*Arkansas received a request for additional information from CMS on August 27, 2021 and has amended the spending narrative and spending plan originally submitted on September 17, 2021. Further, after working with CMS, Arkansas has amended the plan approved on September 29, 2021. This plan was submitted on February 17, 2022.*

ARKANSAS HCBS SPENDING PLAN

**Implementation of the American Rescue Plan Act of 2021, Section 9817**



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# Executive Summary

Arkansas Medicaid provides a range of home and community-based services (HCBS) that will benefit from the American Rescue Plan Act of 2021 (ARPA), Section 9817 increased federal medical assistance percentage (FMAP). Section 9817 provides a unique provision that allows states to apply for enhanced FMAP, with a state general revenue match, for one-time funding to enhance, expand, or strengthen home and community-based services and programs submitted in their proposal. The programs outlined in Arkansas’s proposal span several populations and will benefit our specialty populations of developmentally disabled, aging, physically disabled, and those with functional deficits due to their behavioral health needs.

Arkansas’s proposal complements, expands, and enhances HCBS for all four populations. The enhanced funds will provide us with the opportunity to make substantial investments in our HCBS programs.

Specifically, working with our stakeholder network, we developed this proposal to benefit providers who serve our specialty populations services in the following HCBS programs. Please note that all the services and the providers delivering the program services listed below are contained in Appendix B and will use the funding to enhance, expand and/or strengthen HCBS:

|  |  |
| --- | --- |
| * AR Choices 1915(c) HCBS Waiver * Independent Choices 1915(j) State Plan * Living Choices Assisted Living 1915(c) HCBS Waiver * Community and Employment Supports 1915(c) HCBS Waiver within PASSE * 1915(i) State Plan Behavioral Health Services within PASSE * State Plan Targeted Case Management under AR Choices | * Autism 1915(c) Waiver * Adult Behavioral Health Services for Community Independence 1915(i) State Plan * State Plan personal care services * State Plan home health services * Program for All-Inclusive Care for the Elderly (PACE) * State Plan Private Duty Nursing |

The spending proposal outlines the activities and projects Arkansas intends to implement, the large amount of stakeholder engagement that was conducted in the development of the proposal, and the overall estimated funds attributable to the increase in FMAP that Arkansas anticipates claiming between October 1, 2021, and March 31, 2022. However, Arkansas does intend to utilize these funds through March 31, 2024, as allowed by CMS. Arkansas estimates it will provide approximately $25 million of State General Revenue (SGR) to fund the activities outlined below, for a total budget of approximately $150 million.

The proposal is written in accordance with CMS guidance. Pursuant to that Guidance, Arkansas will meet the following requirements until all state funds equivalent to the amount of federal funds attributable to the increased FMAP are expended:

* Not impose stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;
* Preserve covered HCBS, including the services themselves and the amount, duration, and scope of those services, in effect as of April 1, 2021; and
* Maintain HCBS provider payments at a rate no less than those in place as of April 1, 2021.

Arkansas will maintain all standards, methods, or procedures, including expansion of services and rates that were put in place during the COVID-19 public health emergency through an Appendix K for as long as allowable under the Appendix K authority; however, the ending of Appendix K policies is not considered non-compliance with the requirements outlined above.

The proposal is mindful that these requests will be funded with one-time investment funds. The proposal outlines utilizing the enhanced federal funding for the following categories of expenditures:

* HCBS Workforce Stabilization and Quality Improvement
* Planning for the Future: Enabling Technology
* Expanding and Enhancing HCBS Services
* Administrative Support for distribution and oversight of these funds

# Stakeholder Input and Engagement

Arkansas engaged in a robust dialogue with key stakeholders to provide information, answer questions, and solicit vital feedback on the most impactful and efficient methods of utilizing these funds.

