Spending Plan for the Implementation of Section 9817 of the American Rescue Plan Act

Additional support for Medicaid home and community based services during the COVID-19 public health emergency.

July 2021
July 12, 2021

Anne Marie Costello
Acting Deputy Administrator and Director
Center for Medicaid and CHIP Services
7500 Security Blvd.
Baltimore, MD 21244

RE: Minnesota’s HCBS spending plan projection and narrative

Dear Ms. Costello,

Section 9817 of the American Rescue Plan Act provides qualifying states with a temporary 10 percentage point increase of the federal medical assistance percentage (FMAP) on Medicaid expenditures for home and community based services (HCBS). On May 13, 2021, the Centers for Medicare and Medicaid Services issued guidance outlining the services eligible for the enhanced FMAP and detailing state requirements for receiving the additional funds. Participating states must submit an initial spending plan and narrative detailing state investments on activities to enhance, expand, or strengthen HCBS under the Medicaid program.

Minnesota’s spending plan outlines investments authorized by the Legislature that will strengthen and enhance HCBS programs in response to the COVID-19 Public Health Emergency.

Minnesota will provide CMS regular updates detailing implementation activities and updated budget projections through the required quarterly spending plan submissions. Patrick Hultman, Deputy Medicaid Director, will coordinate and submit the state’s quarterly reports. As the State’s Acting Medicaid Director, I attest to the following:

- Minnesota is using the federal funds attributable to the increased Federal Medical Assistance Percentage (FMAP) to supplement and not supplant existing state funds expended for Medicaid HCBS in effect as of April 1, 2021;

- Minnesota is using state funds equivalent to the amount of federal funds to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program;

- Minnesota is not imposing stricter eligibility standards, methodologies, or procedures for HCBS programs and services that were in place on April 1, 2021;
• Minnesota is preserving covered HCBS, including the services themselves and the amount, duration, and scope of those services in effect as of April 1, 2021; and

• Minnesota is maintaining HCBS provider payments at a rate no less than those in place as of April 1, 2021.

We appreciate your ongoing partnership and support.

Sincerely,

Julie Marquardt
Acting Medicaid Director
Minnesota’s Spending Plan for Implementation of Section 9817 of the American Rescue Plan Act

Introduction

Section 9817 of the American Rescue Plan Act provides states with a one-year, 10 percent increase in the federal medical assistance percentage (FMAP) for certain home and community-based services (HCBS) funded under Medicaid. The enhanced FMAP applies to allowable expenditures for services provided between April 1, 2021, and March 31, 2022. States must use state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement the implementation of activities to enhance, expand, and strengthen HCBS under the Medicaid program. These state funds must be expended by March 31, 2024.

Minnesota anticipates an additional $686 million in enhanced FMAP for the HCBS program improvement period between April 1, 2021 and March 31, 2022. The state proposes expending approximately $685 million on eligible Medicaid HCBS and rehabilitative services and a range of activities outside the Medicaid program that enhance, expand, and strengthen HCBS. The table below identifies the estimated state savings attributable to the enhanced federal match and the projected state expenditures on activities detailed in this plan to expand, enhance, or strengthen Medicaid HCBS in Minnesota. The state’s quarterly reports will include detail regarding the remaining $1.3 million in required investments.

<table>
<thead>
<tr>
<th>Enhanced FMAP Funds and Uses (in thousands)</th>
<th>FFY 2021</th>
<th>FFY 2022</th>
<th>FFY 2023</th>
<th>FFY 2024</th>
<th>Total</th>
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<tbody>
<tr>
<td>Projected funds attributable to enhanced FMAP</td>
<td>262,777</td>
<td>423,314</td>
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<td>686,091</td>
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<tr>
<td>Total state investments</td>
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<td>200,916</td>
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<td>Remaining state investments to be allocated</td>
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<td></td>
<td>1,305</td>
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</table>

