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

Close Out

Additional Support for Medicaid Home and Community-Based Services during the COVID-19 Emergency

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June 2024

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Executive Summary

Virginia Medicaid moved to a managed long-term services and supports (MLTSS) program in 2017. Since that time, the MLTSS program has grown to approximately 275,000 members. As a major payer for LTSS in Virginia, Medicaid has on opportunity to support the home and community-based services (HCBS) setting through investments in providers, services, and improving member supports.

Virginia's MLTSS program and proposed initiatives align with the Centers for Medicare & Medicaid Services (CMS) goals to expand and enhance the HCBS setting, supporting members choosing to stay in their home and rebalancing the LTSS system from institutional care to community-based care. Through expanded investments and innovation, Virginia aims to strengthen the Commonwealth's HCBS infrastructure, ease transitions from institutions to community-based settings, and avoid unnecessary or unwanted institutionalization.

Virginia proposes to utilize enhanced federal medical assistance percentage (FMAP) for HCBS to increase access to services within the HCBS setting and related supports, invest in technology and infrastructure to the HCBS setting, promote quality of care, and develop the HCBS workforce, including recruitment and retention strategies.

Virginia's General Assembly convened in August to allocate funding from the American Rescue Plan Act of 2021 (ARP). The legislature directed DMAS to use funds to support three provisions related to HCBS spending in HB 7001.

Spending Plan Narrative

Virginia Medicaid includes a MLTSS managed care program, uniquely equipped to cater to the needs of our LTSS population. As a program of approximately 275,000 members, plus members in Fee-for-Services awaiting managed care placement, Virginia Medicaid is a major payer of LTSS in the Commonwealth. Therefore, Medicaid has a unique opportunity to support the HCBS setting through investments in providers, services, and improving member supports.

Using the increased Federal Medical Assistance Percentage (FMAP) for HCBS provided through ARP, Virginia Medicaid aims to promote CMS's goals to expand and enhance the HCBS setting. Additional funds will be invested to strengthen the Commonwealth's HCBS infrastructure, increase provider capacity, and ease transitions from institutions to community-based settings. The increased investment in these critical services will enable Medicaid to better care for some of our most vulnerable members, and allow members to age in place, avoiding unnecessary and potentially unwanted institutionalization. Rebalancing the LTSS system from the institution to community-based services is a priority for our MLTSS program and Agency.

Based on the guidance CMS issued in the State Medicaid Director Letter (#21-033) on May 13, DMAS proposes to invest additional FMAP funds into building provider capacity and addressing COVID-19 related activities and needs. DMAS believes investment in this area will improve equitable access to care, which is essential in continuing to build a high-quality, HCBS system.

DMAS has identified four areas to invest increased FMAP. Per legislative directive, DMAS sought approval for initiatives targeted to the first area – increasing access to HCBS and support services. Additional initiatives in the other areas were being considered pending General Assembly approval which were granted with the approval of HB 7001. The four target areas are:

- **Access to HCBS and support services** – Efforts would include initiatives to provide funding to providers who need additional financial support to ensure the impact of COVID does not prevent them from sustaining their services and ensuring access to Medicaid members. Funding could also be targeted to incentivize additional capacity building for underutilized services, such as waiver and HCBS behavioral health supports;
- **Initiatives to promote high quality care –** Examples of such initiatives include efforts to improve care coordination and member experience with HCBS services;
- **Technology and HCBS Infrastructure** – Funds used for these purposes would include capital investments needed for developing and improving interagency systems, such as identifying critical incidents and social needs; and
- **Workforce development**: Initiatives in this area may include items such as trainings for providers, especially for those working with members using HBCS services and requiring additional behavioral health support. Other initiatives would include

recruitment and retention activities to ensure Virginia maintain a high-quality HCBS workforce.

Virginia 2021 Legislative Approval

In Virginia, proposed investment plans are subject to state legislature approval. During the General Assembly session, language was added to the state Appropriations Act to reserve authority to appropriate additional federal funds for "current services" provided through ARP for the Administration, while the General Assembly retains authority to expend state funds (Item 313 LLLLLL).