A timeline of the key dates and events follows.

|  |  |
| --- | --- |
| **Date** | **Activity** |
| **May 13, 2021** | CMS released guidance on American Rescue Plan Funding for Medicaid Home and Community Based Services |
| **May 20, 2021** | Arkansas DHS emailed stakeholders from the four specialty populations and included CMS guidance, a highlight of a few major requirements and an invitation to attend a Zoom call |
| **May 25, 2021** | A stakeholder call was held with approximately 50 provider association representatives and advocacy organizations where topics were discussed and categorized for the proposal and three workgroups were formed |
| **June 7, 2021** | State and Workgroup 3 Zoom call |
| **June 11, 2021** | State and Workgroup 1 & 2 Zoom calls  Extension Request for ARPA proposal submitted to CMS; CMS approved |

|  |  |
| --- | --- |
| **June 14 – June 21, 2021** | Stakeholder Committee Meetings and committee proposals drafted |
| **June 21, 2021** | Committee proposals discussed in Workgroups via Zoom |
| **June 22 – July 11, 2021** | Arkansas DHS compiled proposal and developed cost projections |
| **July 12, 2021** | Stakeholders call to review final draft proposal |
| **July 12, 2021** | Proposal submitted to CMS |

Arkansas DHS requested the assistance of provider associations, councils, our university partners, Disability Rights Arkansas, and client advocacy groups, as well as multiple DHS Division Directors and Medicaid providers to develop the proposal. The large group meetings and committees outlined above had representation across all four specialty provider types to ensure that the proposal included projects that benefited all programs listed in the initial executive summary. Arkansas DHS is grateful for the stakeholder’s ideas and their ability to work and collaborate across the aisle with each other for the betterment of all Medicaid clients in HCBS programs not just the ones in their population.

Additional reoccurring stakeholder engagement has continued to occur, as well as continued discussions with CMS:

|  |  |
| --- | --- |
| **Date** | **Activity** |
| September 9, 2021 | Email update on Plan status sent to ARPA Stakeholder group |
| September 20, 2021 | Emailed update to ARPA Stakeholder group that attached the Plan submitted on 9/17/21 and the State Medicaid Director’s letter |
| September 20-28, 2021 | Stakeholder committee meetings held to discuss Plan implementation strategies |
| September 28-October 7, 2021 | Consumer Engagement and Outreach by telephone calls using an ARPA Consumer Survey developed by DHS |
| October 21, 2021 | Emailed update to ARPA Stakeholder group with Committee proposals |
| October 22, 2021 | Zoom meeting with ARPA Stakeholder group for proposal discussion and updates |
| November 2, 2021 | Appendix Ks sent to CMS for review and feedback |
| November 10, 2021 | Disaster SPA sent to CMS for review and feedback |
| November 17-19, 2021 | Committee meetings on Plan implementation |
| November 17, 2021 | Zoom meeting with ARPA Stakeholder group for status update and committee proposal discussions on implementation |
| November 23, 2021 | Zoom meeting with ARPA Stakeholder group for continued implementation discussion |
| December 1, 2021 | Emailed update to ARPA Stakeholder group |
| December 15, 2021 | Technical assistance call with CMS on federal vehicles needed to spend Plan funds |
| January 14-22, 2022 | Release of the Provider Incentive Payment Questionnaire that asked Appendix B providers covered under the Plan to submit expenditure data and unduplicated beneficiary count as well as other needed information |
| January 20, 2022 | Large Zoom held with ARPA Stakeholder group, and all provider types encompassed under the Plan; over 200 participants; power point, attendance list, and Zoom recording posted to the DHS website |
| January 21, 2022 | Technical assistance call with CMS |
| January 25, 2022 | Emailed update to the ARPA Stakeholder Workgroup regarding participation in the Provider Incentive Payment Questionnaire and provided a general status update |
| January 28, 2022 | Technical assistance call with CMS |
| February 10, 2022 | Zoom with ARPA Stakeholder group to discuss categories and pricing caps for Worker Stabilization Payments. Also discussed what the data is showing us; over 100 participants |
| February 11, 2022 | Technical assistance call with CMS |

# Planned Projects and Expenditures

**HCBS WORKFORCE STABILIZATION AND QUALITY IMPROVEMENT**

*Estimated Cost: approximately $112 million*

Across all HCBS service delivery systems, Arkansas, like many States, is struggling to recruit and retain direct care and clinical staff. In addition to recent State minimum wage increases and the general labor workforce shortage, HCBS providers are competing with hospitals, nursing homes, and other employers to maintain staff employed to care for approximately 108,000 clients across all HCBS service programs and waivers listed on page 3.

The stakeholder committees charged with submitting ideas for this category were asked to identify the best use of the increase in FMAP to help HCBS providers recruit and retain staff and strengthen our workforce. The committees proposed recruitment and retention efforts along with additional training opportunities to increase the quality of care to these populations.

**OVERARCHING GOAL**: A comprehensive statewide strategy outlining the HCBS workforce that contains quality levels, as well as more a more stable provider structure with knowledgeable and invested HCBS employees.