The proposed activities to enhance, expand, and strengthen Medicaid HCBS are briefly described in this document. Funds identified in the heading for each item represent projected the state expenditures for the period between April 1, 2021 and March 30, 2024. The activities are categorized as follows:

- increasing provider rates to enhance, expand, and strengthen access to HCBS;
- expanding services available under HCBS;
- supporting people receiving HCBS to live in their own homes;
- planning for and implementing reforms to expand, enhance, and strengthen the Medicaid HCBS system; and
- supporting and strengthening the infrastructure for HCBS in Minnesota.
Rate Increases to expand and Strengthen Access to HCBS

Inflationary Increase for Service Rates under the Waiver Rate System (DWRS)
$223.626 million

Effective January 1, 2022, rates for HCBS waiver services that are determined by Minnesota’s DWRS will increase by an average of 9.7 percent. This rate increase applies to residential, day, and unit-based services accessed through the following § 1915(c) waivers:

- Brain Injury (BI)
- Community Alternative Care (CAC)
- Community Access for Disability Inclusion (CADI)
- Developmental Disabilities (DD)

Rate Increase for PCA Services
$150.480 million

Effective October 1, 2021, rates for direct care services provided under PCA (via our state plan and HCBS waivers), Community First Services and Support (CFSS), a forthcoming service to be implemented later this year and our state-funded consumer support grant will increase by 10.1 percent. Effective 10/1/21, budget allotments for self-directed PCA services under our HCBS waivers will increase by 1.58 percent followed by an additional increase of 0.81 percent increase effective 7/1/22. This proposal also includes the following related expenses:

- cost reporting for PCA agencies and ongoing analysis of rates to inform future reforms;
- a study on PCA/CFSS wages for direct care workers and public program utilization;
- training stipends for direct care workers who are members of the statewide Service Employees International Union (SEIU) bargaining unit; and
- administrative costs to implement these provisions.

Rate Increase for Home Health Services
$19.709 million

Effective 1/1/22, rates for home health services and home care nursing services will increase by 5 percent. Effective 1/1/22 and annually thereafter, these rates will also receive an annual inflationary increase (estimated to be between 2.58 and 2.96 percent each year).

Rate Increase for Elderly Waiver (EW), Alternative Care (AC) and Essential Community Supports (ECS)
$14.702 million

The State of Minnesota’s 2019 elderly waiver rate study found significant gaps between existing and recommended rates to ensure timely access to home and community based services for older adults.
Effective 1/1/22, rates for all services (except for home-delivered meals) paid for through EW, AC, and the state-funded ECS programs will increase by an average of 3.15 percent.

**Increased Support for Substance Use Disorder (SUD) Services**

**$7.217 million**

This investment increases payment rates for SUD treatment providers that participate in Minnesota’s § 1115 SUD demonstration waiver and agree to meet nationally recognized, evidence based SUD program standards. Payment rates for participating providers will increase above the current base rates by 25 percent for residential services and 20 percent for outpatient services.

This investment also includes the following:

- enhanced rates for SUD providers that include culturally-specific or culturally responsive programming, disability responsive programming, and programs providing childcare;
- funding to establish a community of practice for SUD providers and service recipients; and,
- administrative funding for training related to culturally and linguistically responsive programming.

**Rate Floor for Customized Living Elderly Waiver**

**$5.115 million**

A designation of a “disproportionate share facility” will be established for any facility that serves a clientele of whom at least 80 percent are Elderly Waiver participants. Effective on July 1, 2022, DHS will establish a rate floor of $119 per day for customized living services at designated facilities and the floor will increase annually.

**Adult Foster Care Residential Crisis Stabilization**

**Total Cost: $57,000**

Effective January 1, 2022, a statewide per diem rate will be established for adult foster care providers who provide residential crisis stabilization services. Payment rates will be calculated using provider cost reports.