The state legislature has indicated that Developmental Disability Waiver (DDW) HCBS providers are of particular interest, and it intends to include these providers in any additional opportunities provided by federal funds, such as through ARP (Item 313 FFFFFF). DMAS anticipated more specific guidance from the General Assembly, Administration, and stakeholders on intended initiatives to support DDW providers.

The Virginia General Assembly met in Special Session during August 2021 and approved three provisions related to HCBS spending in HB 7001:

1. An across the board 12.5% temporary rate increase for all home and community based services eligible under CMS guidelines as defined in SMD #21-003[1] ;
2. A $1,000 one-time support payment to personal care providers who provide services during Q1 and Q2 of Federal Fiscal Year 2023; and
3. A directive to DMAS to present additional strategies to the General Assembly for consideration during the regular 2022 Session beginning in January. These strategies should include options to use HCBS reinvestment dollars to divert individuals who are at risk of institutionalization in state facilities. Additionally, DMAS was directed to coordinate with the Virginia Department of Behavioral Health and Developmental Services, a sister agency to determine how additional funds may be best invested. The report was completed on October 1, 2021 and can be found here: https://rga.lis.virginia.gov/Published/2022/RD81.

Virginia appreciates that partial approval granted on September 13, 2021 for items 1 and 2 above. After updating the spending plan for this quarter, DMAS does not intend to pursue option number 3 above.

Relevant Language from Virginia's 2021 Appropriations Act:

- Item 313. LLLLLL. Notwithstanding the provisions of Item 479.10 of this Act, the Director of the Department of Planning and Budget shall have the authority to appropriate additional

[1] See Appendix A for list of affected Service Aras.

federal Medicaid revenue for current services as provided for in the American Rescue Plan Act of 2021 (ARPA). However, no expansion of Medicaid programs or services shall be implemented with ARPA funds unless specifically authorized by the General Assembly. Any state funds offset by this additional federal revenue shall remain unspent and shall be retained until expenditure of such funds is reauthorized and appropriated by the General Assembly.

- Item 313. FFFFFF. It is the intent of the General Assembly that from any additional federal funding that is provided to the Commonwealth to offset the economic impacts from COVID-19 that a portion of such funding shall be set aside and allocated to provide support payments to Medicaid Developmental Disability Waiver providers that have experienced a significant disruption in operations and revenue during the COVID-19 public health emergency (PHE). The Department of Medical Assistance Services, in collaboration with the Department of Behavioral Health and Developmental Services, the Virginia Network of Private Providers, the Virginia Association of Community Rehabilitation Programs (vaACCSES), representatives of different types of waiver providers, and other appropriate stakeholders shall develop criteria to determine the eligibility for and the amount of the support payments. The criteria shall prioritize providers that have received no other state or federal assistance to date during the PHE, other waiver providers that have received some limited assistance from state and federal sources, and waiver providers that are at risk of closing due to the PHE disruption and for which the Commonwealth needs to maintain an adequate provider network such that when the PHE emergency ends there are sufficient providers to meet the service needs of Medicaid members.

Relevant Language from Virginia's 2021 Appropriations Act, as amended by Special Session II (August 2021):

- 1, E.1. Effective July 1, 2021, through June 30, 2022, the Department of Medical Assistance Services (DMAS) shall temporarily increase the rates by 12.5 percent for all home and community based services eligible under guidance from the Centers for Medicaid and Medicare Services, except that for agency and consumer directed personal care, respite, and companion services in the home and community based services waivers and Early Periodic Screening, Diagnosis and Treatment (EPSDT) program, this temporary rate increase is effective until December 31, 2021[2]. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

[2] These services were already scheduled to receive a 12.5% rate increase under Item 313 SSSS. 3. of the 2021 Appropriations Act approved during Special Session I in the spring. The Special Session II language prevents a duplicate rate increase using state reinvestment dollars.

