been made since February 2023 (the information available to Alvarez and Marsal for their final report). These consist of initiatives from the first phase that had not yet been implemented by February 2023 and all initiatives from the second phase. A summary of these actions taken are identified below:

- We anticipate that revenue growth will occur as a result of the recent recruitment of additional physician specialists. We recently hired a neurologist, who is currently building his practice. We have not offered greatly needed neurology services in over 20 years. In his previous practice he ordered over 1,000 MRIs per year. At an average reimbursement rate of \$300 per scan, this will mean an additional \$300k per year in additional revenues. He will also order labs, x-rays, nerve conduction studies, etc. We are actively recruiting a general surgeon. We are down to one general surgeon. We also recently hired an orthopedic/spine surgeon, and an additional orthopedic surgeon began a practice in July. The downstream net revenues generated by these two orthopedic surgeons will easily exceed \$1M. The space being considered for this service is currently unoccupied.
- We are currently in discussions with an anesthesia group to open a pain clinic. We will be presenting a proposal to our Board at the September meeting. We anticipate this service to have a net income of between \$300k and \$400k per year. This is a badly needed service in our area.
- AMMC is in the process of switching our GPO to one more suitable to a hospital our size. We have provided a notice of termination; however, it will take up to two years to realize the full impact of the savings. The total estimated savings (both internal and external analysis) show an annual savings of \$500k to \$1M.
- We are exploring adding a Geriatric Psych. Unit. This will be a long term project and will take time for renovating the space for the unit. We are in the process of completing a financial projection. These patients are mostly Medicare and Medicare pays very well for this service. Initial projections are that this service could generate a profit exceeding \$500k per year.
- We successfully negotiated numerous contracts resulting in over \$300,000 in savings
- We have made significant improvements in our revenue cycle process. Our accounts receivable balances continue to be reduced.

- We have right sized our workforce in areas we felt were operating inefficiently. We have eliminated 37 positions, resulting in an annual salary/benefits savings of \$1.8M. The salary reduction in July 2023 of 18% (\$540k) was greater than we anticipated.
- We have offered or expanded services such as a new infusion center; a pulmonary rehab unit; and expansion into spinal surgery.
- We have improved the process flow and efficiency in our emergency department. The percentage of patients leaving without being treated has decreased from over 6% to under 2%. The increase in net revenues due to treating and billing these patients is approximately \$480k per year (based upon average reimbursement rates).
- We are reviewing our Medicare Advantage contracts. We issued Humana a 90 day notice of termination. They have asked that we meet with them to resolve issues. We are also working with other MA plans and have asked them to reprocess old claims that had previously been denied.

Each of these initiatives are summarized in the Table following the Cybersecurity section below.

Usage of Funds:

- AMMC plans to use the funds as a bridge to achieve sustainability until planned revenue enhancements are realized.
- Without additional funding we may be forced to cease ambulance operations in Rector and Corning. Both have indicated that they cannot afford to pay a subsidy. The proceeds of the ARPA funding will enable us to operate ambulance services in these two communities. The markets are too small for an independent ambulance service to make a profit in these communities.
- AMMC is currently below market in salaries for numerous positions.
- The funds will allow us to continue recruiting needed physician specialties. It is very costly to start a physician clinic.
- Funds will allow us to improve our infrastructure and replace aging equipment. We have lacked the funds necessary in recent years to invest in capital. Current needs include new roofs, replacement of aging chillers and boiler, and replacement of our MRI unit.
- Funds will allow us to make the investments necessary to add new services and continue to recruit needed physician specialists to serve our community

Goals and Benchmarks:

The goals for AMMC are two-fold: improve operating margins to enable us to increase our cash reserves; invest in infrastructure improvements; and to bring salaries in key positions up to market.

We have selected two specific metrics to measure. The first is improving our operating margin. Our operating margin as of February 28, 2023 was a negative 8%. Our goal is to be at breakeven by January 2024 (6 months). By July 2024 (12 months) our goal is to have a positive operating margin of 2%. A positive 2% operating margin would translate into an annual net income of approximately \$1.6M. This should generate sufficient cash reserves to allow us to continue recruiting physicians, invest in employees through higher salaries; and to replace aging equipment such as chillers, a boiler, and a new MRI unit.

AMMC is committed to meet the following targets:

Operating Margin

- 6-month target – 20-40% improvement from February baseline
- 12-month target – 70-90% improvement from February baseline

The second metric that we have chosen is net days in accounts receivable. A good measure for improving our cash position is to ensure that our revenue cycle processes are operating very efficiently. We continue to look for ways to improve our registration, billing, coding, and collection functions. One way to measure improvement in the revenue cycle is to track net days in A/R. As of February 28, 2023 our net days in A/R was 60. Since February we have made significant progress on this target. We have engaged two companies to assist with clinic billing and working older claims. Our net accounts receivable balance on February 28, 2023 was \$11,380,895. As of July 31, 2023 our accounts receivable balance is down to \$8,576,274. Our goal is to have net days in A/R reduced from 60 to 50 by December 31, 2023. This represents a 25% improvement. Our goal for June 30, 2024 is to be at 40. This represents a 33% improvement.

AMMC is committed to meet the following targets:

Days in Accounts Receivable, Net/Revenue Cycle Improvement

- 6-month target – Days in A/R, net within 20% of the benchmark of 43.7
- 12-month target – Days in A/R, net within 5% of the benchmark of 43.7

AMMC is willing to report on our progress every six months (or sooner if requested). AMMC also will monitor other metrics internally to measure our progress. We are willing to share information regarding our progress with the State at any time prior to the six month reporting requirement.

Cybersecurity:

AMMC's Director of Information Technology reviewed the six Internet Security Basic Controls and eight Cyber Defense Minimum Standards. AMMC will work with Legislative Audit to complete an on-site cyber review.

Benchmark	Initiative	Description	Start Date	Time to Implement	Revenue Impact	Expense Impact	Status
Improve operating margin	Recruited neurologist	Increased MRI referrals/downstream revenues	July 2023	Completed	\$400,000	Clinic losses expected to be \$100,000	Completed
Improve operating margin	Recruited 2 orthopedic surgeons	New spine cases; new orthopedic surgery cases	December 2022 July 2023	July 2023	Net impact \$1,000,000	Included in the \$1M	Completed
Improve operating margin	New pain clinic service line	Non-narcotic pain treatments. There is a demonstrated need	August 2023	December 1, 2023	\$540,000	\$240,000	Negotiating contract
Improve operating margin	Switch GPOs	We will move to a new GPO better suited to our size. Improved pricing for supplies	August 2023	August 2023 to August 2025	\$500,000 to \$1,000,000	None	Issued termination notice in August 2023
Improve operating margin	New geriatric service line	Convert an unused patient care floor into a geriatric psych service	January 2024	1 year	Estimated net impact of \$500,000	Included in the \$500k	Beginning discussions
Improve operating margin	Renegotiate contracts	Renegotiated numerous contracts, including reference lab tests	May 2023	Completed	None	Savings of \$300,000	Completed
Reduce net days in A/R	Improve revenue cycle performance	We are outsourcing our clinic billing and hired a firm to work older hospital claims	February 2023	Completed	Improve cash collections. Difficult to quantify	None	Completed
Improve operating margin	Right size our workforce	We eliminated 37 positions	June 2023	Done	None	Salary/benefits savings of \$1,800,000	Completed
Improve net days in A/R	New service lines	Opened a new infusion center and pulmonary rehab service	2022	Done	\$500,000	\$400,000	Completed
Improve operating margin	Reduce left without being treated in ED	We improved processes in the ED. Results were a reduction in LWATs from 6% to 2%	February 2023	Done	\$480,000	None	Completed
Improve operating margin	Terminated our Humana Medicare Advantage contracts	Due to high denials, difficult approval process, and post- acute care denials we are terminating an MA contract.	Notice sent in August 2023	December 1, 2023 is termination date	Cannot quantify	Cannot quantify	In progress