**Expanding Home and Community Based Services**

**Expansion of Telehealth Services**

**$21.012 million**

This investment expands the availability and use of telehealth to deliver home and community based services, including the use of audio-only services. Most of the expansion is temporary, with a study on the impact to service access, quality, and fiscal policy due to the state legislature in January 2023 to inform future policy development.
Implementation of Community First Services and Supports (CFSS)
$31.042 million

This investment expands services available under the PCA benefit available under the new 1915(i) and 1915(k) authority. The new PCA benefit called Community First Services and Supports (CFSS) will be available in the fall of 2021 and includes the following additional options and supports:

- a person’s spouse or the parent of a minor may serve as the person’s support worker;
- a person can purchase goods to aid in their independence;
- consultation services can provide education and support in writing a person’s plan;
- the CFSS budget model will allows people to choose to be the employer of their support workers;
- the state will provide a budget that the provider agency or person may use to train workers on the individual needs of the person; and
- allows direct care workers to provide and bill for transportation time.

Budget Cap Adjustments for Elderly Waiver and Alternative Care
$7.539 million

The Elderly Waiver (EW) and Alternative Care (AC) programs have monthly case mix budget caps. This proposal increases budget caps each January, expanding access to more services for people receiving services through the EW and AC programs.

Enhanced Rates in PCA/CFSS and Temporary Paid Parents and Spouses
$2.541 million

This investment modifies the threshold for enhanced payment rates for PCA services program and extends the state’s temporary authority to permit legally responsible persons to provide PCA services. Direct care workers are currently eligible for enhanced rates when providing services to beneficiaries needing 12 or more hours per day of PCA services. This proposal reduces the hourly threshold for enhanced rates to 10 or more hours per day. This proposal also extends the state’s authority for temporarily permitting legally responsible persons to be paid for providing PCA services under our state plan until the expiration of the federal public health emergency.

Implementation of Integrated Community Supports (ICS)
$5.034 million

Integrated Community Supports (ICS) are services available on the CADI and BI waivers that provide support and training to adults who residing in a provider-controlled setting (e.g., apartment in a multi-family housing building). This proposal expands the Integrated Community Supports service by making it available under the Developmental Disabilities (DD) and the Community Alternative Care (CAC) waivers.
Supporting People Receiving HCBS to Live in Their Own Homes

Housing Stabilization Services, Community Living Infrastructure, and Housing Transitional Costs
$32.930 million

This proposal strengthens access to housing stabilization services under our Medical Assistance (MA) program through the following:

- effective January 1, 2022, a temporary MA benefit will be added to fund transitional costs (deposits, furnishings, etc.) for people receiving housing stabilization services under our state plan who do not have other funding sources for these costs;
- state grant funding through the Community Living Infrastructure (CLI) grant program will be provided to counties and tribal nations to integrate housing into their human services work and assist people with disabilities who are homeless or have housing instability to obtain and maintain housing;
- additional CLI funding will be provided for expungement assistance to help people overcome barriers to attain their own housing; and
- administrative funding for the state to support the housing stabilization services provided under MA and the infrastructure related to assessing housing instability for people receiving HCBS.

These investments are available through the HCBS FMAP improvement period.

Support for People Move from Provider-Controlled Settings
$16.354 million

This initiative funds activities to assist people to move from facilities or provider-controlled settings to a home of their own. This proposal will help people to exit Anoka-Metro Regional Treatment Center (AMRTC), community mental health psychiatric units, and Community Behavioral Health Hospitals for people who are on the Forensic Mental Health Program (FMHP) or AMRTC waiting lists. It will also assist people receiving disability waiver services who are living in provider-controlled settings (e.g., corporate foster care and customized living) to move to a home of their own.