- 1. E. 2. The Department of Medical Assistance Services (DMAS) shall seek federal authority through the necessary waiver(s) and/or State Plan authorization under Titles XIX and XXI of the Social Security Act to issue one-time COVID-19 support directed payments in the amount of $1,000 to Agency Directed personal care providers and Consumer Directed Attendants who provided personal care, attendant care, respite care, or companion care services to members who receive services via the EPSDT, Developmental Disability Waivers or the Commonwealth Coordinated Care Plus Waiver program during the first quarter of state fiscal year 2022. DMAS shall have the authority to work with necessary vendors and contractors to determine payment eligibility and the process by which payments will be made. The department shall have the authority to implement necessary changes prior to the completion of any regulatory process undertaken in order to effect such change. Effective October 1, 2021, DMAS shall begin implementing these processes and make payments as soon as administratively feasible.

  In previous quarterly submissions, The Department of Medical Assistance Services (DMAS) would develop strategies for consideration per the below. DMAS is currently no longer pursing this option. The Department of Medical Assistance Services will continue to support the rate increase.

- 1. E. 3. The Department of Medical Assistance Services (DMAS) shall develop strategies, for consideration by the 2022 General Assembly, to re-invest general fund dollars freed-up by the enhanced federal match on home and community based services (HCBS). These strategies should enhance the Commonwealth's HCBS by creating capacity to meet the growing demand for HCBS and support structural changes needed to strengthen the HCBS systems. In addition, DMAS shall work with the Department of Behavioral Health and Developmental Services and the Centers for Medicaid and Medicare Services to identify any opportunities to use HCBS reinvestment dollars to divert individuals who are at risk of institutionalization in state facilities. DMAS shall prioritize those strategies that do not require significant on-going obligations or rely on rate increases. By October 1, 2021, DMAS shall report these strategies, including six year cost projections, to the Governor, the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director, Department of Planning and Budget.

Virginia 2022 Legislative Session

Virginia's General Assembly met during its normal session, without resolution to a final budget. A special session was necessary before the budget was presented to the Governor. Final action by the Governor was not taken until June 2022. That session had to pass appropriations to cover state fiscal years 2023 and 2024 (July 2022 – June 2024). The budget for remainder of state fiscal year 2022 (through June 2022) was also amended if applicable.

During these sessions the temporary 12.5% rate increases were made permanent. Item 304.KKKK increased many home and community based developmental disabled waiver

services by amounts greater than the temporary 12.5% increases, and for other home and community based services, item 304.RRRR ensured their 12.5% rate increases were to continue as well. In addition to these items, item 304.DDDD gave a new 7.5% increase to personal care services. Personal care rates were included in the ARPA reinvestment calculations through December 31, 2021, when a previously approved 12.5% rate increase when into effect. The new 7.5% increase is on top of that previously approved 12.5% increase. These new reinvestments are permanent, and all began July 1, 2022. The 2022 Special Session I Virginia Acts of Assembly items are presented below:

DDDD. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to increase the rates for agency- and consumer-directed personal care, respite and companion services by 7.5 percent to reflect additional increases in the state minimum wage while maintaining the existing differential between consumer-directed and agency directed rest-of-state rates as well as the northern Virginia and rest-of-state rates. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change

KKKK.1. Out of this appropriation, $175,793,045 the first year and $201,197,348 the second year from the general fund and $182,060,495 the first year and $208,539,425 the second year from matching federal Medicaid funds and other nongeneral funds shall be provided to increase Developmental Disability (DD) waiver rates set forth in the following paragraph.

2. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to update the rates for DD waiver services using the most recent rebasing estimates, based on their review of the model assumptions as appropriate and consistent with efficiency, economy, quality and sufficiency of care and reported no later than July 1, 2022. Rates shall be increased according to Tiered payments contained in the rebasing model, where appropriate for the type of service provided. Rates shall be increased for Group Homes, Sponsored Residential, Supported Living, Independent Living Supports, In-home Supports, Community Engagement, Community Coaching, Therapeutic Consultation, Private Duty and Skilled Nursing, Group Day Support, Group Supported Employment, Workplace Assistance, Community Guide, DD Case Management and Benefits Planning. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

