

Michigan Home and Community Based Services (HCBS) Spending Plan- Q1 FY 2024 Update 2

American Rescue Plan Act (ARPA) Enhanced Federal Funding
Michigan Department of Health and Human Services

July 2023/ November 2023

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Updated HCBS Spending Plan Projection

MDHHS is aligning its federal draw with the state appropriations for reinvestment, totaling an anticipated \$189,695,500 in additional federal funding because of the FMAP engagement between April 1, 2021 and March 31, 2022. Table 1 below details spending on eligible HCBS services across programs. The expenditures reflected represent the actual spend for Fiscal Year 2021 Quarters 3 & 4 and partial Fiscal Year 2022 Quarter 1. Current and anticipated expenditures for the plan are in Table 2.

TABLE 1. HCBS Expenditures and Additional Federal Funding

| Program | FY2021 Quarter 3 | FY2021 Quarter 4 | FY2022 Quarter 1 | FY2022 Quarter 2 | Total Expenditures | Enhanced Federal Match (10%)** |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|--------------------------------------|
| MI-Choice | \$107,253,444 | \$102,927,467 | \$96,909,089 | | \$307,090,000 | \$30,709,000 |
| Home Health* | \$329,135 | \$286,585 | \$159,280 | | \$775,000 | \$77,500 |
| Adult Home Help and Personal Care* | \$112,710,548 | \$115,355,629 | \$108,791,823 | | \$336,858,000 | \$33,685,800 |
| MI Health Link | \$43,996,164 | \$42,180,472 | \$38,353,364 | | \$124,530,000 | \$12,453,000 |
| Behavioral Health 1915i Costs* | \$251,871,772 | \$250,454,653 | \$220,000,000 | | \$722,326,425 | \$72,232,642 |
| Other Behavioral Health Waivers** | \$147,614,660 | \$145,901,780 | \$111,859,135 | | \$405,375,575 | \$40,537,558 |
| Total | \$663,775,723 | \$657,106,586 | \$576,072,691 | | \$1,896,955,000 | \$189,695,500 |

Notes:

MI-Choice: Eligible expenditures estimated using cash expenses in SIGMA 4/1 - 3/31 + \$32M tied to DCW.

Home Health: Eligible expenditures estimated using line 11 Home Health reported on the CMS-64.

Personal Care: Amounts taken from CMS-64 line 23A.

MI Health Link: Eligible expenses estimated using T2 (Waiver) and T3 (AHH, Community Well) categories.

BH Waivers: Amounts taken from CMS-64 line 19A. FY21 Q4 spike due to prior period activity.

BH 1915(i) Waiver: Eligible expenditures estimated using cash expenses in SIGMA 4/1 - 3/31.

*Amounts from CMS-64.

**Other behavioral health waivers are the Waiver for Children with Serious Emotional Disturbances, Children's Waiver Program, and Habilitation Supports Waiver.

*** Anticipated federal draw now aligns with state appropriations for reinvestment.

Table 2. Project and actual spending amounts by proposal by quarter

| Proposal | FY23 Q2 Actual | FY23 Q3 Actual | FY23 Q4 Anticipated ¹ | FY23 Q4 Actual | FY24 Q1 Anticipated ¹ | FY24 Q1 Actual | State Total | Federal Total | Total Actual Expenditures |
|----------------------------------------------------------------------|----------------|----------------|----------------------------------|----------------|----------------------------------|----------------|-------------|---------------|---------------------------|
| 1.1 Presumptive Eligibility | \$2,082.00 | \$1,751.41 | \$10,000 | \$0 | \$10,000 | \$0 | \$3,833.41 | \$0 | \$3,833.41 |
| 1.2 Respite Services for Home Help | \$0 | \$0 | TBD | \$0 | TBD | \$0 | \$0 | \$0 | \$0 |
| 1.3 Eligibility Expansion | \$0 | \$0 | TBD | \$0 | TBD | \$0 | \$0 | \$0 | \$0 |
| 1.4 Information & Education Campaign and Options Counseling | \$0 | \$0 | TBD | \$0 | TBD | \$0 | \$0 | \$0 | \$0 |
| 2.1 DCW Training, Credentialing, Recruitment, Support, and Retention | \$0 | \$0 | TBD | \$0 | TBD | \$0 | \$0 | \$0 | \$0 |
| 2.2 Supported Employment | \$0 | \$0 | TBD | \$0 | TBD | \$0 | \$0 | \$0 | \$0 |
| 3.1 PACE Center Fund | \$0 | \$0 | TBD | \$0 | TBD | \$0 | \$0 | \$0 | \$0 |
| Total | \$2,082.00 | \$0 | \$10,000 | \$0 | \$10,000 | \$0 | \$3,833.41 | \$0 | \$3,833.41 |