Mobile Psychiatric Residential Treatment Families (PRTFs) and Child and Adolescent Behavioral Health Services (CABHS) Transition Unit
$6.875 million

This proposal creates a Mobile Person-Centered Unit to facilitate effective transition of children from Psychiatric Residential Treatment Families (PRTFs) and Child & Adolescent Behavioral Health Services (CABHS). The Department of Human Services will contract with providers to create the transition unit with the following broad functions:

- Family empowerment and participation in transition planning through Family Peer Specialists
• Transition case managers to work with youth’s treatment team and other members of the support network to facilitate development of an outcome-oriented transition plan
• Vocations skills coordinator: focus on hands-on learning while offering opportunity and exposure to a variety of skills within a career-focused environment
• Basic needs coordinator: Connect families with housing, food, and health care

Expanding Respite and Caregiver Capacity
$6.845 million

This proposal increases access to respite care and caregiver supports to help enable older adults to maintain independence in their own homes. Strategies included are as follows:

• grants to respite providers to assist with maintaining and increasing capacity to provide respite care; and
• development of system reform solutions that enhance the system of services available to older adults and their caregivers in Minnesota.

This proposal also includes funding for “Own Your Own Future” research on the use and cost of Medicaid spending on long-term services and supports and the impacts of policy interventions.

Technology for People Receiving HCBS Services
$4.462 million

This proposal provides one-time funding for technology support for people living in their own homes to enhance access to HCBS services and strengthen a person’s ability to live independently and stay connected to the community. This proposal would provide grant funding for technology support to people who are homebound, have low incomes and also lack access to technology resources. Older adults and people with disabilities typically suffered from social isolation prior to the pandemic and it has only worsened as a result. This proposal would pay for technology support for 1,000+ homebound older adults who experience social isolation due to a lack of family/community support, mobility or cognitive limitations and/or because they live in a deep rural area.

Centers for Independent Living HCBS Access Grant
$2.476 million

This investment provides funding to Centers for Independent Living (CILs) to support people with disabilities to live in their own homes and communities by providing accessibility modifications, independent living services, and by facilitating access to public health programs, food support, housing support, and other Medical Assistance home and community-based services.
Joint Initiative—Department of Human Services and Department of Corrections
$410,000

The Joint Departmental Pilot Initiative is a collaboration between the Minnesota Department of Corrections and the Minnesota Department of Human Services to better assist people re-entering the community after release from a correctional facility. Recent data suggest that 76 percent of the people served by the program had a recent diagnosis related to drug and or alcohol dependence, and 70 percent had a mental health diagnosis. This proposal provides funding to work with individuals exiting a Minnesota correctional facility who are identified to be at high risk of recidivism to help ensure that they have access to healthcare and other home and community based services that reduce the risk of recidivism.

Reforms to Expand, Enhance, and Strengthen the Medicaid HCBS Service System

Moving to Independence--Phase Out Use of Subminimum Wage
$15.746 million

This proposal establishes grants to providers of prevocational services to support business planning and other activates to phase out subminimum wage work for people with disabilities and establishes a task force to make recommendations for statewide phase-out of subminimum wages paid by disability service providers. Grants will support disability service providers to shift their business model to one that supports people with disabilities to work in competitive, integrated employment.

Waiver Reimagine
$3.069 million

This proposal transforms the state’s § 1915(c) disability waiver system to promote equitable distribution of resources, program sustainability, and increased choice for Minnesotans with disabilities who use waiver services. Minnesota will consolidate its four disability waivers into two and implement an individual budgeting model. This proposal includes costs for informed choice training, stakeholder engagement, and systems and administrative work needed to complete the reform, with a projected date of waiver consolidation and budget model implementation on 7/1/24.

Individual Portal Investment
$5 million

A key component of Waiver Reimagine, this proposal provides one-time funding to build a portal to enable a person to access their own assessment, service plan, and budget information online. These additional funds will strengthen a person’s access to information needed to direct their own service plan. Implementing these features would add value for the 115,390 Minnesotans who receive publicly funded Long-term Services and Supports (LTSS), in addition to increased efficiencies and usability for counties. LTSS users are older adults and people with disabilities, populations that have been disproportionately impacted by COVID-19.
Parenting with a Disability
$1.102 million

This proposal provides administrative funding to establish recommendations to add parenting duties as part of the PCA benefit for people with disabilities that are parents. It also provides initial program funds to implement the future MA benefit or state-funded grant program.