RRRR. Out of this appropriation, $56,640,476 from nongeneral funds the first year and $43,489,163 from the general fund and $64,983,275 from nongeneral funds the second year shall be provided, effective July 1, 2022, for the Department of Medical Assistance Services to increase rates by 12.5%, relative to the rates in effect prior to July 1, 2021, for: (i) adult day health care; (ii) consumer-directed facilitation services; (iii) crisis supervision, crisis stabilization and crisis support services; (v) transition coordinator services; (vi) mental health and early intervention case management services; and (vii) community behavioral health and habilitation services. In addition to the funds included in this Item, $38,057,684 the first year is provided for the state match for this purpose in Item 486 out of the revenues received from federal distributions of the American Rescue Plan Act of 2021. However, if ARPA funds cannot be used for this purpose the department is authorized to use the available cash balance or excess

revenue in the Health Care Fund that is in excess of the estimates included for the first year in this act or additional general fund dollars in excess of the Official Medicaid Forecast made available due to changes in the federal match rate. The department shall have the authority to implement these changes prior to the completion of any regulatory process undertaken in order to effect such change.

Project Implementation

Rate Increase for HCBS providers

DMAS is implementing an increase in rates for designated HCBS providers by 12.5% for one year. The rate increase will cover services provided from 7/1/2021 to 6/30/2022. A rate increase will strengthen and expand access to HCBS services consisting of select home health, 1915c waiver services, behavioral health community based rehabilitative services authorized under the authority in 42CFR 440.130(d) and select services delivered to train family members and caregivers. This rate increase will affect only those providers selected in accordance with the guidance in Appendix B of SMD #21-003 to enhance, expand, or strengthen Medicaid HCBS. Specifically, Early Intervention services listed in the spending plan meet the requirements of 42 CFR 440.130 as they are delivered to restore an infant or toddler to their developmental trajectory. The behavioral health services listed in the spending plan are indicated in appendix B of the SMDL and meet the requirements of 42 CFR 440.130. The addiction treatment services listed in the spending plan are indicated in appendix B of the SMDL and meet the requirements of 42 CFR 440.130. Private Duty Nursing is allowed only for the members residing in their home, these are home and community based services and are not delivered in a hospital or nursing facility.

The new rates went live on October 8, 2021 for fee-for-service claims and by October 22, 2021 for MCO claims. Virginia received permission from CMS to reprocess claims received prior to the rate change in the system and MCOs will be preprocessing claims at the higher rate. Due to system limitations, fee-for-service claims submitted prior to October 8th will need to be updated in the system to be paid the higher rate.

Support Payments for Personal Care Attendants

DMAS proposes to provide $1,000 support payment to all personal care attendants who provided services to Medicaid members between July 1, 2021 and September 30, 2021. This payment is intended to incentivize retention in the personal care workforce and will function as a mechanism to strengthen the personal care services within Medicaid HCBS.

Virginia received approval on December 21st for Virginia State Plan Amendment (SPA) 21-0029, 2021 Disaster Relief SPA that included approval to make payments for PCA services provided through fee-for-service. Virginia is currently working with CMS to get approval for managed care payments through the pre-print process and will begin issuing payments once the entire program has been authorized.

Claiming

Virginia has worked with our contract actuary, Mercer Government Human Services Consulting (Mercer), to develop a claiming methodology to allocate the appropriate amount of MCO capitation payments to eligible HCBS categories as defined by section 9817 of the ARPA and the resulting SMD #21.-003. Virginia will use resulting HCBS eligible portion of the PMPM by

rate cell to calculate the portion of capitation payments that should be eligible for the additional 10% enhanced FMAP and future reinvestment calculations.

Spending Plan Projection

DMAS estimates that Virginia is eligible for $421.2 million in supplemental federal funds prior to reinvestments. This estimate is based on historical HCBS utilization assuming an increased 10% FMAP (Traditional Medicaid) and a 5% FMAP (ACA Expansion) for the period of April 1, 2021 through March 31, 2022. Virginia has claimed the HCBS additional FMAP in submitted CMS-64s.

