South Carolina Spending Plan for Implementation of American Rescue Plan Act of 2021, Section 9817

October 2021
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American Rescue Plan Act Enhanced Federal Funding
SCDHHS

Letter from South Carolina Medicaid Director
Oct. 18, 2021

Daniel Tsai
Acting Deputy Administrator and Director
Center for Medicaid and CHIP Services (CMCS)
7500 Security Blvd.
Baltimore, MD 21244

Dear Deputy Administrator and Director Tsai,

The South Carolina Department of Health and Human Services (SCDHHS) submits South Carolina's quarterly spending plan and narrative that describes SCDHHS' use of the funding available under Section 9817 of the American Rescue Plan Act (ARPA). This plan outlines key spending priorities that will enhance and strengthen home and community-based services (HCBS) and support state COVID-19-related HCBS needs. SCDHHS reaffirms the following assurances:

- The state 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.
- The state is using the state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program.
- The state is not imposing stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021.
- The state is preserving covered HCBS, including the services themselves and the amount, duration, and scope of those services, that were in effect as of April 1, 2021.
- The state is maintaining HCBS provider payments at a rate no less than those in place as of April 1, 2021.

The designated SCDHHS contact for future communications and questions is listed below:
Margaret Alewine, Director of Community Options, Office of Health Programs
Margaret.Alewine@scdhhs.gov
American Rescue Plan Act Enhanced Federal Funding
SCDHHS

Please also copy the following SCDHHS staff:
Eunice Medina, Chief of Staff
Eunice.Medina@scdhhs.gov

Sincerely,

Robert M. Kerr Director
Executive Summary

South Carolina currently provides Medicaid HCBS through eight waiver programs authorized under section 1915(c) of the Social Security Act. The proposed spending plan outlines an investment framework to enhance, strengthen and improve HCBS through targeted activities in three primary focus areas. Focus areas include:

- Activities to support recruitment and retention of a robust provider network
- Enhancements to HCBS services and improved access to waiver services
- Quality and infrastructure improvements

The spending plan implements an investment framework designed to support COVID-19-related HCBS needs and activities designed to make sustainable improvements that will enhance and strengthen the state's Medicaid HCBS. These activities augment ongoing HCBS initiatives through a balanced approach of one-time and time-limited funding.

South Carolina's current HCBS waiver programs include:

<table>
<thead>
<tr>
<th>Waiver</th>
<th>Population Served</th>
<th>level of Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Choices</td>
<td>Elderly and Individuals with physical disabilities.</td>
<td>Nursing Facility</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>6 years and older with a diagnosis of AIDS or HIV positive and episodes of specific related conditions</td>
<td>Hospital</td>
</tr>
<tr>
<td>Mechanical Ventilator Dependent</td>
<td>Serves Individuals who require mechanical ventilation</td>
<td>Nursing Facility</td>
</tr>
<tr>
<td>Medically Complex Children</td>
<td>Children up to age 18 with chronic physical/health condition that is expected to last at least twelve months</td>
<td>Hospital</td>
</tr>
<tr>
<td>Head and Spinal Cord Injury</td>
<td>Individuals up to age 65 that meet diagnostic criteria (traumatic brain injury, spinal cord injury, or similar disability)</td>
<td>Nursing Facility or ICF-11D</td>
</tr>
<tr>
<td>Intellectual Disability/Related Disabilities (ID/RD)</td>
<td>Individuals with ID/RD</td>
<td>ICF-11D</td>
</tr>
<tr>
<td>Community Supports</td>
<td>Individuals with ID/RD</td>
<td>ICF-11D</td>
</tr>
<tr>
<td>Palmetto Coordinated System of Care</td>
<td>Youth with significant behavioral health challenges</td>
<td>Hospital</td>
</tr>
</tbody>
</table>

ICF-11D = Intermediate care facility for Individuals with intellectual disability
SCDHHS also provides transition coordination through Home Again, the state's Money Follows the Person demonstration program. Additional programs that are available through South Carolina's Healthy Connections Medicaid program include the Program of All-Inclusive Care for the Elderly (PACE), home health services, and rehabilitative behavioral health services.
American Rescue Plan Act Enhanced Federal Funding
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Updates
South Carolina's initial plan was submitted on July 12, 2021, and received partial approval on Aug. 11, 2021. The agency is working to receive full approval of the initial spending plan and provided additional clarification in response to feedback from CMS on Oct. 6, 2021. Below are updates on each of the three focus areas:

Activities to Support Recruitment and Retention of a Robust Provider Network
South Carolina did not include rate increases in the initial spending plan. Ongoing stakeholder engagement with providers and associations has included discussions about rate increases for various services offered through the 1915(c) waivers. As a result, South Carolina is requesting the addition of rate increases to the state’s spending plan. Use of the ARP enhanced funding to provide rate increases for HCBS services will support provider access in the near- and long-term future.