1. Michigan is working on project planning and development in anticipation of the Governor’s signature on the legislature’s approval; however, until the Governor has signed the budget, Michigan is unable to expend funding, apart from Proposal 1.1, Presumptive Eligibility. Michigan is currently awaiting the Governor’s signature on the budget. Updated information can be provided once Michigan receives approval for the proposals.

HCBS Spending Plan Narrative- 4Q FY 2023 Update

Michigan has been working with ADvancing States on the following proposals: Proposal 1.3: Eligibility expansion SMD #21-004 and Proposal 1.4: Multi-faceted Long-Term Care Information and Education Campaign and Independent Options/Choice Counseling System. Michigan has been working with the technical assistance team to identify potential options for the expanding eligibility proposal and was selected to present at the HCBS conference. Additionally, Michigan has been working with their state budget office to receive legislative approval to move forward with the implementation of its HCBS ARPA plan. The legislature has passed the budget, including a plan for the proposals, and it is awaiting the Governor’s signature. It is anticipated the Governor will sign the budget soon. Proposals cannot move forward until the budget is signed. Other updates on the plan include:

Pillar 1—Expanded and consistent uniform access to services

Proposal 1.1: MI Choice Waiver Program Presumptive Eligibility Risk Pool

Proposal 1.1 Update: In February 2022, Public Act 9 of 2022 was signed into Michigan law. This Public Act appropriated \$5 million in HCBS ARPA funding for the establishment of a MI Choice Waiver Program Presumptive Eligibility Risk Pool to enhance access to the HCBS services offered through this program. Eight waiver agencies have started presuming

eligibility. One hundred and thirty-eight individuals have been presumed eligible between the eight agencies. One hundred and sixteen have been approved. Fourteen are pending. Seven have been determined ineligible.

Proposal 1.3: Eligibility expansion SMD #21-004

Proposal 1.3 Update: ADvancing States technical assistance team and stakeholders have developed lists of options for eligibility expansion. MDHHS, along with the ADvancing States technical assistance team, has been reviewing a list of potential options for eligibility expansion. A memo of potential options for consideration will be developed and shared with stakeholders for input. Michigan will be presenting with the ADvancing States technical assistance team and CMS virtually at the August HCBS conference on this project. No funds have been expended in this process.

In line with quarterly reporting requirements, Michigan provides the following:

- Individual proposals within the plan indicate if they are one-time/temporary or on-going, as well as the on-going annual costs for continuation.
- Michigan will require on-going appropriations to sustain the activities as indicated in the proposals. In cases where other funding will be sought and/or utilized, it is described in the proposal.
- As proposals are further developed, Michigan will be able to indicate what approval requests will be needed for changes to HCBS programs and which HCBS program.
- There may be capital investments through Proposal 3.1 PACE Center Fund. This will be determined through the grant process.
- Michigan confirms that the activities to enhance, expand, or strengthen HCBS under ARP section 9817:
 - Are not focused on services other than those listed in Appendix B of State Medicaid Director Letter (SMDL) #21-003 or that could be listed in Appendix B (e.g., behavioral health services that are covered under another benefit but could be covered under the rehabilitative services benefit);
 - Are directly related to the services listed in Appendix B or services that could be listed in Appendix B;
 - Are not focused on services delivered in Institutions for Mental Diseases (IMD) or other institutional settings, providers delivering services in IMDs or other institutional settings, or other activities implemented in IMDs or other institutional settings;
 - Do not include room and board; and/or
 - Do not include activity types other than those listed in Appendices C and D of SMDL #21-003.