Below, DMAS has provided our expected total expenditures for both our fee-for-service population and our members in managed care for HCBS services eligible for the enhanced FMAP, during the referenced time frame (Table 1). Additionally, DMAS estimated potential gains through reinvestment and the total increase in Federal funding attributable to Section 9817 of the ARP for the rate increases and $1000 payments to personal care attendants. The $1000 payments were made in July 2022, with the state paying the fee for service attendants and the managed care plans paying the managed care attendants. Payments to the plans by the state to reimburse their outlays were made outside of this update in calendar 2023 and will be counted in that quarter.

Match rates are also updated to reflect changes in Virginia's base FMAP and the further extension of the federal declaration of a Public Health Emergency. Virginia assumes a 6.2% increased FMAP through March 2023. Quarter ending June 2023 will have a 5% enhancement; quarter ending September 2023 will have a 2.5% enhancement and quarter ending December 2023 will have a 1.5% enhancement. DMAS has now reported on the CMS64 a total of $280,995,756 in supplemental funding for the first year, and a total of $354,812,265 the second year (Table 2).

DMAS spent this last quarter ensuring that the funds reported in MBES attributable under the American Rescue Plan Act of 2021, Section 9817 that provided a temporary percentage increase to the federal medical assistance (FMAP) for certain home and community-based services (HCBS) of $424,689,303.52 were reinvested to enhance, expand or strengthen HCBS under the Medicaid Program. As of this submittal, DMAS has successfully reinvested a total of $425,200,680.98.

Table 1: Funds Attributable to the HCBS FMAP Increase –Project ended 3/31/2022					
	Q3: Apr to Jun	**Q4: Jul to Sep**	**Q1: Oct to Dec**	**Q2: Jan to Mar**	
Fee-For-Service	Q3 FY 2021	Q4 FY 2021	Q1 FY 2022	Q2 FY 2022	Total
Total Computable	$309.7M	$360.9M	$396.9M	$408.1M	$1,475.6M
Funds attributable to the HCBS FMAP increase	**$30.6M**	**$35.6M**	**$39.2M**	**$40.3M**	**$145.7M**
Managed Care	Q3 FY 2021	Q4 FY 2021	Q1 FY 2022	Q2 FY 2022	Total
Total Computable	$726.3M	$736.0M	$744.1M	$816.8M	$3,023.2M
Funds attributable to the HCBS FMAP increase	**$65.8M**	**$68.0M**	**$69.2M**	**$75.9M**	**$278.9M**
Total	Q3 FY 2021	Q4 FY 2021	Q1 FY 2022	Q2 FY 2022	Total
Total Computable	$1,036.0M	$1,096.9M	$1,141.0M	$1,224.9M	$4,498.8M
Funds attributable to the HCBS FMAP increase	**$96.4M**	**$103.6M**	**$108.4M**	**$116.2M**	**$424.6M**

Table 3: Expenditures by Project				
Year of Reinvestment	**Year 1**	**Year 2**	**Year 3**	**Total**
Time Period	4/1/21 - 3/31/22	4/1/22 - 3/31/23	4/1/23 - 3/31/24	
Item E.1: 12.5% Rate Increase	$280,995,756	$493,103,113	$374,821,905	$1,148,920,774
Item E.2: $1000 Payment for PCAs	$0	$31,732,585	$0	$31,732,585
Total Supplemental Funding	**$280,995,756**	**$524,835,698**	**$374,821,905**	**$1,180,653,359**
Federal Share	$202,092,417	$326,305,134	$223,370,767	$751,768,318
State Share	$78,903,339	$198,530,564	$151,451,138	$428,885,041
Total Supplemental Funding	**$280,995,756**	**$524,835,698**	**$374,821,905**	**$1,180,653,359**