The following is the proposal for HCBS Workforce Stabilization and Quality:

* **HCBS Workforce Stabilization and Quality Improvement** – Support the stabilization and enhance the quality of the HCBS by assisting providers with funding to stabilize and strengthen current operations and develop provider-based plans for quality implementation, staff advancement and retention, both short and long term. The funding will be targeted at providers delivering services listed in Appendix B to the specialty populations of developmentally disabled, aging, physically disabled, and those with functional deficits due to their behavioral health needs. The clients in these populations are receiving high levels of care in the community through provider organizations who rely on a fully staffed and trained workforce of non-clinical and clinical staff. The providers listed in this plan, which are Appendix B providers, continue to struggle to hire and retain staff. Proposals will be accepted by Appendix B providers. The proposal template will be developed by Arkansas Medicaid and allow an array of options that providers may request funding to stabilize and strengthen their unique program.

**PLANNING FOR THE FUTURE: ENABLING TECHNOLOGY**

*Estimated Cost: approximately $12 million*

The COVID-19 pandemic has shown us that technology-assisted support and digital health can benefit a large range of Medicaid clients in the community. We also recognize that most technology initiatives begin by purchasing equipment but fail to maximize the effectiveness with appropriate staff, client, and caregiver training or support.

Technology, digital health, and other modifications, in some cases, allows clients to access support without having onsite direct care, which fosters independence in the community while maintaining safety. The allowable activities under this category will not be used for ongoing internet connectivity.

**OVERARCHING GOAL**: Better access to HCBS services that foster independence in the community.

The following is the stakeholder proposal for Planning for the Future: Enabling Technology:

* Funding for Appendix B providers for client consultation, training, and capacity building focused on Enabling Technology and “Tech First” provider distinctions; Appendix B providers in conjunction with their clients may access Enabling Technology devices to support their greatest level of independence while maintaining client safety. This activity is an expansion of our current services in the programs outlined on page 3.

**OVERARCHING GOAL**: Better access to HCBS services that foster independence in the community.

The following is the stakeholder proposal for Planning for the Future: Enabling Technology:

* Funding for Appendix B providers for client consultation, training, and capacity building focused on Enabling Technology and “Tech First” provider distinctions; Appendix B providers in conjunction with their clients may access Enabling Technology devices to support their greatest level of independence while maintaining client safety. This activity is an expansion of our current services in the programs outlined on page 3.

**EXPANDING AND ENHANCING HCBS SERVICES**

*Estimated Cost: approximately $27 million*

To better support successful transitions and expand the current availability of appropriate placements for our most complex clients, we will utilize funding for renovation and infrastructure builds, as well as design a process to streamline faster access to HCBS services when a client is discharging from a more restrictive setting. This enhancement has the capacity to help with all our specialty populations served by Appendix B providers. Whether it be a request for financial assistance with a single residence or renovating vacant larger structures, all approvals will be based upon full compliance with HCBS settings criteria. We have an increased need for crisis or emergent services, therapeutic communities, and community reintegration programs. Allowing funds to be available for renovation or infrastructure building will allow expansion of these much-needed services.

**OVERARCHING GOAL** : Appropriate placement options for complex clients and a streamlined transition process.

The following is the proposal for Expanding and Enhancing HCBS:

* **Funding for renovation and infrastructure build to serve our complex clients**- The stakeholders outlined criteria to apply or qualify for these funds, suggestions will be incorporated into the award/allocation process and include, but are not limited to:
  + Appendix B providers in conjunction with their clients may access funding for environmental and home modifications that exceed the current limits on services or for clients who do not have access to funding for those supports. This activity is an expansion of our current service allowable in the programs outlined on page 3.
  + Appendix B providers may request funding for the purchase, lease, renovation of structures (currently provider/client owned or new) for complex Medicaid beneficiaries transitioning from restrictive settings to home and community-based settings. This activity is an expansion of our current placement options. All approvals must show compliance with HCBS settings criteria.
  + Appendix B providers may request funding for the purchase, lease, renovation of single residences (currently provider/client owned or new) for Medicaid beneficiaries transitioning from restrictive settings to home and community-based settings. This activity is an expansion of our current placement options. All approvals must show compliance with HCBS settings criteria.
  + Appendix B providers may request funding for appropriate furnishing and household needs that are necessary to facilitate a successful transition from a restrictive setting to a home and community-based setting.