MA Outpatient and Behavioral Health Services Rates Study
$1.074 million

This proposal provides administrative funding to study all outpatient and behavioral services rates and provide cost-based recommendations for rate reform.

Research on Access to Long-Term Care Services and Financing
$863,000

This proposal provides administrative funding for an actuarial research study of financing reform options for long-term services and supports to increase access to HCBS across the state.

Case Management Redesign
$612,000

This proposal supports activities necessary to establish a statewide rate methodology and service redesign for case management services under sections 1905 (a)(19) and 1915(g) of the Social Security Act. This investment also supports the development of a tribal-specific targeted case management benefit.

Mental Health Uniform Service Standards
$691,000

Regulatory structure and service standards for Minnesota’s mental health care system are complex, confusing and outdated, hampering the state’s ability to regulate services effectively and support providers in delivering high-quality care. This initiative supports the development of common service standards. This work will reduce administrative burdens, refocus the standards on supporting quality and equitable services, and establish a unified licensing framework.

Legislative Task Force on Background Study Standardization
$442,000

This proposal establishes a task force to review background study disqualifications in order to evaluate their effectiveness, strengths and weaknesses, unintended consequences, and other areas for improvement. This proposal seeks to improve the state’s background studies requirements to ensure there are adequate protections for people receiving HCBS while also addressing workforce shortage challenges and disproportionate impacts.
Administrative Funding for HCBS FMAP Package
$442,000

This proposal provides administrative funding necessary to create the state’s initial HCBS FMAP spending plan, support procurement activities and the development of Medicaid authorities, provide financial management and oversight, and coordinate quarterly reporting to CMS including changes to the state’s spending plans.

Regulatory Requirements for SUD Providers
$357,000

This proposal funds a study examining regulatory requirements for SUD treatment providers and oversight of sober housing programs.

Report on Safety Net Services
$277,000

This proposal provides administrative funding to conduct an analysis of state-operated home and community-based services and assess the state’s overall needs going forward for safety net services.

Task Force on Culturally Informed and Culturally Responsive Mental Health
$368,000

This proposal establishes a task force to evaluate and make recommendations on improving the provision of culturally informed and culturally responsive mental health services throughout Minnesota.

PCA Services in Acute Care Hospitals
$182,000

This proposal provides administrative funding to conduct a study and develop recommendations to add PCA services provided in acute care hospitals to the state plan benefit.

Reducing Reliance on Congregate Care Settings for Children
$136,000

This proposal provides administrative funding to conduct an analysis of the utilization and efficacy of current treatment options for children under Minnesota’s Medicaid program and identify systemic obstacles in transitioning children into the community and community-based treatment. This analysis will help identify crucial points during a child’s care where the system missed the opportunity to transition the child to a family-focused, community care model from a congregate setting. Given the advent of Family First Prevention Act, this analysis will aid in setting quality of care standards (beyond licensing) for children’s residential facilities.
Continuity of Care for Students with Behavioral Health and Disability Support Needs
$48,000

This proposal provides administrative funding for collaboration between the Department of Human Services and the Department of Education to identify strategies to streamline access and reimbursement for children with an individualized education plan who are enrolled in MA.

Supporting and Strengthening the Infrastructure for HCBS in Minnesota

Supporting the Capacity of Providers Serving Rural and Underserved Communities
$24.724 million

This proposal establishes a temporary grant program for small provider organizations serving underserved or rural communities with limited provider capacity available. Grants will assist in building organizational capacity to provide home and community-based services in Minnesota and to build new or expanded infrastructure to access Medical Assistance reimbursement. The goal of this proposal is to increase the number and capacity of providers, so that people who receive services have the opportunity to receive services from providers who may have shared histories, languages, cultures and norms. Potential grantees may be current service providers or new businesses seeking to deliver culturally-specific home and community-based services, behavioral health and housing supports to older adults and people with disabilities of any age enrolled in Medicaid. Rural and culturally-specific providers are being stretched and taxed by the realities of the pandemic, including their own experiences with pandemic.

