November 1, 2021

Jennifer Bowdoin
Director, Division of Community Systems Transformation
Center for Medicare and Medicaid Services
7500 Security Boulevard
Mail Stop S2-26-12
Baltimore Maryland 21244-1850

Re: Wisconsin’s ARPA HCBS Quarterly Narrative and Spending Plan

Per the requirements outlined in the State Medicaid Director letter 21-003, in order to be compliant to receive enhanced federal matching funds to support Medicaid home and community based services (HCBS) as outlined under Section 9817 of the American Rescue Plan Act of 2021 (ARPA), Wisconsin is required to submit a quarterly narrative and spending plan. Wisconsin submitted our initial narrative and narrative on June 24, 2021. On September 3, 2021 Wisconsin received conditional approval of our ARPA HCBS plan. This is Wisconsin’s first quarterly report submission. This plan will provide information to date regarding stakeholder engagement, status of the plans implementation, concerns and current issues, the current spending plan, and the required attestations.

**Stakeholder Engagement**
Since the plan was developed, stakeholder engagement has mainly focused on briefing
stakeholders on the final contents of the plan and listening to their reactions and input. The approved plan has been shared with the Wisconsin Long Term Care Council, Children’s Long Term Supports Council, The IRIS Advisory Committee, Tribal Long Term Care Leaders, and the Wisconsin County Association Long Term Care Policy Advisory Committee. It has also been presented at the Disability Services Provider Network Conference, and discussed with many interested provider and advocacy associations. While some initiatives in the plan are high level and need much more engagement to establish the details, feedback has been very positive and stakeholders welcome and appreciate the opportunity to invest in many improvements to enhance, expand, and strengthen HCBS under the Medicaid program. The Department will continue to utilize various Councils and meetings to provide updates and to seek input as the projects are developed. Specific stakeholder workgroups will be convened as necessary to seek feedback and input.

**Status of Plan Implementation**

The Wisconsin Department of Health Services Division of Medicaid Services (DMS) has been established as the lead for managing the implementation of the plan. Over the past few months, DMS has engaged in the development of the internal infrastructure to support the work associated with the ARPA HCBS projects. We have hired a project management resource to manage the project portfolio. The various projects in the plan were categorized into nine strategic initiatives. The following outlines the strategic initiatives and the affiliated projects.

**Initiative 1: Medicaid HCBS Rate Reform**
- 5% rate increase for all qualifying HCBS services; development of a statewide HCBS rate schedule; rate implementation smoothing

**Initiative 2: Direct Care Workforce (DCW) Reform and Analysis**
- DCW credentialing and training, progressive Medicaid rates supporting a career ladder incentivizing professional HCBS credentialing; staff stability survey, DCW registry

**Initiative 3: Grants to enhance, expand, or strengthen HCBS under the Medicaid program**
- Grant implementation team; grant dissemination review/award committee

**Initiative 4: Tribal Long Term Care System Enhancements**
- System development; Aging and Disability Resources Specialists for Wisconsin Tribes

**Initiative 5: Independent Living Pilot**
- Independent living supports pilot program supporting older adults at risk of entering
Medicaid long-term care maintain independent living within their home and community as long as possible; unpaid caregiver assessment, training and resources

**Initiative 6: Virtual Aging and Disability Resource Center (ADRC) and ADRC Outreach and Education**
- Virtual Aging and Disability Resource Platform; ADRC Outreach and Education

**Initiative 7: Access for Children**
- Resource Center for families of children with disabilities

**Initiative 8: Assisted Living Reporting, Member Assessment and Certification**
- Assisted Living Reporting Tool/ Survey; Member Assessment; 1-2 Bed Adult Family Home Certification

**Initiative 9: Adult and Child Protective Services Enhancements**
- Protective Services Improvements and Coordination

For each initiative project workgroup teams are being established to further develop and implement each initiative. These teams include Division of Medicaid Services staff as well as staff from the Department of Health Services Division of Public Health and Division of Quality Assurance.

The Department has prioritized implementation of a portion of Initiative 1, the Medicaid HCBS Rate Reform strategic initiative. Specifically, the 5% rate increase for Medicaid home and community based services is scheduled for implementation effective January 1, 2022. The team assigned to this strategic initiative is currently in the process of identifying which services are eligible for the rate increase and analyzing the associated fiscal impact. Based on Wisconsin law, it is anticipated that this proposal will require passive approval from the Wisconsin Legislature’s Joint Committee on Finance prior to implementation.