Table 3: Expenditures by Program & Project

Year of Reinvestment	Year 1		Year 2				Year 3						Total
Time Period	4/1/21 - 3/31/22		4/1/22 - 9/30/22		10/1/23 - 3/31/23		4/1/23 - 6/30/23		7/1/23 - 9/30/23		10/1/23 - 12/31/23		
Program	Traditional Medicaid	Medicaid Expansion	Traditional Medicaid	Medicaid Expansion	Traditional Medicaid	Medicaid Expansion	Traditional Medicaid	Medicaid Expansion	Traditional Medicaid	Medicaid Expansion	Traditional Medicaid	Medicaid Expansion	
Item E.1: 12.5% Rate Increase	$225,185,940	$55,809,816	$180,502,401	$45,600,726	$225,717,406	$41,282,580	$103,631,950	$20,071,290	$106,712,595	$20,070,344	$104,741,903	$19,593,823	$1,148,920,774
Item E.2: $1000 Payment for PCAs	$0	$0	$5,243,879	$0	$25,458,313	$1,030,393	$0	$0	$0	$0	$0	$0	$31,732,585
Total Supplemental Funding	**$225,185,940**	**$55,809,816**	**$185,746,280**	**$45,600,726**	**$251,175,719**	**$42,312,973**	**$103,631,950**	**$20,071,290**	**$106,712,595**	**$20,070,344**	**$104,741,903**	**$19,593,823**	**$1,180,653,359**
Federal Share	$149,073,092	$53,019,325	$104,389,409	$41,040,653	$142,793,396	$38,081,676	$57,671,180	$18,064,161	$56,717,744	$18,063,310	$55,219,931	$17,634,441	$751,768,318
State Share	$76,112,848	$2,790,491	$81,356,871	$4,560,073	$108,382,323	$4,231,297	$45,960,770	$2,007,129	$49,994,851	$2,007,034	$49,521,972	$1,959,382	$428,885,041
Total Supplemental Funding	**$225,185,940**	**$55,809,816**	**$185,746,280**	**$45,600,726**	**$251,175,719**	**$42,312,973**	**$103,631,950**	**$20,071,290**	**$106,712,595**	**$20,070,344**	**$104,741,903**	**$19,593,823**	**$1,180,653,359**
FMAP Applied													
Federal FMAP	**50.00%**	**90.00%**	**50.00%**	**90.00%**	**50.65%**	**90.00%**	**50.65%**	**90.00%**	**50.65%**	**90.00%**	**51.22%**	**90.00%**	
FFCRA Increase	6.20%	0.00%	6.20%	0.00%	6.20%	0.00%	5.00%	0.00%	2.50%	0.00%	1.50%	0.00%	
ARPA Increase	10.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Combined FMAP	66.20%	95.00%	56.20%	90.00%	56.85%	90.00%	55.65%	90.00%	53.15%	90.00%	52.72%	90.00%	

CMS 64 ARP9817 - Medical Assistance Expenditures
Year: 2022 & 2024 (Manually put together)

YEAR	State	ARP9817 Total Computable	ARP9817 Total State Share	ARP9817 Total Federal Share	ARP9817 Federal Share 10 Percentage Point Increase Only	ARP9817REINVEST Total Computable	ARP9817 REINVEST Total State Share	ARP9817 REINVEST Total Federal Share	ARP9817 REINVEST10 Total Computable	ARP9817 REINVEST10 Total State Share	ARP9817 REINVEST10 Total Federal Share	ARP9817 REINVEST10 Federal Share 10 Percentage Point Increase Only	TOTAL ARP9817 REINVEST + ARP9817REINVEST10 STATE SHARE (Column G + J)	TOTAL ARP9817 Federal Share 10 Percentage Point Increase Only + ARP9817REINVEST10 FEDERAL SHARE 10 Percentage Point Increase Only (Column E + L)
2022	Virginia	4,498,858,299	1,375,482,105	3,123,376,194	424,689,314	106,399,473	39,071,815	67,327,658	0	0	0	3	39,071,815	424,689,317
2023	Virginia	(280,995,757)	(78,903,338)	(202,092,419)	(25,309,087)	248,412,790	92,632,183	155,780,607	280,995,757	78,903,338	202,092,419	25,309,087	171,535,521	0
2024	Virginia	0	0	0	0	544,845,337	218,277,689	326,567,648	0	0	0	0	218,277,689	0
		4,217,862,542	1,296,578,767	2,921,283,775	399,380,227	899,657,600	349,981,687	549,675,913	280,995,757	78,903,338	202,092,419	25,309,090	428,885,025	424,689,317

Stakeholder Feedback

Over the course of the last few months, DMAS has met with internal and external stakeholders to identify potential opportunities for additional investment and to identify the HCBS service providers who are most in need of supports that were not addressed by previous funding opportunities. Additionally, DMAS has issued a Townhall request for feedback to gather formal input from stakeholders and the HCBS community. The Townhall closed on June 30, 2021 and DMAS is currently reviewing feedback.