HCBS Plan (updates highlighted)

Michigan is committed to enhancing HCBS services and improving access to these vital programs. In order to best support Michigan's work in HCBS, Michigan is proposing an update

to its HCBS plan. In addition to the MI Choice Waiver Program Presumptive Eligibility Risk Pool identified in the May 2022 update, Michigan has identified six additional proposals within three pillars in which to focus its efforts. This ARPA submission represents Michigan’s updated ARPA activities.

Per CMS letter dated May 9, 2022, there were several questions identified by CMS regarding the past quarterly submission. Some of those questions are no longer applicable, as they no longer apply to the proposals identified below. For the remaining questions, Michigan has worked to integrate information into the body of the proposals identified below and recognizes that some questions may remain based on this new clarification of proposals. All activities will support HCBS, will comply with federal regulations, and will be in line with CMS guidance issued in SMD #21-003. Michigan will be using 100% federal funds, spending the funding accrued through the HCBS increased FMAP under ARP section 9817 for these proposals. Michigan attests that it will do the following:

- 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.

The three pillars under which Michigan will be operating are expanded and consistent uniform access to services, fortifying the workforce to allow for support along the full continuum of care, and building and enhancing infrastructure. As such, Michigan proposes the following six proposals, in addition to the previously submitted proposal 1.1 for presumptive eligibility, in support of those pillars. Upon review and approval from CMS, Michigan has sought legislative authorization and the Governor’s signature to spend the funds on the identified proposals.

Table 1. State Reinvested Funds for All Projects

| Expanded and consistent uniform access to services | |
|------------------------------------------------------------------------------------------------------------------|--------------|
| MI Choice Waiver Program Presumptive Eligibility Risk Pool | \$5,000,000 |
| Respite services for Home Help family caregivers | \$41,250,000 |
| Eligibility expansion SMD #21-004 | \$22,613,700 |
| Multi-faceted Long-Term Care Information and Education Campaign and Independent Options/Choice Counseling System | \$22,530,000 |
| Fortifying the workforce to allow for support along the full continuum of care | |

| | |
|-----------------------------------------------------------------------------------------------|----------------------|
| Direct Care Worker (DCW) Training, Credentialing, Recruitment, Support, and Retention Program | \$77,250,000 |
| Supported Employment | \$1,051,800 |
| Building and enhancing infrastructure | |
| PACE Center Fund | \$20,000,000 |
| Total | \$189,695,500 |

Pillar 1—Expanded and consistent uniform access to services

Proposal 1.1: MI Choice Waiver Program Presumptive Eligibility Risk Pool: \$5 M

Proposal 1.1 Detail: In February 2022, Public Act 9 of 2022 was signed into Michigan law. This Public Act appropriated \$5 million in HCBS ARPA funding, pending CMS’s approval, for the establishment of a MI Choice Waiver Program Presumptive Eligibility Risk Pool to enhance access to the HCBS services offered through this program. This proposal was submitted in the May quarterly plan. Through this proposed pilot, MDHHS will encourage MI Choice waiver agencies to meet the needs of applicants who do not currently have Medicaid eligibility, would otherwise qualify for MI Choice services, and are likely to gain Medicaid eligibility upon submitting a Medicaid application. By allowing waiver agencies to start MI Choice services while the Medicaid application is being processed, it is hoped that these applicants will be able to remain at home and in the community longer and will be diverted from the nursing facility.

Michigan will set up a risk pool of \$5,000,000 for the purpose of presuming eligibility for MI Choice applicants who do not currently have Medicaid eligibility. This risk pool will begin with no less than two waiver agencies and MDHHS will reimburse participating waiver agencies for up to 90% of the cost of services provided to the applicant for no more than six weeks upon notification that the applicant’s Medicaid eligibility application was denied.

Waiver agencies must submit required documentation to MDHHS to receive reimbursement from the established risk pool. When the applicant’s Medicaid is approved, the applicant will be enrolled in MI Choice from the date of presuming eligibility, or the first date of Medicaid eligibility, whichever is later, all claims will be submitted as encounter data according to program requirements and the waiver agency will receive the appropriate capitation payment for that enrollee.