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.7

Agency: Arkansas Department of Human Services Business Area Code: 0710
 Program Title: Emergency Aid Relief to Hospitals
 Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds (SFRF)
 Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 Hospitals continue to experience severe financial strain due to the economic impacts of the ongoing COVID-19 pandemic. Increased costs and labor shortages have resulted in lesser revenues for the hospitals. This means that several hospitals across the state, particularly those that serve rural populations, are at immediate risk of closure.
 Use of these funds will allow hospitals to maintain operations to ensure patients receive the care they need during and between the pandemic disease "surges". The purpose of these payments is to assist hospitals to offset extraordinary costs related to mitigating and preventing COVID-19 and retaining and acquiring frontline staff that have occurred as a result of the COVID-19 pandemic.
 This request is for Baxter Health for the management of Fulton County Hospital in support of their efforts to provide rural healthcare to Arkansans.

Func. Area: HHS Fund Code: FRP7178 Direct Funding: _____
 Funds Center: AZ5 Internal Order/WBS Element: _____ State: X
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	5,000,000
Other:	
Other:	
Total	\$ 5,000,000

Anticipated Duration of Federal Funds: 9/30/2024

DFA IGS State Technology Planning	Date
Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.	

Positions to be established: (list each position separately)

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:
Kristi Putnam Digitally signed by Kristi Putnam Date: 2023.08.30 14:28:29 -0500 _____ Date _____
 Cabinet Secretary/Agency Director
 Robert Brech 8/31/2023 _____ Date _____
 Office of Budget
Joshua Kenyon
8/30/23 _____ Date _____
 Office of Personnel Mgmt



DHS Secretary Kristi Putnam
Office of the Secretary

P.O. Box 1437, Slot S201, Little Rock, AR 72203-1437
P: 501.682.8650 F: 501.682.6836 TDD: 501.682.8820

August 30, 2023

Secretary Jim Hudson
Department of Finance and Administration
1509 West Seventh Street, Suite 401
Little Rock, AR 72201

Re: Release of ARPA Funding – Hospital Assistance

Dear Secretary Hudson,

On behalf of the Department of Human Services, I respectfully request release of a portion of the American Rescue Plan Act of 2021 (ARPA) State Fiscal Recovery Funds (SFRF) Arkansas Allotment to address the negative impacts of the public health emergency due to the COVID-19 pandemic (PHE), such as staffing and bed shortages; extraordinary costs of providing COVID-19 mitigation, prevention, and treatment; and disruptions in utilization of health care services across payers.

Participating hospitals have undergone an independent study and are developing and implementing a sustainability plan. The agency is requesting \$5,000,000 in ARPA funding and appropriation which will be disbursed through the Arkansas Medicaid payment system to Baxter Health for the management of Fulton County Hospital in their efforts to provide rural healthcare to Arkansans.

Thank you for your assistance. If you need additional information, please contact Misty Eubanks, DHS CFO, at 501-320-6327.

Sincerely,

Kristi Putnam, Secretary
Arkansas Department of Human Services

KP:mbe

cc: Robert Brech, Administrator
DFA – Office of Budget

Andy Babbitt, Administrator
DFA- Office of Accounting

Fulton County Hospital Sustainability Plan Summary

February Baseline Metrics

- | | |
|--|---|
| <ul style="list-style-type: none"> • -0.44 Days Cash on Hand and 155 Days in AR, Net • 57.8% in Labor/Net Patient Service Revenue (NPSR) • -4% Operating Margin | <ul style="list-style-type: none"> • 3 for FTEs per Adjusted Occupied Bed (AOB) • 2.8 in Average Daily Census |
|--|---|

Challenges

Fulton is a 25 licensed-bed Critical Access Hospital (CAH) within Fulton County. Fulton's current financial status has deteriorated over the last few years due to consistent decreases in average daily census (ADC) and increased financial obligations. A problematic conversion of their Electronic Medical Records (EMR) and administrative software increase Days in AR, which still needs to be remedied. Due to purchase of recent imaging equipment (CT and US), lease obligations have increased which has further weakened their cash position. In early 2023, the hospital obtained a \$250k line of credit from their local bank to cover expenses. Like many rural hospitals, Fulton's staffing and recruitment is limited due to financial constraints. Shortage of staff has resulted in the inability to adequately staff hospital, resulting in limited hospital inpatient and swing bed volume. The physical plant is also in poor condition with an average age of 27 years.

Sustainability Approach - Track 1

Fulton selected *Track 1: Transformative Hospital Reform (Reclassification or Consolidation/Merger)* and is taking steps towards a long-term relationship with Baxter Health. This affiliation with Baxter Health (including management and operational support) will address administrative challenges and enhance the Hospital's growth opportunities in the inpatient, swing bed and procedural areas. Noted benefits from this affiliation for Fulton include:

- Effective coordination of patient care to increase volumes, improve payor mix to maximize cost-based reimbursement, and enhance quality of patient care at the most appropriate place of service through Baxter Health's Hospitalist support
- Patient quality enhancement and payor contracts management through Baxter's Clinically Integrated Network and a Physician Hospital Organization
- Evaluate and negotiate more affordable supply purchases through Baxter's group purchasing organizations
- Support for increased procedural volume enhancing the profitability of the Hospital

Track 1 Benchmarks

✓ Letter of Intent	July 31, 2023
✓ Management Agreement Signed by both parties	August 15 th , 2023
□ Due Diligence Complete	December 31 st , 2023
□ Execution of acquisition documents/ long-term management agreement and issue public press release	February 15 th , 2024

Noted Progress/Updates

Since February, Fulton has drawn on an additional line of credit to meet expenses and its financial position has continued to deteriorate. On July 31st, 2023 the Fulton County Quorum Court passed a resolution in support of the hospital exploring an official long-term relationship with Baxter Regional Health System and allowing management of the day-to-day operation of Fulton County Hospital by an administrator selected by Baxter Regional Health System. Upon execution of the Management Agreement on August 15th, 2023, Baxter immediately kicked efforts to improve internal controls, address billing challenges, and address other issues such as a \$200 fine/day by CMS for lack of transparency. Baxter has deployed its staff and engaged consultants to address the issues impacting billing. According to information provided by Baxter, census has also increased since February. A potential conversion to a Rural Emergency Hospital (REH) may be considered in the future depending on in-patient volume trends.

Cybersecurity Checklist

Baxter is currently in progress of reviewing cybersecurity controls in place for Fulton, as part of the Due Diligence (scheduled for completion in December). Baxter will work with Legislative Audit to complete an on-site cyber review.

Fulton County Hospital Sustainability Plan

Purpose

The purpose of this document is to define the actions Fulton County Hospital (the Hospital) will take to maintain financial viability and continue to provide a level of critical healthcare to its community. This plan provides a clear path to balance long-term debt, protect the value of current assets, support ongoing operations and maintenance of the physical plant, manage expenses, and increase operating revenues.