**Concerns and Current Issues**
The following concerns and current issues have been identified regarding the implementation of Wisconsin’s ARPA HCBS plan:

1) **CONCERN: CMS Requirements for Claiming the 10% enhanced FMAP for HCBS Services**
   The CMS guidance for claiming the enhanced FMAP is requiring adjustments be made at an
individual claim and capitation level to claim the enhanced 10% FMAP. While states have two years from the first date of payment to make the adjustments, this requirement creates significant issues for states. In order to meet current CMS requirements to claim the 10% FMAP, the state will need 15-18 months to implement system changes. This work will take resources away from other important projects and due to the temporary nature of the increase, the state will then have to reverse the changes when the increase goes away in March 2024. We would like to work with our CMS colleagues to develop a plan for tracking and claiming the enhanced 10% FMAP that meets their needs and can be completed in a much simpler fashion. We will be submitting a separate letter to CMS requesting a meeting to discuss the details of the concerns we have with the financial claiming and reporting requirements.

2) **CURRENT ISSUE: Competing Priorities for Staff and Subject Matter Experts**

While state staff and stakeholders appreciate the opportunities afforded by this funding and the ability to improve and enhanced the HCBS system, there are currently many demands on state staff and subject matter experts. While this funding allows the State flexibility to fund additional administrative resources, it is difficult to bring in individuals that are knowledgeable of the state HCBS programs and policies and have deep knowledge of the needs of individuals who rely on Medicaid HCBS services. Existing staff already have many demands on their time and resources. In addition to maintaining current program requirements and program oversight, the same staff have been highly engaged in responding to issues related to the COVID-19 pandemic’s impact on HCBS, and are also leading the implementation of other CMS requirements, such as implementation of electronic visit verification, implementation of the home and community based settings rule, and other competing regulations.

**Spending Plan**

Wisconsin has not yet claimed enhanced funding under this initiative at this time and the current spending plan projections have not changed since the conditionally approved initial narrative and spending plan. As previously noted and as expected, due to the need to further develop many of the initiatives, spending amounts for many of the initiatives are projections and will need to be refined once more information around program design is developed.
### Wisconsin ARPA HCBS Spending Plan

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FFMAP</td>
<td>Additional FED</td>
<td>All Funds</td>
<td>FFMAP</td>
</tr>
<tr>
<td>1. Medicaid HCBS, Workforce, Provider Capacity, and Fiscal Stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2% Across the Board Rate Increase</td>
<td>$12,610,330</td>
<td>$3,298,096</td>
<td>$15,908,426</td>
<td>$3,298,096</td>
</tr>
<tr>
<td>Medicaid Long Term Care Rate Schedule Implementations</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Target Medicaid Payment Rates for Medicaid Personal Care and Supportive Home Care</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Professional Staffing Excess</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>2. Promotive Quality &amp; Impact, Resources Enhancing Medicaid HCBS Services</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>3. Tribal Long Term Care System</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total PREG</td>
<td>$834,340</td>
<td>N/A</td>
<td>$834,340</td>
<td>N/A</td>
</tr>
<tr>
<td>Tribal LTC Enhancements</td>
<td>$50,156,250</td>
<td>$50,156,250</td>
<td>$50,156,250</td>
<td>$50,156,250</td>
</tr>
<tr>
<td>5. Access to HCBS Information and Services</td>
<td>$3,780,000</td>
<td>$1,152,900</td>
<td>$4,932,900</td>
<td>$1,152,900</td>
</tr>
<tr>
<td>6. Assisted Living Information, Analysis, and Quality Oversight</td>
<td>$208,000</td>
<td></td>
<td>$208,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$19,654,340</td>
<td>$25,067,379</td>
<td>$45,450,895</td>
<td>$38,317,379</td>
</tr>
</tbody>
</table>

### Attestation requirement:

As required in the guidance by signing this letter I am attesting that:

- The state is using the federal funds attributable to the increased 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, in effect as of April 1, 2021; and
- The state is maintaining HCBS provider payments at a rate no less than those in place as of April 1, 2021.

Please let us know if you need any further information or have any questions in regards to this quarterly spending plan and narrative.

Sincerely,

Jim Jones
Medicaid Director

cc: HCBSincreasedFMAP@cms.hhs.gov
Curtis Cunningham, Assistant Administrator, Benefits and Services Delivery
Krista Willing, Assistant Administrator, Systems Fiscal and Operations
Susan Recob, WI ARPA HCBS Project Manager