In order to assure fiscal and program integrity, if Medicaid eligibility is denied for 20% or more of the waiver agency’s applicants in this pilot, the waiver agency’s participation in this pilot will terminate. Michigan will only use funds for services listed in Appendix B for individuals who become Medicaid eligible.

Proposal 1.2: Respite services and Caregiver support- \$41.25 M

Proposal 1.2 Detail: The Home Help program is the state plan for personal care services and is funded under 42 CFR §440.167. The program averages 65,000 individual and agency

caregivers who are providing service to individuals who require assistance with activities of daily living (ADLs), instrumental activities of daily living (IADLs) and complex care tasks. Eighty-five percent of individual caregivers are family members, and the remainder are friends and community members. Since the Home Help program only pays for “hands on care”, live-in caregivers responsibilities extend beyond what the Home Help program can pay. Before COVID-19, a focus group was held with caregivers, and their number one request was funding for respite. With the national direct care worker shortage, it is even more critical to provide support to these caregivers so we can maintain quality care for vulnerable adults.

Since this service does not currently exist for Home Help beneficiaries, this statewide pilot project will provide Michigan with an opportunity to assess the need for and benefit of services, develop procedures, and provide processes for approval for services. Michigan is not using FFP funds for any portion of this project.

Beneficiaries who have been receiving Home Help services for at least 6 months, require continual supervision to live in their own home, and have a live-in caregiver are eligible for this pilot. Respite services and caregiver support will be provided by:

1. Individual Home Help providers who the beneficiary recruits to provide services.
2. Approved Home Help agency providers.
3. Adult Day Services, which includes care and transportation expenses.

Services may be provided in the individual’s home or in the community. For adult day services, the program would provide transportation for the individual to get to the center.

The Home Help program includes 55,000 beneficiaries. Of that number, 790 individuals have been diagnosed with dementia, 628 individuals have a quadriplegia diagnosis, 1,868 individuals have had a stroke, 2,689 individuals are diagnosed with autism, 4,456 individuals have developmental delays, 1,786 individuals have cognitive delays, and 300 individuals are receiving over 180 hours a month due to complex care needs. This is a sample of individuals who have live-in caregivers who could benefit from respite services. An estimated 10% of Home Help participants (i.e., 5,500 individuals) could qualify for respite. Providing a \$3,000 annual fiscal year cap for respite services, Home Help could serve all 5,500 clients with these funds. Additionally, \$380,000 of the funding will be used to hire temporary contract staff to assist with administration of the program. Continuation of this proposal at the conclusion of this plan will be dependent upon the ongoing availability of funds within the state or exploring other Medicaid authorities to cover these services.

Proposal 1.3: Eligibility expansion SMD #21-004- \$22.6 M

Proposal 1.3 Detail: This proposal would allow Michigan the flexibility to expand eligibility in alignment with SMD #21-004, expanding income levels to allow the individuals to participate in the MI Choice, PACE, or MI Health Link Waiver. Currently, those individuals

only have the option to go to the nursing facility or private pay for some services themselves, which is often not a viable option and is inequitable. It would also allow those who are on a wait list for HCBS to apply for Medicaid using the more expansive eligibility rules so that when they get to the top of the waiting list, there is no need to further delay enrollment by waiting for Medicaid eligibility to be established. Michigan will need to allocate additional funding to sustain this proposal past the end of this plan's funding. This proposal is under continued development, and Michigan is working through the timing to request changes to the state plan and programs. The eligible expansion population will only be receiving any services listed in Appendix B of the SMDL. Services will not be rendered in an institutional setting.