SCDHHSS is currently completing analysis and rebalancing of rates paid through some of the 1915(c) waivers. It is expected that rates for services will be increased consistently across waivers as appropriate. Some rates have been updated based on recurring funding received in the state’s fiscal year (SFY) 2022 budget for select HCB services. Additional appropriation has been requested in the upcoming SFY 2023 budget for HCB services. Immediate assistance is needed to prevent provider closures and to maintain an adequate provider network.

The agency is in communication with CMS to gather all pertinent information to move forward with a new round of retainer payments to HCBS providers. Information has been received about a training program for direct care HCBS workers and is currently being reviewed by the state.

Enhancements to HCBS and Improved Access to Waiver Services
The state is seeking CMS approval for adding new and enhanced services to some of its 1915c waivers, which will be effective Jan. 1, 2021, or upon CMS approval. SCDHHSS has also taken the following action to address or prevent waiting lists for HCBS:

- Anticipated use of Section 9817 funding to lower waiting lists for South Carolina Department of Disabilities and Special Needs (SCDDSN)-operated HCBS waivers, as has been requested in SCDDSN’s SFY 2023 budget request.
- A projected increase in unduplicated count for the Community Choices waiver has been incorporated into the waiver renewal application
Systems work

SCDHHS issued a Request for Information (RFI) regarding developing a new incident management system. The RFI closed on Sept. 30, 2021, and the agency is currently reviewing responses. SCDHHS continues to conduct market research, including a demonstration of case management systems that include incident management and integration with Medicaid Management Information System data.

SCDHHS will continue to work in coordination with partner agencies and stakeholders to implement the planned activities according to a projected implementation timeline. Future quarterly spending plans will update the implementation schedule and slate of activities with additional information on impact and outcomes.
**Spending Plan Projection**
Through the ARPA, the state will receive an additional 10% in federal match for HCBS services from April 1, 2021, through March 31, 2022. The additional match will result in a projected approximately $80 million that must be invested back into HCBS through March 2024.

**Initial Spending Plan Narrative**
The identified activities are designed to enhance ongoing HCBS initiatives through an investment framework that maximizes the increased federal funding while ensuring a sustainable financial investment beyond the limited funding period. Assessment of the activities that support SCDHHS' three primary focus areas includes calculation of the non-federal funding share and sustainability requirements necessary to maintain the level of services for ongoing enhancements.

**Activities to Support Recruitment and Retention of a Robust Provider Network**
*Projected State Allocation Through March 2024: $35 million*

The agency's ongoing evaluation of HCBS demonstrates that additional support is necessary to maintain an adequate provider network. SCDHHS has also identified opportunities to address COVID-19-related concerns during the current public health emergency. These opportunities to provide support for providers and their workforce are outlined below.

Activities to support recruitment and retention of a robust provider network are focused on the following types of providers delivering services that are listed in Appendix B of the State Medicaid Director Letter #21-003: personal care services, private duty nursing, and providers of waiver services under Section 1915(c) waiver authority. ARP funds will only be used when the private duty nursing service is provided in a beneficiary’s own home.

**Workforce Support & Training**
Based on the results of analysis performed by the agency, the state will consider additional ways of supporting the HCBS provider workforce through one or more of the following:

- Signing bonuses and retention payments for direct service professionals and nursing staff;
- Retainer payments for providers;
- Training and certifications; and,
- Strengthening assessments and person-centered training
Specialized Payments
SCDHHS is considering ways to incorporate a method(s) to provide hazard pay and shift differential pay for direct support professionals and home care workers. The agency will work with providers to develop an appropriate payment method that ensures the additional funds are passed down to the HCBS workforce. The state will also add funding for providers to make physical, operational, or other changes to safely deliver services during the public health emergency.

Enhancements to HCBS and Improved Access to Waiver Services
Projected State Allocation Through March 2024: $35 million

To increase access to care for South Carolinians in need, the state will dedicate additional funding to increase the number of slots available through its HCBS programs based on current needs and capacity. Increasing the number of funded waiver slots will reduce current waiting lists for the Intellectually Disability and Related Disability (ID/RD), Head and Spinal Cord Injury (HASCI) and Community Supports waivers and reduce the potential for future waiting lists in community long-term care waivers. Additionally, SCDHHS will provide funding for time-limited supplies and equipment to enhance access to services and protect the health and well-being of home care workers and direct support professionals. The use of ARPA Section 9817 funding to reduce current waiting lists is limited to the services listed in Appendix B or that could be listed in Appendix B of the State Medicaid Director Letter #21-003. All of the referenced waivers are established under Section 1915(c) waiver authority.

To enhance the services provided to Healthy Connections Medicaid members who are enrolled in an HCBS program, the state will also invest in enhancing the services available to waiver participants. This will include providing new services through the state’s HCBS waiver programs and enhancing existing services. The state’s proposed spending plan includes:

- Increasing the allowable amount of waiver case management services provided through the ID/RD, Community Supports and HASCI waivers. Increasing this limit will address COVID-19-related concerns and support quality improvement through an increased focus on the health and welfare of participants.
- Increasing the rate for home accessibility adaptions to help offset the increase in material costs and increasing lifetime service limits for environmental modifications provided through the ID/RD waiver.
• Adding environmental modification services to the Medically Complex Children waiver.

