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*Arkansas received a request for additional information from CMS on August 27, 2021, and have amended the spending narrative and spending plan originally submitted on September 17, 2021.*

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# ARKANSAS HCBS SPENDING PLAN

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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
- ✓ 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)

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 April 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: Technology and Education
- 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	Stakeholder 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.

## Planned Projects and Expenditures

### HCBS WORKFORCE STABILIZATION AND QUALITY IMPROVEMENT

*Estimated Cost: approximately \$90 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. In addition to providing funding to Appendix B providers for their workforce, we also plan to strengthen our entire HCBS continuum by developing a comprehensive statewide strategy.

**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.

- **HCBS Workforce Quality and Structure Study** - Procure to conduct a statewide outreach and an in-depth study focused on analyzing the specialty population needs and any future workforce needs that should be cultivated. This study will include a HCBS workforce quality structure, as well as a long term, statewide strategic plan for HCBS.

## PLANNING FOR THE FUTURE: TECHNOLOGY AND EDUCATION

*Estimated Cost: approximately \$21 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.

While these initiatives can be used to safely enhance a HCBS service, the stakeholder discussions on this topic led to a larger discussion about client and caregiver education. Often times, clients and caregivers are not familiar with the array of services available under HCBS. Our target audience will be clients, caregivers and providers and our expected outcome is expansion of services for our clients. We envision highlighting our lesser-utilized HCBS to educate clients and caregivers of options that they are not currently utilizing that may greatly enhance their quality of life. We also envision using the campaign to expand our network of providers in these service categories. Some examples of currently underutilized services include supported employment, supported housing, pre-vocational for the aging, and peer support.

For this reason, the stakeholder committees charged with this section of the proposal were asked to identify the best use of the one-time increase in FMAP to better utilize the proposal's programs and initiatives, as well as other current



HCBS services that should be highlighted to promote greater client independence. They were also charged with drafting a proposal for a HCBS client and caregiver educational campaign focused on making sure our clients know the breadth of HCBS that are available in our State.

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

The following is the stakeholder proposal for Planning for the Future: Technology and Education:

- 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.
- Targeted educational campaign for HCBS as detailed in the narrative above.

### **EXPANDING AND ENHANCING HCBS SERVICES**

*Estimated Cost: approximately \$36 million*

In order 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.

Challenges with transitions occur within all the specialty populations covered by this proposal. Discharge planning is often disconnected or reaches an emergent

status. A successful transition program will assist clients transitioning from or entering a more restrictive setting.

Challenges with appropriate HCBS placements goes hand in hand with a transition program. Any appropriate transition requires an appropriate placement to exist, especially for clients with multiple diagnoses. 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:

- **HCBS Transition Study** - Procure to conduct an in-depth study focused on analyzing the current process for discharge planning, HCBS waiver application process, and develop a streamlined process that allows better and faster access to HCBS when transitioning from a more restrictive setting.
- **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, construction, or 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, construction, or 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.

### ADMINISTRATIVE SUPPORT

*Estimated Cost: approximately \$3 million*

Up to three million will be used to effectively administer, distribute, and audit the funds and programs outlined above.

Below, on page 12, is the estimated funding breakdown by proposal initiative:

**ARKANSAS Section 9817 HCBS ARP Act Enhanced FMAP Plan**

Initiatives	Timeframe for Expenditure	Phase 1:	Phase 2:	Total
		Arkansas State and Federal Share and Funds Attributable to the HCBS FMAP Increase	Arkansas Reinvestment in Additional Medicaid-Covered HCBS	Arkansas Section 9817 HCBS ARPA Plan
		Q3 FFY21 - Q2 FFY22	Q3 FFY 2022-Q2 FFY 2024	Q3 FFY21 - Q2 FFY24
1	HCBS Workforce Stabilization and Quality Improvement	87,000,000	3,000,000	90,000,000
2	Planning for the Future: Technology and Education	16,300,000	4,700,000	21,000,000
3	Expanding and Enhancing HCBS Services	8,950,000	27,400,000	36,350,000
4	Administration to Strengthen HCBS (No enhanced match)	500,000	2,500,000	3,000,000
<b>Total Arkansas HCBS ARPA Expenditures</b>		<b>112,750,000</b>	<b>37,600,000</b>	<b>150,350,000</b>
<b>Financing*</b>				
Total Federal		98,749,375	26,364,050	125,113,425
Total State		14,000,625	11,235,950	25,236,575
<b>Total Arkansas HCBS ARPA Funding</b>		<b>112,750,000</b>	<b>37,600,000</b>	<b>150,350,000</b>

*COMPOSITION OF FINANCING Services (Earning FMAP)		Phase 1	Phase 2	Total
<b>Federal</b>				
Regular FMAP	71.55%	80,314,875.00	25,114,050	105,428,925
FFCRA Enhanced FMAP	6.20%	6,959,500.00	0	6,959,500
HCBS ARPA FMAP	10%	11,225,000	0	11,225,000
<b>State</b>				
HCBS ARPA Special	12.25%	13,750,625.00	0	13,750,625
Regular	28.45%	0	9,985,950	9,985,950
<b>Administration (No enhanced match)</b>				
Federal	50.00%	250,000	1,250,000	1,500,000
State	50.00%	250,000	1,250,000	1,500,000
<b>Total All Sources</b>		<b>112,750,000</b>	<b>37,600,000</b>	<b>150,350,000</b>

ARPA enhanced match earned by March 2022 and reinvestment of an equal or greater amount of state funds by March 2024.

Notes in reference to CMS SMD# 21-003 Letter

- Phase 1 of the Arkansas plan earns enhanced ARAP HCBS match and illustrates data elements in sample "Table 1 State and Federal Share and the Funds Attributable to the HCBS FMAP Increase."
- Phase 2 of the Arkansas plan reinvests state funds and illustrates the requirements outlined in sample "Table 2: Arkansas Reinvestment in Additional Medicaid-Covered HCBS."
- Administrative expense is not claimed at an enhanced matching rate in the Arkansas plan. Per the memorandum, "a state may not claim the increased FMAP for any HCBS expenditures other than those listed in Appendix B." Administration is included in the plan to strengthen HCBS program quality and is included at regular administrative matching rates. Per the memorandum, for administrative expenses not eligible for enhanced FMAP, guidance states that "states could consider using the state funds equivalent to the amount of federal funds attributable to the increased FMAP to support these programs as part of their efforts to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program." The Arkansas plan has selected this option.