Overview of Strengths, Challenges, and Opportunities

The Hospital is committed to providing all individuals in the community and surrounding area with quality medical care, education, and service while fostering the art of compassion, caring, and healing.

Like most small rural hospitals, the Hospital has faced many financial challenges throughout its history. However, the Hospital has significant community support as evidenced by the ½% sales tax passed by voters in 2004. Despite this support, the impact of the pandemic and subsequent reduction in volume has had a significant negative impact on the Hospital's financial stability.

We believe that an affiliation with Baxter Health in the form of a management agreement would provide industry expertise, medical support, and leverage for payor and vendor contracting that would return the Hospital to firmer financial ground. A management agreement for 180 days will allow Baxter Health to continue due diligence and develop a long-term acquisition/merger plan with the Hospital. Baxter Health has recently begun facilitating hospitalist coverage that has improved the quality and timeliness of care and increased volume. An expansion and formalization of this relationship would further stabilize the Hospital and healthcare in the community. Baxter Health would also assist with an assessment of whether Rural Emergency Hospital status would be more appropriate for the Hospital.

The current strengths and challenges to the financial viability and sustainability of the Hospital are as follows:

Strengths

1. Affiliation with Baxter Health

Baxter Health, a Magnet-Recognized rural hospital encompassing a 268-bed short-term acute care hospital, outpatient surgery center and approximately 40 primary care and specialty clinics, is located approximately 38 miles from the Hospital. An affiliation with Baxter Health including management and operational support will enhance the Hospital's growth opportunities in the inpatient, swing bed and procedural areas. Baxter Health's Hospitalist support will allow effective coordination of patient care to increase volumes, improve payor mix to maximize cost-based reimbursement, and enhance quality of patient care at the most appropriate place of service, close to home. Baxter Health hosts a Clinically Integrated Network and a Physician Hospital Organization that promote patient quality and manages payor contracts which will allow effective evaluation and negotiation of favorable reimbursement contracts. Baxter Health will, also, share experience in working with group purchasing organizations and provide strength through evaluation and negotiation for more affordable supply purchases. Baxter Health will lend support, including equipment and staffing, for increased procedural volume enhancing the profitability of the Hospital. As discussed below, Baxter Health's recruiting experience and access to clinical and administrative staff will be necessary to support the expected growth.

2. Community Support

Salem, Arkansas, is a rural community of about 1,500 residents. The presence of the Hospital is critical for the well-being of its citizens. As noted above, the citizens have evidenced their support by passing and maintaining a sales tax to maintain the Hospital.

3. Critical Access Hospital Classification

The Hospital's Critical Access Hospital (CAH) classification provides reimbursement advantages not afforded to other rural hospital classifications. Allowable cost of care for CAH Medicare and Medicaid patients are reimbursed at 101% and 100%, respectively, and is an important advantage when Medicare and Medicaid patient mix is optimized. As a CAH the Hospital has advantages with swing bed services, 340(b) eligibility, professional provider opportunities, and flexible staffing requirements. An affiliation with Baxter Health and continuation of the utilization of Baxter Health's Hospitalist Service will allow coordination of patient care in order to maximize Medicare and Medicaid patient utilization and increase related reimbursement.

Also, as a CAH the Hospital may consider the conversion to a Rural Emergency Hospital (REH). Baxter Health will assist with a thorough assessment to estimate the impact of a conversion to REH to determine its viability and benefits. Consideration of the loss of inpatient services and 340(b) benefits, conversion and reduction of reimbursement from cost-based to Outpatient Prospective Payment System based reimbursement and the expected reduction in Skilled Nursing Facility reimbursement will be critical in the evaluation of the impact of a conversion REH.

Challenges

1. Hospital's Current Financial Status

The Hospital's financial status is dire with minimal cash on hand along with increased obligations, requiring recent draws on line of credit to meet operational demands such as payroll and insurance payments. An implementation of a new electronic medical record and administrative system caused a spike in account receivable days which has yet to be completely remedied causing reduced and slower cash receipts. Lease obligations have increased with the recent purchase of imaging equipment (CT and Ultrasound equipment) for use in patient care areas.

2. Physical Plant

The Hospital's physical plant is in poor condition with an average age of 27 years. The Hospital has little to no funds available for capital expenditures. The Hospital has been creative and obtained numerous grants over the years to fund capital upgrades but much is still needed from a physical plant perspective.

3. Staffing and Recruitment

Like most hospitals across the nation, the Hospital has suffered a severe staffing crisis since the beginning of the pandemic. Hospital inpatient and swing bed volumes are often limited due to the inability to adequately staff the hospital to meet standards of care. Recruitment is limited due to financial constraints and unstable future of the organization.

Partnering with Baxter Health, an ANCC Magnet-Accredited organization, will improve the overall image of the organization as an employer and will improve the probability that health care workers (who are currently driving 30-50 miles outside of Fulton County) will remain at home. Baxter Health's recruiting expertise and access to staff, will allow the Hospital to improve current staffing which is now limiting procedures and patient care.

4. Lean Organizational Structure

With limited finances and an even more limited workforce, middle and upper-level management have been

forced to take on multiple roles with limited expertise in these areas. For instance, the Chief Nursing Officer also covers multiple night shifts in the Emergency Room each week and also serves as their only Endoscopy nurse and the Chief Financial Officer also serves as the IT Director. Situations such as this will ultimately lead to burnout and open the doors for preventable errors, which can be harmful to the organization and ultimately lead to increased turnover amongst management.

Baxter Health will provide supportive, management expertise that will allow for improved outcomes in both the short and long-term future. Baxter Health management team can lend expertise not only in clinical management for inpatient and ancillary services, but also information management, revenue cycle and financial leadership.

Benchmarks

As part of the process of formalizing our relationship with Baxter Health, we have identified the following benchmarks:

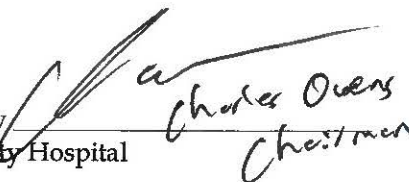
Track 1 – Transformative Hospital Reform


1. Affiliation via Management Agreement and Development of Acquisition/Merger Plan
 - a. Letter of Intent from both parties
 - b. Due diligence complete, plan for execution for final Acquisition/Merger documents, public press release

Summary

Track 1

Action	Description	Anticipated Completion Date
Letter of Intent	Both parties will formally express their intent to execute a management agreement and begin formulation of long-term acquisition plans	July 31, 2023
Management Agreement signed by both parties	Baxter Health will immediately begin management of all FCH operations and c due diligence	August 15, 2023
Due Diligence Complete	Baxter Health will complete due diligence process and make a final decision regarding best long- term plan.	December 31, 2023
Execution of acquisition documents or long-term management agreement and issue public press release	Following the completion of due diligence and if the parties are in agreement that the management of the Hospital by Baxter Health is in their interests, the management agreement will be executed, and a public press release will be issued.	February 15, 2024

Approved by  Charles Owens
 Chairman
 Fulton County Hospital

Approved by 
 Baxter Health
 Ron Peterson, President/CEO

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.8

Agency: Arkansas Department of Human Services Business Area Code: 0710
 Program Title: Emergency Aid Relief to Hospitals
 Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds (SFRF)
 Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 Hospitals continue to experience severe financial strain due to the economic impacts of the ongoing COVID-19 pandemic. Increased costs and labor shortages have resulted in lesser revenues for the hospitals. This means that several hospitals across the state, particularly those that serve rural populations, are at immediate risk of closure.
 Use of these funds will allow hospitals to maintain operations to ensure patients receive the care they need during and between the pandemic disease "surges". The purpose of these payments is to assist hospitals to offset extraordinary costs related to mitigating and preventing COVID-19 and retaining and acquiring frontline staff that have occurred as a result of the COVID-19 pandemic.
 This request is for Howard Memorial Hospital in support of their efforts to provide rural healthcare to Arkansans.