Proposal 1.4: Multi-faceted Long-Term Care Information and Education Campaign and Independent Options/Choice Counseling System- \$22.5 M

Proposal 1.4 Detail: Many long-term care decisions are made at a point of crisis – often leading to fewer HCBS options and less than optimal outcomes. This proposal assists individuals to better understand and navigate HCBS options through informational trainings, videos, print resources, and a website developed to promote HCBS and long-term care literacy and planning (including community mental health services). These videos and materials will be specific to HCBS and will assist individuals in making educated decisions about their care, as well as provide tools to assist in navigating the systems within home and community-based services. Each program will have its own video series and supplemental print materials. Materials and videos will be culturally competent, developed and available in accessible formats, including multiple languages, and will be ADA compliant. MDHHS will advertise these resources statewide through various mediums of media including, but not limited to radio, tv, and social media. Additionally, this proposal will create a statewide Independent Choice Counseling system which will serve individuals of all ages, elevate the current array of services into a no wrong door approach, and will build upon the current resources and expertise in the system. There is flexibility to identify a model that will work best for Michigan, including identifying a third-party contractor to provide unbiased choice counseling or to support contracts with regional agencies statewide if applicable. This new system and resources will be advertised broadly. Michigan will need to allocate approximately \$12 million of funding for the choice counseling portion of this proposal to continue past the end of this plan.

Pillar 2—Fortifying the workforce to allow for support along the full continuum of care

Proposal 2.1: HCBS Direct Care Worker (DCW) Training, Credentialing, Recruitment, Support, and Retention Program- \$77.3 M

Proposal 2.1 Detail: This proposal develops a comprehensive DCW training and credentialing program to improve DCW recruitment and retention. The DCW training program proposes a training curriculum that would have three DCW training tiers plus introductory, specialized, and train-the-trainer trainings. A marketing/job placement plan would be developed to support a DCW recruitment advertising campaign across the state and in neighboring areas of other states. In addition, this proposal includes a worker retention and

supportive technology fund to: 1) fund supportive technologies to allow beneficiaries to receive basic services in a remote fashion, and 2) assist providers with developing other DCW supports, such as bonuses for agency quality measures, training, referral and retention bonuses, tuition assistance, and/or childcare and transportation support, and other incentives. Finally, this proposal would include an evaluation of success at the one-year mark to identify successes and improvements for the following year.

It is anticipated that the costs for the DCW training and credentialing would be addressed by employers following the end of this funding coverage. For the workforce fund, providers will need to demonstrate how they are going to sustain their proposals when the HCBS ARPA funding ends.

The HCBS DCW providers are delivering services listed in Appendix B or that could be listed in Appendix B. The HCBS DCW providers will be delivering services under the following authorities: Home Help-42 CFR 440.167; Community Transition Services- 1915 (i); MI Choice- 1915 (b and c); MI Health Link- 1915 (b and c); PACE-42 CFR 460; D-SNP; 1915 (c) waivers- habilitation supports waiver, the Children's waiver program, and the serious emotional disturbance waiver; 1115 BH demo/1915 (i); and state plan services. Michigan does not anticipate claiming administrative match for any of these activities but will update the plan in future quarters should this change.

Proposal 2.2: Supported Employment- \$1.1 M

Proposal 2.2 Detail: This proposal will develop, strengthen and implement systems and strategies for accessing supported employment related services in the publicly funded behavioral healthcare network that empowers individuals to achieve Individual Competitive Integrated Employment so each person may achieve better financial stability and become more self-reliant. This will include transitioning away from 14(c) certified programs, enhancing and strengthening Individual Competitive Integrated Employment incentives, and increasing certified Benefit to Work coaches. This is the cornerstone for compliance with a federal HCBS rule for states by March of 2023. This proposal will have an ongoing cost of \$1.2 million annually that will be covered by a blend of block grant dollars and/or general funds. All activities are within those listed in Appendix B. Activities are not focused on services delivered in Institutions for Mental Diseases (IMD) or other institutional settings, providers delivering services in IMDs, or other activities implemented in IMDs or other institutional settings. Further, activities do not include room and board, nor do they include activities other than those listed in appendices C and D.

Pillar 3—Building and enhancing infrastructure

Proposal 3.1: PACE Center Fund- \$20 M

Proposal 3.1 Detail: Michigan will set up a grant program for PACE Centers for infrastructure enhancements to existing PACE centers and for start-up funds for new centers. Centers must provide a plan and evidence of sustainability for funding. Additionally, all capital investments must comply with home and community-based settings criteria and PACE regulations.