

MEDICAL POLICY STATEMENT

Arkansas PASSE

Policy Name & Number	Date Effective
Environmental Modification Services-AR PASSE-MM-1556	02/01/2026
Policy Type	
MEDICAL	

Medical Policy Statement prepared by CareSource and its affiliates are derived from literature based on and supported by clinical guidelines, nationally recognized utilization and technology assessment guidelines, other medical management industry standards, and published MCO clinical policy guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.

Medical Policy Statements prepared by CareSource and its affiliates do not ensure an authorization or payment of services. Please refer to the plan contract (often referred to as the Evidence of Coverage) for the service(s) referenced in the Medical Policy Statement. If there is a conflict between the Medical Policy Statement and the plan contract (i.e., Evidence of Coverage), then the plan contract (i.e., Evidence of Coverage) will be the controlling document used to make the determination. According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

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A. Subject

Environmental Modification Services

B. Background

As part of the Arkansas 1915(c) home and community-based waiver, known as the Community and Employment Support Waiver (CES Waiver), environmental modification services can be available to members. Environmental modifications are adaptations to a member's home that are necessary to ensure the health, welfare, and safety of that member or enable the member to function with greater independence and without which, the member would require institutionalization. These services enhance a member's quality of life.

Examples of environmental modifications include the installation of wheelchair ramps, widening doorways, modification of bathroom facilities, installation of specialized electrical and plumbing systems to accommodate medical equipment, installation of sidewalks or pads, and fencing to ensure non-elopement, wandering, or straying of members with decreased mental capacity or aberrant behaviors.

Modifications or repairs to the home for cosmetic purposes, general utility, and not for a specific medical or habilitative benefit will not be covered. Additionally, durable medical equipment (DME) that is covered under the member's medical benefit and that has been previously denied for lack of medical necessity will not be covered. Environmental modification services do not provide coverage for construction costs of room additions that increase the square footage of the home.

CareSource will review all requests for adaptive equipment on a case-by-case basis. Services that are of the same type, duration, and frequency as other services to which the member is entitled under private health insurance, the Medicaid State Plan, Division of Rehabilitation Services or other resources, including programs funded under the Rehabilitation Act of 1973 § 110 or Individuals with Disabilities Education Act are not covered by the PASSE program. These services must be documented to be the payer of last resort and must be medically necessary for the member.

C. Definitions

- **Environmental Modification** – A necessary modification(s) to a member's home that ensures the health, welfare, and safety of that member or that enables the member to function with greater independence, and without which the member would require institutionalization.
- **Person-Centered Service Plan (PCSP)** – A member's total plan of care made in accordance with 42 C.F.R. § 441.301(c)(1), which indicates services necessary for the member, specific member needs, member strengths, and a crisis plan. It is developed by the PASSE member's care coordinator and sets out the CES Waiver services the member will receive.

D. Policy

I. Criteria for Environmental Modification Services

Environmental modification services are Provider managed. Requests are considered “standard” requests for decision-making purposes. To meet Nonmedical Community Supports and Services criteria, **ALL** the following documentation must be provided before the modification can begin:

- A. The member requires an environmental modification for health, welfare, and safety, or without such a modification, the member would require institutionalization.
- B. The modification must be documented on the member’s PCSP and plan of care.
- C. Member’s Care Coordinator determined that there are no additional benefits or community resources that could cover the identified modification.
- D. Assessments demonstrating that the requested service will meet the member’s physical needs and will support the member in carrying out ADLs/IADLs, which cannot be completed safely without an environmental modification. This includes how the modification will increase, maintain, or improve the member’s functional capabilities that would not be possible otherwise.
 1. Assessment will include any assistive devices, therapies, modifications, or other interventions the member has attempted and whether the intervention was successful or unsuccessful.
 2. Depending on the environmental modification being requested, it may necessitate a written order from an actively treating medical professional with knowledge and experience in the functional limitations.
 3. A statement of medical necessity from a licensed medical professional must be documented within the last 6 months and include a signed order for the modification.
- E. Identification of materials, time for project completion and expected outcomes, labor and materials, and assurance of compliance with local building code. Submission documentation must also include and be part of the PCSP:
 1. An original photo of the site where the environmental modification(s) will be done.
 2. A to-scale sketch plan of the proposed environmental modification project.
 3. Any necessary inspections, inspection reports, and permits required by federal, state, and local laws either prior to commencing work or upon completion of each environmental modification to verify that the repair, modification, or installation was completed.
 4. The date(s) of the environmental modification installation.
- F. All environmental modifications must be completed by a licensed, qualified, general, residential, or building contractor in accordance with Arkansas state law, applicable state and local building codes, and the Americans with Disabilities Act (ADA).
 1. Three construction bids must be included if the modification exceeds \$1,000. This may be waived on a case-by-case basis.
 2. Builder grade materials are included in environmental modification services, except where specific materials are identified (eg, special type of toilet,

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shower, bathtub). If a member has stylistic preferences, the member is responsible for the price difference.