Func. Area: HHS Fund Code: FRP7178 Direct Funding: _____
 Funds Center: AZ5 Internal Order/WBS Element: _____ State: X
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	3,441,839
Other:	
Other:	
Total	\$ 3,441,839

Anticipated Duration of Federal Funds: 9/30/2024

DFA IGS State Technology Planning	Date
Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.	

Positions to be established: (list each position separately) * unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: Kristi Putnam Digitally signed by Kristi Putnam Date: 2023.08.30 14:28:48 -0500 Robert Brech 8/31/2023
 Cabinet Secretary/Agency Director Date Office of Budget Date Office of Personnel Mgmt Date

Joshua Kenyon
8/30/23



ARKANSAS
DEPARTMENT OF
**HUMAN
SERVICES**

**DHS Secretary Kristi Putnam
Office of the Secretary**

P.O. Box 1437, Slot S201, Little Rock, AR 72203-1437
P: 501.682.8650 F: 501.682.6836 TDD: 501.682.8820

August 30, 2023

Secretary Jim Hudson
Department of Finance and Administration
1509 West Seventh Street, Suite 401
Little Rock, AR 72201

Re: Release of ARPA Funding – Hospital Assistance

Dear Secretary Hudson,

On behalf of the Department of Human Services, I respectfully request release of a portion of the American Rescue Plan Act of 2021 (ARPA) State Fiscal Recovery Funds (SFRF) Arkansas Allotment to address the negative impacts of the public health emergency due to the COVID-19 pandemic (PHE), such as staffing and bed shortages; extraordinary costs of providing COVID-19 mitigation, prevention, and treatment; and disruptions in utilization of health care services across payers.

Participating hospitals have undergone an independent study and are developing and implementing a sustainability plan. The agency is requesting \$3,441,839 in ARPA funding and appropriation which will be disbursed through the Arkansas Medicaid payment system to Howard Memorial Hospital for their efforts to provide rural healthcare to Arkansans.

Thank you for your assistance. If you need additional information, please contact Misty Eubanks, DHS CFO, at 501-320-6327.

Sincerely,

Kristi Putnam, Secretary
Arkansas Department of Human Services

KP:mbe

cc: Robert Brech, Administrator
DFA – Office of Budget

Andy Babbitt, Administrator
DFA- Office of Accounting

Howard Memorial Sustainability Plan Summary

February Baseline Metrics

- 125 Days Cash on Hand and 30 Days in AR, Net
- 51.1% in Labor/Net Patient Service Revenue (NPSR)
- -9% Operating Margin
- 4.3 for FTEs per Adjusted Occupied Bed (AOB)
- 5.7 in Average Daily Census

Challenges

Howard is a 20 licensed-bed Critical Access Hospital (CAH) within Howard County. Howard has been experiencing a reduction in patient volume and emergency visits. ED visits, specifically, have been below budget for the past two years which may be, in part, due to the January 2023 re-opening of Sevier County Medical center in nearby De Queen. Operating margin and cash position has been further challenged as the hospital has worked to address hidden denials, underpayments from payors and payments not meeting terms of contract.

Sustainability Approach - Track 2

Howard selected *Track 2: Strategic Hospital Improvement* and chose to focus on improving Days Cash on Hand and Operating Margin. Leadership identified operational changes, as well as quantified initiatives specific to each metric.

Initiatives

Days Cash on Hand improvements focus on business growth and increased volume within the following service lines to generate additional collectible revenues and increase bank balances. Leadership calculated anticipated financial impact by multiplying the gross revenue per visit by a conservative projection of expected volume increase.

- Increase Swing Bed utilization on Patient Care Unit (Medical/Surgical) to over 30% of total patient days
- Increase Surgery Cases over prior year
- Increase Nuclear Medicine studies over prior year
- Increase Wound Care volume over prior year
- Increase Medical Clinic Visits over prior year

Operating Margin improvements reference cost-cutting measures, such as reduction in ED staff, decrease in supply cost and other expenses. Total reductions from operating costs equal ~\$670k. Revenue enhancements identified in support of the Days Cash on Hand metric will also support the hospital's operating margin. Howard also recently engaged with Forvis on the launch of a 340B Drug program and identified a local pharmacist for possible outpatient pharmacy coverage. Howard is currently 75% complete with Forvis' request for data gathering and is seeking to evaluate the 340B program as part of its FY 2024 Strategic Plan.

Noted Progress/Updates

Since February, Howard identified reduction in ED staff and kicked off marketing to raise awareness of robotic surgery offerings. Select services have seen volume increase (such as Swingbed) whereas others have not (i.e. medical clinics). To offset lost revenue due to volume, management has launched a robust denial prevention program consisting of a multi-disciplinary team (including CFO) that diligently reviews claim denials, completes root cause analysis, and identifies payment trends. This has resulted in the completion of requested information for outstanding claims and reduction of underpayments from select payors, which ultimately improves operational practices and increases collectible revenue.

Cybersecurity Checklist

Howard's Director of Information Technology reviewed the six Internet Security Basic Controls and eight Cyber Defense Minimum Standards. Howard will work with Legislative Audit to complete an on-site cyber review.

Howard Memorial Hospital

Sustainability Plan

Introduction

Howard Memorial Hospital is a 20 bed Critical Access Hospital located in Southwest Arkansas. Provider Relief Fund payments provided the funding required for Howard Memorial Hospital to prevent, prepare for, and respond to the pandemic. Howard Memorial was able to care for our patients and keep our hospital's employees both working and safe. Howard Memorial was faced with RN and Respiratory Therapists staffing shortages during the pandemic.

During the pandemic, Howard Memorial was no different than many of the Hospitals in the United States. RNs employed full time were leaving bed-side Nursing positions at the Hospital to work for 3rd party staffing agencies for inflated wages. This placed our Hospital with RN staffing shortages during the uptick in COVID cases. PRF payments provided our Hospital with funding resources to maintain required RN staffing standards to care for and treat our patients. Funds from PRF allowed the Hospital to acquire needed supplies, lab reagents and equipment to improve the facility and increase testing capacity. Payments from PRF were critical to our Hospital. PRF payments provided our hospital with the funding resources to maintain required RN staffing standards to care for and treat our patients.

In addition to the Provider Relief Fund, Howard Memorial accessed funds through the Community Development Block Grant, Arkansas Ready for Business Grant, FEMA (Federal Emergency Management Association), and Paycheck Protection Program. All reporting for these funding sources was filed appropriately and timely. Howard Memorial Hospital was not required to repay any of these pandemic-related funding sources.

Howard Memorial Hospital's volume hasn't rebounded post-pandemic. This volume shortfall unfavorably impacts operating margins and Days Cash on Hand.