Expanding Mobile Crisis Services
$20.546 million

This proposal strengthens the state’s mobile crisis infrastructure by providing one-time increases to support counties and tribes to staff 24-hour mobile crisis lines and increase capacity to take more calls.

HCBS Workforce Grants
$11.672 million

This proposal provides funds in state fiscal years 2023 and 2024 to combat challenges the state encounters related to attracting and maintaining direct care workers in HCBS services. The state will work with stakeholders to identify strategies to apply the funds, with a final plan for use of the funds to be published by the Department by January 1, 2022. Possible uses of the funds could include stipends, sign-on bonuses, scholarships, achievement awards, etc.
Loan Forgiveness for Health Professionals  
$10.483 million

This proposal provides funding for loan forgiveness for alcohol and drug counselors and mental health professionals serving MA beneficiaries. This proposal seeks to increase access to mental health and SUD services across the state for people on MA.

Grants for Culturally and Linguistically Appropriate Services (CLAS) Standards  
$6.518 million

This proposal provides grants to providers of disability, mental health, and substance use disorder services to implement CLAS standards to increase access to culturally and linguistically appropriate services for HCBS recipients.

Recovery Community Organization (RCO) Grants  
$6 million

This proposal provides grants to RCOs, independent organizations led and governed by representatives of local communities of recovery, to coordinate resources within and outside of the recovery community to increase the frequency and quality of long-term recovery from alcohol and drug addiction.

Adult Mental Health Initiative  
$5.250 million

This proposal provides funding to groups of counties and tribes for regional collaboration to build community-based mental health service infrastructure that responds to the unique needs and circumstances of their community.

Age-Friendly Minnesota  
$3.923 million

This proposal funds up to 100 counties, tribal nations, and/or community organizations to become Age Friendly Communities, with an emphasis on the structures, services and community features necessary to support older residents and address the needs identified in one or more of the World Health Organization’s domains for being age-friendly, including cross collaborative efforts related to:

- coordination of health and social services;
- transportation access;
- safe, affordable places to live;
- reduce social isolation and improve wellness;
- combating ageism and racism against older adults;
- accessibility;
- communication and information technology access; and
- opportunities to stay engaged and economically productive
Process-Mapping for Lead Agencies
$2.898 million

This proposal funds a vendor to conduct business process mapping for lead agencies (counties and tribes) to identify ways to streamline and better serve people with disabilities in their county or tribal nation. Process mapping would examine the lead agency's processes beginning with the MA eligibility process and MnCHOICES assessment through support planning and service authorization. It will also include gathering feedback from people about their experiences with the lead agency in accessing HCBS on Medical Assistance. After assessing and working with the lead agency, the vendor will provide them with individualized recommendations to streamline workflows.

Quality Improvement Grants for Customized Living
$1.754 million

This proposal provides grants to customized living providers serving people on the Elderly Waiver or disability waivers for projects that increase the quality of services.

Inclusive Child Care Access for Children with Disabilities
$745,000

This proposal establishes a grant program for child care providers to expand capacity to serve children with disabilities, including medical complexities, in an inclusive child care setting that serves children with disabilities and children without disabilities in the same setting.

Self-Advocacy Grants for People with Developmental Disabilities
$682,000

This proposal provides funding for a statewide advocacy network for people with intellectual and developmental disabilities.

Minnesota Inclusion Initiative Grant
$412,000

This proposal establishes a grant program for self-advocacy groups of people with intellectual and developmental disabilities to:

- develop and organize projects to increase inclusion;
- improve community integration outcomes;
- educate decision makers and the public; and
- advocate for changes that increase access to formal and informal supports and services necessary for greater inclusion.
Parent-to-Parent Program for Families with Children with Disabilities

$344,000

This proposal provides grants for parent-to-parent peer support for families of children with disabilities or special health care needs.