• Adding independent living skills training as a service for the ID/RD, Community Supports and HASCI waivers. The state intends for these services to be delivered individually for participants who prefer to receive skills training outside of day activity facilities.

• Extending the use of supportive technology for at-home participants, including through the upcoming renewal of the ID/RD waiver. If supportive technology requires internet connectivity that is not otherwise available, time-limited funding to cover startup costs for internet connectivity may be allocated. The activity to extend use of supportive technology for at-home participants supplements existing HCBS in place as of April 1, 2021. This will add options for remote supports to enhance existing services under specialized medical equipment, supplies and assistive technology.

• Adding in-home supports services to the ID/RD waiver through its upcoming renewal. This service was added on a temporary basis during the COVID-19 public health emergency through SCDHHS’ Appendix K amendment to provide an additional self-directed service option.

• Supporting family caregivers by temporarily providing supplies such as personal protective equipment that are not typically covered under the Medicaid program.

• Additional support through community transition services to facilitate Individuals transitioning from institutional or other provider-operated congregate living arrangements to community-based living arrangements.

  o Community transition services are currently made available through the Home Again program (Money Follows the Person grant) for Individuals residing in a skilled nursing facility or hospital. Transitions include enrollment in a 1915(c) HCBS waiver program and the Home Again program provides additional services (transition coordination and expanded goods and services). Building capacity for community transition services would include services listed in Appendix B and would apply to waivers that currently receive transitioning participants (Community Choices, HIV/AIDS, Mechanical Ventilator Dependent and HASCI waivers) and may also extend to the ID/RD waiver to address transitions from Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF-IID) settings. Specific services include transition coordination, expanded goods and services, and 1915(c) waiver services as determined by the person-centered planning process. Room and board costs are not included.
Increasing the state’s provider capacity by using time-limited funding to provide funding for providers and their workforce to pursue additional education and certification opportunities. This effort would largely mirror the model the state has used to incentivize certification for other provider types. This activity is focused on HCBS providers delivering services that are listed in Appendix B.

- Supporting innovation and use of technology to improve access to care by allocating time-limited funding to cover providers’ and beneficiaries’ telehealth startup costs. These costs may include time-limited funding for internet connectivity.

**Quality and Infrastructure Improvements**

*Projected State Allocation through March 2024: $10 million*

To enhance access and quality of care, SCDHHS will invest in needed infrastructure improvements and sustainable quality initiatives. Through its proposed spending plan, SCDHHS will dedicate additional funding to enhance the implementation of its quality improvement strategy. The agency will also invest in program infrastructure needs including upgrading the state’s HCBS incident management system(s) and evaluating the need for updates to its case management system(s). This will allow the state to build capacity for cross-system data integration to detect unreported incidents of abuse, neglect and exploitation. The state will also further enhance its provider training support through pursuing an electronic training platform for HCBS providers that will increase access to provider training resources.

**Stakeholder Input**

SCDHHS engaged a variety of stakeholders for input during the initial planning phase while developing its spending plan. Given the condensed timeframe for completion of an initial spending plan, SCDHHS intends to continue engagement as quarterly updates to the initial spending plan are prepared and strategies are deployed.

Input from provider associations, individual providers, families, partner agencies and councils, advisory committees and participants helped to inform this initial spending plan. A summary of the feedback received from these partner meetings, listening sessions and written comments is provided below.
Summary of Stakeholder Feedback

- Difficulty hiring and retaining staff, particularly direct support professionals and nursing staff
- Impact of COVID-19 on delivery of services, providers, participants and family caregivers
- Evaluate specialized payments to address impact
- Evaluation of service rates
- Exploring use of technology, telehealth and non-traditional approaches to services
- Transitioning Individuals into community settings
- Waiting list reduction
- Provider training and supports
- Caregiver supports and training
- Enhancing services such as environmental modifications
- Investing in quality improvement activities, such as updating systems for incident management and reporting, and enhancing monitoring activities
- Balancing funding among day, residential and home care services
- Actively expand the direct care workforce and increase provider capacity
- Incentive payments and retention bonuses
- Building partnerships with housing authorities to support community transitions
- Review of policies and temporary flexibilities put into place during the public health emergency to consider continuation

Sustainability of Enhanced HCBS Initiatives

SCDHHS has designed this initial spending plan to balance time-limited and one-time funding as well as longer term activities already in planning stages to enhance and strengthen the state’s HCBS programs. Using this balanced approach to develop the state’s HCBS spending plan has allowed SCDHHS to identify initiatives that are sustainable and support the agency’s overall HCBS strategy.
## Appendix

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<tr>
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<th>FFY 22 Q1</th>
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<td>Jul - Sep 21</td>
<td>Oct- Dec 21</td>
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