Purpose and Current State

Since Health Care Providers are operating in a post pandemic environment, Providers are refocused on market share and operations. Howard Memorial Hospital is no different than other Healthcare Providers in Arkansas. Howard Memorial Hospital is now working to maintain financial and operational sustainability to ensure our hospital will continue its mission and vision and provide care to the communities in Southwest Arkansas.

- **Howard Memorial Hospital's Mission:**

Improving the health of the communities we serve.

- **Howard Memorial Hospital's Vision:**

To be the respected health care leader providing excellence to Southwest Arkansas.

Howard Memorial Hospital's Sustainability Plan defines the actions Howard Memorial will take to maintain financial sustainability to continue our Hospital's Mission and Vision in Southwest Arkansas. Our plan identifies strengths and challenges and focuses on protecting and improving cash position, increasing market share, and taking costs out of the company.

Strengths

- **Top 100 and Top 20**

On February 15, 2023, Chartis, a comprehensive healthcare advisory firm, unveiled the 2023 Top 100 Critical Access Hospitals. This annual recognition program, which is based on the results of the Chartis Rural Hospital Performance INDEX recognizes outstanding performance among the nation's rural

hospitals. Howard Memorial Hospital is recognized as one of the Top 100 Critical Access Hospitals and one of four Arkansas' CAHs recognized.

The National Rural Health Association (NRHA) recognized Howard Memorial Hospital as one of the Top 20 CAHs for overall performance in the country. The top 20 CAHs achieved success in overall performance based on a composite rating from eight indices of strength:

- 1) Inpatient market share,
- 2) Outpatient market share,
- 3) Quality,
- 4) Outcomes,
- 5) Patient perspective,
- 6) Cost,
- 7) Charge and
- 8) Finance.

An awards ceremony will be held during NRHA's Critical Access Hospital Conference in September in Kansas City, Missouri.

Chartis' list of Top 100 Critical Access Hospitals for 2023 and press release from Howard Memorial Hospital is provided in the supplemental information to the Sustainability Plan.

Howard Memorial Hospital has a community celebration planned for August 17. Invitations are extended to Arkansas Governor Sarah Huckabee Sanders and State, County and City officials.

- **Robotics Surgery Program**

Howard Memorial Hospital contracted Stroudwater and Associates to complete a market survey for our hospital. All services lines are included in the market survey (calculated on business for FY 09-30-2021), but the emphasis of the market survey is the hospital's Surgical Service program. Results of this market survey indicated that Howard Memorial Hospital captures only 14.9% of the Outpatient Surgery business in our Primary Service Area (PSA).

The opportunity to increase market share coupled with the fact that our hospital is under contract with two Robotically trained surgeons fostered the opportunity for Howard Memorial to initiate a due diligence work effort and explore bringing Robotics Surgery to the communities we serve.

Based on the pro-forma presented to the Hospital's Board of Directors and Executive TEAM, it is calculated that the costs of the technology lease are covered if the Hospital adds 100 Robotics cases per year on top of the "Same Store" surgery business. The technology lease with Intuitive was signed on October 25, 2022, for a 60-month lease. With our Robotics, Howard Memorial can deliver more complicated surgeries to our community. Pro-forma includes reimbursement and incremental costs associated with Ventral Hernia, Inguinal Hernia, Cholecystectomy and Fundoplication.

The first Robotics case was performed on February 9, 2023, with 65 Robotic cases completed through June 30, 2023. We currently offer 42 weeks of Robotics coverage in a 12-month scheduling period.

The more complicated surgical cases scheduled since robotics implementation has a favorable impact financially on billed charges. Revenue per case for Surgery increased from \$2,604 per case to \$3,531 per case after implementation of Robotics. This equates to a 35.6% increase in billed charges. Revenue per case for Anesthesiology increased from \$962 per case to \$1,234 per case. This is a 28.3% increase in billed charges.

The summary page of the market survey plus Pro-Forma for Robotics are included in the supplemental information.

- **Swing Bed Program**

Howard Memorial's Inpatient beds are dual licensed and convert from Acute to Swing Bed without the patient changing beds.

The Strategic Plan for both 2023 and 2024 includes a goal quantifying that 30% of the patient days on Patient Care Unit (Medical/Surgical) are Swing Bed. With the work of our RN Case Manager reaching out and reminding facilities that we offer Swing Bed Program and sharing information on appropriate diagnosis for Swing Bed Patients, Swing Bed utilization increased.

For the 8 months ending May 31, 2023, 28.5% of patient days on Patient Care Unit are Swing Bed. Year to Date through May 31, 2022, only 20.5% of the Patients on Patient Care Unit are Swing Bed. This is an increase of 93 Inpatients and .38 increase in Average Daily Census.

- **Denial Prevention Program**

Howard Memorial Hospital engaged FORVIS on April 8, 2022, to develop a Denial Prevention Program. The goal of the Denial Prevention Program is "To Take the Power Back from the Payors." The Hospital had a monthly Denial Management Committee in place, but this Committee wasn't leading to improvements. Therefore, the Denial Management Committee was dismantled, and Denial Prevention Committee was implemented.

Denial Prevention is driven on seeking the Root Cause for any denial. This process includes pulling a monthly sample of accounts denied, reviewing both patient's financial account and medical record and searching for the Root Cause of the denial. With this approach, Howard Memorial Hospital recovered dollars and generated findings on payor trends.

Findings from Denial Prevention work efforts include, but not limited to:

- Denials from payors included in contractual allowances: "Hidden" Denials
- Underpayments from Empower on 39 billings for Emergency Department services due to missing condition codes.
- Incorrect and invalid CPT codes for Laboratory Services hard coded on the Charge Description Master.
- Payors referencing invalid fee schedules to process claims and underpaying the Hospital.
- Payors not paying per the terms of the contract.

Hospital's Collectible Revenue is favorable Year to Date May 31, 2023 (Actual compared to Budget), with unfavorable volume variance and favorable rate variance per the calculation.

Year to date thru May 31, 2023:

- Calculated Volume Variance \$(1,026,644) Calculated on Adjusted Patient Days
- Calculated Rate Variance \$ 1,084,275
- Favorable Variance \$ 57,631

Although hospital's volumes are running short of budget, rate variance is offsetting the volume shortfall. There are multiple components to favorable rate variance (such as Medicare and Medicaid Cost Report estimates, payor mix), but the impact of the Denial Prevention Program is contributing to the quantified favorable rate variance.

Challenges

1. Market Share

The market survey report that Howard Memorial Hospital contracted Stroudwater and Associates to complete indicates that Hospital's Market Share is low.

- Hospital's market share for Medical and Surgical beds is 28.3% of Primary Service Area, based on FY 2021 volumes.
- Significant opportunity for most diagnostic imaging modalities.
- Substantial opportunity in the Primary Service Area for Outpatient Surgeries.
- Low share of Outpatient Physical Therapy and Outpatient Laboratory Services

2. Emergency Department Visits and Volume Guarantee

Emergency Department Visits for the nine months ending June 30, 2023, are 350 visits below budget (4.6% budget miss) and 254 visits below prior year to date through June 30, 2022.