Contents of Stakeholder Feedback:

- Rate increases and additional recruitment and retention activities may increase provider capacity
- Stakeholders vary within the specific provider types and requested the recruitment/retention activity focus as they continue to lose staff
- DMAS issued a Townhall request for feedback to gather formal stakeholder input and is reviewing input

In an effort to ensure DMAS is supporting our providers and members through this public health emergency, the Department has routinely engaged a variety of HCBS stakeholders, including:

- State partners, such as licensing and oversight entities;
- MCOs; and
- Professional organizations and advocacy groups representing constituents such as member advocacy groups, waiver providers, durable medical equipment, home health, private duty nursing, Programs of All-Inclusive Care for the Elderly, nursing facilities, and behavioral health groups

The stakeholder engagement to date has emphasized the need for additional provider recruitment and retention efforts, and the importance of qualified staff availability. In order to ensure that the entire HCBS community and stakeholders have an opportunity to engage the Department and Commonwealth on potential uses for enhanced federal funds, DMAS is issuing a Townhall request for feedback. This Townhall will request input on opportunities related to 1) improving access to HCBS services and supports, 2) improving quality of care, 3) potential investments in technology and HCBS infrastructure, and 4) workforce development.

Appendix A: Rate Increase Service Areas

The following service areas within the Medicaid program are being included in the proposed temporary 12.5% rate increase:

- Developmental Disability Waivers
- Behavioral Health
- Consumer Directed Services
- Early Intervention
- Private Duty Nursing
- Addiction and Recovery Treatment Services (ARTS)
- Targeted Case Management (TCM)
- Commonwealth Coordinated Care Plus (CCC Plus) Waiver
- Home Health

Lessons Learned:

As part of the close out, participants have been asked to provide feedback on Lessons Learned.

The American Rescue Plan (ARPA) provided Virginia the opportunity to support the home and community-based services (HCBS) through investments in providers, services, and improving member supports. The enhanced funding was pivotal in enabling the state to bring provider rates up to more appropriate levels.

The funding process however was confusing to many. Following CARES act dedicated direct funding of similar awards, many assumed the ARPA funding would work the same way. Legislators directed the state's Medicaid agency to use "ARPA funds" for certain items. As expenditures for the approved investments were about to go out to providers, DMAS almost made payments with 100% federal funds, which would not have been correct. The calculations of the enhanced 10% for community based care paid through managed care plans was difficult, as were the calculations of additional payments associated approved reinvestments. Reporting of the reinvestments was particularly burdensome as the expenditures could be found in fee for service state plan services on many CMS-64 lines, in managed care waivers, and in long term care waivers. These reinvestments were made for members in all full-benefit eligibility groups, base Medicaid, Medicaid Expansion adults, the Medicaid -CHIP hybrid program for children 6-18, the Breast and Cervical Cancer group, and even Virginia's stand alone CHIP program FAMIS. Figuring out what enhancements or reimbursements could be counted and how to report them was difficult and it seemed the requirements were being developed as the program was already in operations. After the first year the 10% enhancements were complete, and we were able to focus on just the reinvestments, it got a bit easier, but even then the reporting mechanisms and forms were slow to meet our needs. But eventually we started to receive helpful guidance from CMS showing they wanted us to be successful in the program.

The ARPA program was incredibly important helping the state support it's most vulnerable population and those that provide services to that vulnerable population during a public health emergency. That is the most important take away. The documentation, the expenditure calculations, and the reporting were more difficult than similar federal support programs during emergencies.