3. Environmental modifications require the use of qualified contractors who are licensed and bonded under applicable Arkansas Statutes and work within applicable state and local building codes, in addition to compliance with the ADA. Copies of their licenses and bonding information, if applicable, must be included with the submission request.
- G. Written permission for property modification from property owner must be documented via the *Environmental Modification Monitoring and Waiver Release* form.
- H. Prior to the Authorization submission, the Waiver provider and Care Coordinator will need to collaborate related to the home visit to understand the modification request. The home visit can be the Waiver provider, a Care Coordinator team member, or both.
- I. All invoices, pictures, renderings, and documentation of modification must be visible upon submission. Email submission will be allowed if fax submission reduces the quality of documentation.

II. Homeowner Verification

- A. Proof of home ownership and/or written permission from the homeowner to perform the modification are required to be submitted with the paperwork for a medical necessity determination.
- B. If the member resides in a mobile home park community and the modification includes changes to the exterior of the mobile home, there must be evidence that the changes can be made without prior permission from the community owner.
- C. If permanent fixtures are being installed to a rental property, the property owner must provide written authorization and release of current or future liability.

III. Post-Modification

- A. Upon completion of the modification, the signature of the legal guardian or beneficiary, if no legal guardian is appointed, is required on the *Environmental Modification Monitoring and Waiver Release* form certifying:
 1. The environmental modifications authorized are complete.
 2. The property was left in satisfactory condition.
 3. If applicable, any incidental damages to the property were repaired.
- B. If the modification is being completed in stages or over a period of time, the signature of the legal guardian or beneficiary is required certifying that the modification is progressing satisfactorily according to the PCSP.

IV. Exclusions

- A. Maintenance for regular wear and tear of the modification, including damage caused by provider staff. Once performed, environmental modifications become the responsibility of the homeowner to maintain.
- B. Adding to the square footage of the home or relocating a room to an area in the house where it did not previously exist, such as relocating a bathroom. If a room

would require relocation, the relocation setup is completed by the homeowner at his/her own expense (eg, walls, plumbing, electrical).

- C. Modifications for medical conditions that are temporary in nature, such that the member is expected to return to a prior level of functioning after a predetermined length of time.
- D. Modifications of general utility and/or aesthetic in nature and do not provide a direct medical or habilitative benefit to the member, such as carpeting, central air conditioning, or general maintenance/repair of the home.
- E. Swimming pools and hot tubs.
- F. Items or modifications that are intended to provide a diversional or recreational purpose.
- G. Any alterations or additions for aesthetic purposes. This includes, but is not limited to
 - 1. landscaping
 - 2. ponds
 - 3. paint or flooring in a room/location that is not being directly modified
- H. Residents in a home covered by any federally funded housing assistance program.
- I. Payments for room and board expenses, monthly rental, or mortgage expenses.

E. Conditions of Coverage

Claims for environmental modifications must be submitted by a provider with an active CES Waiver or Children's Support Services Program (CSSP) Medicaid ID. A copy of the environmental modification invoice must also accompany the claim for reimbursement. There is a maximum annual limit of \$12,000 per year, including HCPCS codes K0108 UB, S5160-S5162, S5165.

- A. If the requested equipment and/or modification exceeds the benefit limit, documentation must include evidence of the remaining balance being paid or intent to pay the remaining balance, such as a copy of the paid invoice or a copy of the financing/loan approval.
- B. The primary responsibility of coordinating all aspects of the modification is the responsibility of the provider as part of the administrative processing fee.

F. Related Policies/Rules

Medical Necessity Determinations

Nonmedical Community Supports and Services

Person-Centered Service Plans

Arkansas Dept of Human Services: CES Agency Standards

G. Review/Revision History

	DATE	ACTION
Date Issued	11/08/2023	New policy. Approved at Committee
Date Revised	10/23/2024	Annual review. Approved at Committee
	10/22/2025	Annual review- Added: D.I.E.1-4, D.I.H.-I., D.III.; D.F.1. changed to 3 bids required; E. revised to include max annual limit. Approved at Committee.
	12/17/2025	Review. Added Waiver form to D.I.G. & III.A. Added E.B. Approved at Committee.
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Date Archived		

H. References

1. Community and employment support waiver: AR.0188.R06.01. Effective March 1, 2022. Accessed August 25, 2025. humanservices.arkansas.gov
2. *Provider Manual, II: Home and Community-Based Services for Clients with Intellectual Disabilities and Behavioral Health Needs*. Arkansas Dept of Human Services; 2023. Accessed August 25, 2025. www.humanservices.arkansas.gov

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