In addition to the loss of Collectible Revenue from Emergency Department Visits and conversion factor to Inpatient business, hospital is subject to additional cost. The Hospital's contract with NES Health for Emergency Department Provider coverage includes a guaranteed volume component. NES Health requires 915 ED Visits per month. If Emergency Department visits for the month fall short of the guaranteed visits, the Hospital pays an additional subsidy equal to \$115 per visit for each visit below the guarantee. For the current fiscal year, the hospital incurred a calculated liability equal to \$103,730.

Therefore, the shortfall in Emergency Department Visits impacts Collectible Revenue for the Emergency Department, conversion of Emergency Department Visit to an admission or Observation Patient and volume guarantee costs.

3. Cash in Bank and Days Cash on Hand

Due to the impact on Collectible Revenues from shortfalls in volume and challenges with payors (hidden denials, underpayments from payors, and payments not meeting terms of contract), hitting the metrics for Days Cash on Hand is challenging.

The Hospital's Strategic Plan for FY 2023 designates 145 Days Cash on Hand as the Target. For the eight months ending May 31, 2023, Hospital has 115.2 Days Cash on Hand. Through May 31, 2023, Howard Memorial Hospital is 29.8 days short of the internal target for Days Cash on Hand.

The Hospital's Strategic plan for FY 2024 includes 150 Days Cash on Hand as the target.

Improvement Efforts and Funding Opportunities

1. Improvements in Days Cash on Hand (Benchmark)

Business Growth and Development component of the FY 2024 Strategic Plan incorporates goals for increased volume for identified services. Increasing services in Southwest Arkansas and its impact on Hospital volumes will generate additional Collectible Revenues and increase Cash in Bank balances.

- a) Increase Swing Bed utilization on Patient Care Unit (Medical/Surgical) to over 30% of total patient days.
- b) Increase Surgery Cases over prior year.
- c) Increase Nuclear Medicine studies over prior year.
- d) Increase Wound Care volume over prior year.
- e) Increase Medical Clinic Visits over prior year.

Each of these five components of our Strategic Plan is assigned to a hospital leader. Increase in Swing Bed Utilization focuses efforts of RN Case Manager reaching out to Case Managers at the tertiary facilities and reminding the Case Managers the appropriate diagnosis for Swing Bed patient and Howard Memorial delivers this service in Southwest Arkansas.

Continuing to promote Robotics and the Hospital's two robotically trained surgeons is the cornerstone for increasing Surgery business at the Hospital. The intent of the executed technology lease to bring Robotics Surgery to the communities in Southwest Arkansas is to move the needle and increase the Hospital's market share on Surgical Services.

Each of the services identified above will have marketing efforts implemented to increase the business.

Our days cash on hand as of February baseline, within the A&M report, was 125 days. We selected days cash on hand as our metric. At 6-months, days cash on hand should be within 15% of the benchmark of 132.8, which is between 112.8 and 152 days cash on hand. Our six-month initiatives meet this target at approximately 125.1 days, which include an increase of \$720k in collective revenue. At 12-months, days cash on hand should be within 5% of the benchmark of 132.8, which is a range between 126.1 and 139.4. Our initiatives meet this target at a projected goal of 135.5 days cash on hand, which include an increase of \$1.4 million in increased collective revenue.

Howard is committed to meet the following targets:

Days Cash on Hand

- 6-month target – DCOH within 15% of the benchmark of 132.8
- 12-month target – DCOH within 5% of the benchmark of 132.8

The Denial Prevention component of the Revenue Cycle continues at Howard Memorial Hospital. Per the 2nd bullet point under "Strengths" section of the Sustainability Plan, the Hospital has realized success from the Denial Prevention program. For example, the Hospital identified denials coded to Contractual Allowances ("Hidden Denials"), payors failure to reimburse per contract terms, and payors reimbursing using fee schedules no longer in effect.

On June 12, Howard Memorial Hospital filed a complaint with Medicare Part D against a Medicare Advantage Plan for failure to reimburse claims per contract rates. On July 13, Provider Relations and Network Contract Manager committed to claims reprocessing beginning in 65 days. Based on this payor's commitment, claims reprocessing will begin September 18. Reprocessing the claims will add \$250,000 to Collectible Revenues.

The work effort associated with the Denial Prevention component of the Revenue Cycle and pushing back on the challenges from payors will continue to increase Collectible Revenue.

340B Drug Pricing Program Assistance and Provider Based Billing. Howard Memorial Hospital signed a contract with FORVIS to research and assist with quantifying the financial impact to participate for 340B Drug Pricing Program and move our Medical Clinic and Surgical Clinic to Provider-Based billing. The Hospital is presently gathering the data per the data request list and will provide the data to the health care consultants to proceed with the engagement.

Researching the feasibility of participating in the 340B Drug Pricing Assistance is included in the Business Growth and Development section of the FY 2024 Strategic Plan.

TEAMS (HMH Strong). Given the post-pandemic focus on operations and financial performance, Executive Leadership identified seven teams to take the lead on identifying opportunities for financial and operational improvements. The seven identified teams are:

- 1) Purchasing Cycle
- 2) Dietary Costs of Food and Supplies
- 3) Employee Retention, Recruitment and Development
- 4) Revenue Cycle
- 5) Business Development/Market Share
- 6) Marketing Strategies
- 7) Quality and Patient Satisfaction

The TEAM leaders presented initial recommendations and findings at the Strategic Planning Meeting on June 15. TEAM leaders and members are scheduled to present updates at the weekly Executive TEAM meetings. The recommendations of each TEAM will be discussed and incorporated in the Hospital's Operating Budget for the fiscal year ending September 30, 2024. The Hospital's CFO will present Budget 2024 to the Board of Directors in September 2023 and request a motion to approve.

Implemented recommendations of six out of seven of the TEAMS may lead to improvements in Collectible Revenue or decrease Expenses. Subsequently, the impact will deliver an improvement to Days Cash on Hand.

Initial findings of the Purchasing Cycle TEAM reporting shortcomings regarding the charge capture of Supply Revenue are included in the Sustainability Plan.

2. Improvements in Operating Margin (Benchmark)

The Hospital identified opportunities to increase volume and improve Collectibles Revenues. These opportunities are included in the plan to Improve Days Cash on Hand.

Budget 2024 will include a reduction of 10 FTEs. Process is implemented to discuss each request for FTE replacement and review the Department's productivity prior to approval.

In addition, Emergency Department visits haven't rebounded to pre-pandemic visit counts. As a step to complete Budget 2024, staffing standards, staff scheduling and FTE count for the Emergency Department will be reviewed.

FTE reduction equates to \$558,776 in Salaries and Benefits savings.

The Improvement Plan for Operating Margin includes a decrease in Supply Costs equal to \$84,820 and reduction in Other Expense equal to \$27,948. Elimination of one-time order to build initial inventory for Robotics Supply is included in the plan. Reduction in Other Expense relates to elimination of one-time Cybersecurity Consultant Fees.

Total expense reduction from Operating Costs included in the Sustainability Plan equals \$671,544.

Operating Margin baseline prior to September 30th, 2022 Cost Report Journey Entry of \$325,804 was -8.30%. Six-month target is an improvement of 20-40% improvement from -8.30%, which is an improvement of at least 1.66%, for a target range of -6.64% and -4.98%. Our expense-reduction and revenue-generating initiatives exceed this target % of an improved operating margin of -2.78% at 6 months. Twelve-month target is an improvement of 70-90% improvement from -8.30%, which is an improvement of at least 5.81% in operating margin, for a target range of -2.49% and 0.83%. Our initiatives meet this target at a projected goal of 0.19% operating margin at 12 months.

Howard is committed to meet the following targets:

Operating Margin:

- 6-month target – 20-40% improvement from February baseline
- 12-month target – 70-90% improvement from February baseline

Internet Security Basic Controls/Cyber Defense Minimum Standards

Howard's Director of Information Technology reviewed the six Internet Security Basic Controls and eight Cyber Defense Minimum Standards. Howard will work with Legislative Audit to complete an on-site cyber review.

130 Medical Circle
Nashville, AR 71852

William J. Craig, CPA FHFMA CHFP
Chief Financial Officer
870 845 8003

Howard Memorial – Track 2

Benchmark		Initiative	Description	Start Date	Time to Implement	Revenue Impact	Expense Impact	Status	
Days Cash on Hand and Operating Margin		Increase in Swing Bed Inpatient Days	Increase Swing Bed utilization on Patient Care Unit (Medical/Surgical) to over 30% of total patient days	Oct 1		\$16,683/month		Scheduled	
		Surgery Cases	Increase Surgery Cases over prior year	Oct 1		\$134,351/month		Scheduled	
		Anesthesia		Oct 1		\$42,610/month		Scheduled	
		Nuclear Medicine Studies	Increase Nuclear Medicine studies over prior year.	Oct 1		\$11,785/month		Scheduled	
		Wound Care	Increase Wound Care volume over prior year	Oct 1		\$6,367/month		Scheduled	
		Medical Clinic	Increase Medical Clinic Visits over prior year	Oct 1		\$5,254/month		Scheduled	
		<i>Total Monthly Collectible Revenue Pick-Up including 35% OP reimbursement applied to OP business</i>					\$86,922		
	A	<i>Annualized</i>					\$1,043,074		
		FTE Reduction	Reduction in FTE count for the Emergency Department	Oct 1				(\$558,776)	Scheduled
		Reduction in Supply Costs	Robotics Start-Up	Oct 1				(\$84,820)	Scheduled
		Reduction in Other Expense	CyberSecurity Fees	Oct 1				(\$27,948)	Scheduled
	B	<i>Total Reductions in Costs (Annualized)</i>						(\$671,544)	
C	Improvement in Supply Charge Capture					\$45,509			
D	Denial Prevention Efforts (Success Record)					\$512,294			
A + B + C + D	Net Impact					\$2,272,421			

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.9

Agency: DPS - Arkansas Crime Information Center Business Area Code: 0990
 Program Title: Arkansas Crime Information Center IT Upgrade
 Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds
 Effective Date of Authorization: Beginning: 9/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 Arkansas Crime Information Center is requesting \$250,000 to upgrade the message switch platform and hosting services for the mainframe system. This system allows all Arkansas law enforcement officers to perform NCIC and ACIC checks. IT Plan: ACIC/IT Support Cost/Contracted Services

American Rescue Plan Act Program Funding

Func. Area: SFTY Fund Code: NEW Direct Funding: _____
 Funds Center: NEW Internal Order/WBS Element: _____ State: X
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: 590:00:46	250,000
Other:	
Total	\$ 250,000

Anticipated Duration of Federal Funds: 6/30/2025

Gary Zhou 09/01/2023

DFA IGS State Technology Planning Date
 Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: [Signature] 8/31/23
 Cabinet Secretary/Agency Director Date

Robert Brech 9/1/2023
 Office of Budget Date

Office of Personnel Mgmt Date

dy 8/31/2023



COL. MIKE A. HAGAR
Secretary

State of Arkansas
Governor Sarah Huckabee Sanders

DEPARTMENT OF PUBLIC SAFETY

1 State Police Plaza Drive
Little Rock, Arkansas 72209
Office: (501) 618-8235

August 31, 2023

Jim Hudson, Secretary
Department of Finance and Administration
Office of the Secretary
1509 West 7th Street, Suite 401
Little Rock, AR 72203-3278

Dear Secretary Hudson:

The Arkansas Department of Public Safety – Division of Arkansas Crime Information Center is requesting \$250,000 of the American Rescue Plan Act of 2021 (ARPA) to upgrade the message switch platform and hosting services for the mainframe system. This system allows all Arkansas law enforcement officers to perform NCIC and ACIC checks.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mike A. Hagar'.

Colonel Mike A. Hagar
Secretary

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.10

Agency: Arkansas Department of Public Safety - Division of Arkansas State Polic Business Area Code: 0960
 Program Title: Arkansas State Police Construction and Equipment Upgrades
 Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds
 Effective Date of Authorization: Beginning: 9/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 Arkansas State Police needs are to construct barracks at Camp Robinson Training Center, security upgrades for necessary compatibility to system, purchase license plate readers, and upgrade AWIN equipment. IT Plan: ASP/IT Support Cost/Hardware Tab #1 and Tab #2; ASP/Amendments/AWIN Upgrade

American Rescue Plan Act Program Funding

Func. Area: SFTY Fund Code: NEW Direct Funding: _____
 Funds Center: NEW Internal Order/WBS Element: _____ State: X
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: 590:00:46	24,750,000
Other:	
Total	\$ 24,750,000

Anticipated Duration of Federal Funds: 12/31/2026

Gary Zhou 09/01/2023

DFA IGS State Technology Planning Date
 Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: *Robert Brech* 8/31/23
 Cabinet Secretary/Agency Director Date

Robert Brech 9/1/2023
 Office of Budget Date
 dy 8/31/2023

Office of Personnel Mgmt Date



COL. MIKE A. HAGAR
Secretary

State of Arkansas
Governor Sarah Huckabee Sanders

DEPARTMENT OF PUBLIC SAFETY

1 State Police Plaza Drive
Little Rock, Arkansas 72209
Office: (501) 618-8235

August 31, 2023

Jim Hudson, Secretary
Department of Finance and Administration
Office of the Secretary
1509 West 7th Street, Suite 401
Little Rock, AR 72203-3278

Dear Secretary Hudson:

The Arkansas Department of Public Safety – Division of Arkansas State Police is requesting release of a portion of the American Rescue Plan Act of 2021 (ARPA) to address the following requests:

Barracks at Camp Robinson	9,500,000.00	Build Training Barracks at Camp Robinson Training Center
Security System Needs	750,000.00	Security upgrades for necessary compatibility to system
License Plate Readers	500,000.00	Purchase
ASP AWIN Equipment Upgrade	14,000,000.00	Update AWIN Equipment
Total Request	24,750,000.00	

Sincerely,

Colonel Mike A. Hagar
Secretary

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.11

Agency: Arkansas Department of Public Safety Business Area Code: 9913
 Program Title: Arkansas Department of Public Safety Grants
 Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds
 Effective Date of Authorization: Beginning: 9/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 The Arkansas Department of Public Safety is requesting \$4,700,000 of the American Rescue Plan Act of 2021 (ARPA) to grant funds to Black River Technical College's (BRTC) Law Enforcement Training Academy (LETA). These funds will allow BRTC to construct a new sixty student barracks. This would also allow them to increase their class size for the basic training as well as host more advanced classes for local law enforcement.

American Rescue Plan Act Program Funding

Func. Area: SFTY Fund Code: NEW Direct Funding: _____
 Funds Center: NEW Internal Order/WBS Element: _____ State: X
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	4,700,000
Other: 590:00:46	
Other:	
Total	\$ 4,700,000

Anticipated Duration of Federal Funds: 6/30/24

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DFA IGS State Technology Planning Date
 Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

* unclassified positions only

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by:  8/31/23
 Cabinet Secretary/Agency Director Date

Robert Brech 9/1/2023
 Office of Budget Date
 dy 8/31/2023

Office of Personnel Mgmt Date



COL. MIKE A. HAGAR
Secretary

State of Arkansas
Governor Sarah Huckabee Sanders

DEPARTMENT OF PUBLIC SAFETY

1 State Police Plaza Drive
Little Rock, Arkansas 72209
Office: (501) 618-8235

August 31, 2023

Jim Hudson, Secretary
Department of Finance and Administration
Office of the Secretary
1509 West 7th Street, Suite 401
Little Rock, AR 72203-3278

Dear Secretary Hudson:

The Arkansas Department of Public Safety is requesting \$4,700,000 of the American Rescue Plan Act of 2021 (ARPA) to grant funds to Black River Technical College's (BRTC) Law Enforcement Training Academy (LETA). These funds will allow BRTC to construct a new sixty student barracks. This would also allow them to increase their class size for the basic training as well as host more advanced classes for local law enforcement.

Sincerely,

Colonel Mike A. Hagar
Secretary

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.12

Agency: DPS - Division of Commission on Law Enforcement Standards & Trainin Business Area Code: 0950

Program Title: Commission on Law Enforcement Standards & Training Construction and Equipment Upgrades

Granting Organization: American Rescue Plan Act of 2021 CFDA #: State Fiscal Recovery Funds

Effective Date of Authorization: Beginning: 9/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
Commission on Law Enforcement Standards and Training needs are to update current facilities at the Camden and Northwest Arkansas locations, purchase/update AWIN equipment, update training equipment, purchase IT equipment. IT Plan: CLEST/IT Support Costs/Hardware Tab #1

American Rescue Plan Act Program Funding

Func. Area: SFTY Fund Code: NEW Direct Funding: _____
Funds Center: NEW Internal Order/WBS Element: _____ State: X
Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	
Other: 590:00:46	21,805,000
Other:	
Total	\$ 21,805,000

Anticipated Duration of Federal Funds: 12/31/2026

Gary Zhou 09/01/2023

DFA IGS State Technology Planning Date
Items requested for information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.

Positions to be established: (list each position separately)

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comnt Item	Position Title	Class Code	Grade	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: [Signature] 8/31/23
Cabinet Secretary/Agency Director Date

Robert Brech 9/1/2023
Office of Budget Date

Office of Personnel Mgmt Date **58**



COL. MIKE A. HAGAR
Secretary

State of Arkansas
Governor Sarah Huckabee Sanders

DEPARTMENT OF PUBLIC SAFETY

1 State Police Plaza Drive
Little Rock, Arkansas 72209
Office: (501) 618-8235

August 31, 2023

Jim Hudson, Secretary
Department of Finance and Administration
Office of the Secretary
1509 West 7th Street, Suite 401
Little Rock, AR 72203-3278

Dear Secretary Hudson:

The Arkansas Department of Public Safety – Division of Commission on Law Enforcement Standards and Training is requesting release of a portion of the American Rescue Plan Act of 2021 (ARPA) to address the following requests:

Camden Campus	11,961,000.00	Update current facility, last update was in 1969
Northwest Campus	9,409,000.00	Update current facility, last update was in 2002
Shared Needs	435,000.00	Update AWIN equipment, update training equipment, and purchase IT equipment
Total Request	21,805,000.00	

Sincerely,

Colonel Mike A. Hagar
Secretary

**AMERICAN RESCUE PLAN ACT OF 2021 PROGRAM APPROPRIATION
AND PERSONNEL AUTHORIZATION REQUEST
SECTION 36 OF ACT 796 OF 2023**

D.13

Agency: Department of Human Services, Division of Aging, Adult, & Behavioral Health Services Business Area Code: 0710
 Program Title: Expanding the Public Health Workforce within the Aging Network for States

Granting Organization: Department of Health & Human Services Administration for Community Living CFDA #: 93.044

Effective Date of Authorization: Beginning: 7/1/2023 Ending: 6/30/2024

Purpose of Grant / Reason for addition or change (include attachments as necessary to provide thorough information):
 To recruit, hire, and train public health workers to respond to the COVID-19 pandemic and prepare for future public health challenges.

American Rescue Plan Act Program Funding

Func. Area: HHS Fund Code: 999043 Direct Funding: X
 Funds Center: NEW Internal Order/WBS Element: FRP7113 Steering Comm. Approved: _____
 Continuation: _____

	Program Funding Amount
Regular Salaries	
Extra Help	
Personal Services Matching	
Operating Expenses	
Conference & Travel Expenses	
Professional Fees	
Capital Outlay	
Data Processing	
Grants and Aid (CI: 04)	628,878
Other:	
Other:	
Total	\$ 628,878

Anticipated Duration of Federal Funds: 09/30/2024

***FA IGS State Technology Planning Date**
 Items requested for Information technology must be in compliance with Technology Plans as submitted to DFA IGS State Technology Planning.
 * unclassified positions only

Positions to be established: (list each position separately)

Org Unit	Pers Area	Pers SubArea	Cost Center	Position Number	Comit Item	Position Title	Class Code	Grad	Line Item Maximum *

State funds will not be used to replace federal funds when such funds expire, unless appropriated by the General Assembly and authorized by the Governor.

Approved by: *Kristi Putnam*
 Cabinet Secretary/Agency Director Date
 Kristi Putnam Digitally signed by Kristi Putnam Date: 2023.07.14 12:18:49 -0500
 Patient Secretary Date

Robert Brech 08/02/23
 Office of Budget Date
 jmoore 7/17/2023

Office of Personnel Mgt Date

American Rescue Plan Act (ARPA)

Arkansas Plan for Expanding the Public Health Workforce within the Aging Network for States

Arkansas will be using these funds through the Area Agencies on Aging (AAA's) to recruit, hire, and train public health workers to respond to the COVID-19 pandemic and prepare for future public health challenges. These funds will be used to offset costs of hiring a range of public health professionals, including but not limited to social support professionals, community health workers, communication and policy experts and "other positions as may be required to prevent, prepare for, and respond to COVID-19....

Professionals funded through this program will provide a wide range of public health services and supports, including culturally affirmative and linguistically accessible information, assistance with accessing vaccines (including boosters) and connecting to other services, transition and diversion from high-risk congregate settings to community living, health and wellness programs, activities that address social isolation and social determinants of health, and other activities that support the public health and wellbeing of older adults and people with disabilities.

Our plan will be to distribute the funds to the Area Agencies on Aging utilizing the Arkansas Older Americans Act Intrastate funding formula (IFFJ with no administrative cost deducted. Allocated amounts are as follows:

Area Agency on Aging of Northwest Arkansas	1	\$105,630.00
White River Area Agency on Aging	2	\$56,478.00
East Arkansas Area Agency on Aging	3	\$86,911.00
Area Agency on Aging of Southeast Arkansas	4	\$57,763.00
Central Arkansas Area Agency on Aging	5	\$131,421.00
Area Agency of Aging of West Central AR-The Senior Specialist	6	\$71,316.00
Area Agency on Aging of Southwest Arkansas	7	\$63,246.00
Area Agency on Aging of Western Arkansas	8	\$56,113.00
		628,878.00