Overview of State Spending under American Rescue Plan Act of 2021 (ARP) Section 9817, as of the Quarter Ending December 31, 2022

December 2023
On March 11, 2021, President Biden signed the ARP (Pub. L. 117-2).

Section 9817 of the ARP provided qualifying states with a temporary 10 percentage point increase to the federal medical assistance percentage (FMAP) for certain Medicaid expenditures for home and community-based services (HCBS) beginning April 1, 2021, and ending March 31, 2022. The funds must be used to supplement, not supplant, existing state funds expended for Medicaid HCBS in effect as of April 1, 2021.

Section 9817 also requires states to use state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement activities to enhance, expand, or strengthen Medicaid HCBS. CMS expects states to expend these funds by March 31, 2025.

This increased funding represents an opportunity for states to identify and implement changes aimed at addressing existing HCBS workforce and structural issues, expand the capacity of critical services, and begin to meet the needs of people on HCBS waiting lists and family caregivers. This funding also provides states an important opportunity to enhance individual autonomy and community integration in accordance with the home and community-based settings regulation, Olmstead implementation, and other rebalancing efforts.

CMS requires participating states to submit quarterly HCBS spending plans and semi-annual narratives on the activities that the state has implemented and/or intends to implement.

For more information on ARP section 9817, please visit Medicaid.gov, State Medicaid Director Letter # 21-003, and State Medicaid Director Letter # 22-002.
ARP Section 9817: Overview of Planned Spending, as of the Quarter Ending December 31, 2022

$4,933 Additional Spending per Beneficiary
Across all 51 states, an additional $4,933 per beneficiary will be spent on activities that enhance, expand, or strengthen HCBS.

Total of 1,206 Activities Across States
Across all 51 states (including the District of Columbia), more than 1,200 activities have been proposed to enhance, expand, or strengthen HCBS. The most commonly proposed activity types include workforce recruitment and retainment, workforce training, quality improvement, reducing or eliminating HCBS waiting lists, and expanding use of technology.

Total of $36.8B in Planned Spending Across States
According to states’ spending plans submitted to CMS, each state plans to spend between $24.6 million and $5.2 billion in state and federal funds on activities that enhance, expand, or strengthen HCBS under Medicaid. These amounts will change as states further plan and implement their activities under ARP section 9817.
1. Workforce Recruitment and Retainment

States are taking actions to recruit and retain direct care workers (DCW), including offering sign-up or incentive payments and increased rates, establishing career paths for DCWs, creating DCW registries to help match DCWs with beneficiaries in need of services, and providing portals to help providers better manage the workforce.

As of the quarter ending December 31, 2022, states have reported $24.6B in total planned spending on workforce recruitment and retention.

State Highlights: Workforce Recruitment and Retainment

National: All 51 states (including the District of Columbia) are proposing activities to support workforce recruitment and retainment.

Ohio HCBS Workforce Development Strategic Fund: This activity will expand residency training and fellowship programs for advance practice registered nurses, physician assistants, and physicians dedicated to serving the behavioral health, geriatric, and developmental disability community; develop a campaign to promote career pathways awareness training programs for school guidance counselors, academic advisors, and employment counselors; and support the growth of existing career-focused programming in behavioral health disciplines at the state’s two- and four-year colleges and universities. A student pursuing a degree or certificate in a behavioral health field will be eligible for up to $10,000 during their undergraduate and graduate studies and up to an additional $5,000 post-graduation in recruitment and retention bonuses for obtaining employment in a community behavioral health center in Ohio.

New Jersey Personal Care Assistant (PCA) Rate Increase: This activity will increase the rate paid to agencies for PCA services to $23 per hour to maintain a strong PCA workforce.
2. Workforce Training

States are providing training for workers, family caregivers, and provider agencies; establishing online training via electronic platforms; and offering certification programs and tuition support to providers, caregivers, and direct care workers to further their health care careers.

As of the quarter ending December 31, 2022, states have reported $4.3B in total planned spending on workforce training initiatives.

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State Highlights: Workforce Training

Connecticut Invests in Capacity Building and Training - Improve Medication Assisted Treatment (MAT): Funds will be used to develop and implement MAT curriculum and training plans to improve the use of medications and behavioral therapy to treat substance use disorders (SUDs). MAT is known to provide a “whole-patient” approach to SUD treatment and can help sustain long-term recovery. It is used primarily with patients with opioid use disorders but can also benefit those with alcohol use disorders.

California Dementia Aware: Funds will be used for continuing education in geriatrics/dementia for all licensed health/primary care providers. This includes provider training to conduct an annual cognitive health assessment that identifies signs of Alzheimer’s disease or other dementias in Medi-Cal beneficiaries, provider training in culturally competent dementia care, and the development of a referral protocol on cognitive health and dementia for Medi-Cal beneficiaries. The protocol will be consistent with the standards for detecting cognitive impairment under the Medicare Program and the recommendations by the American Academy of Neurology, the California Department of Public Health’s (CDPH) Alzheimer’s Disease Program, and CDPH’s ten California Alzheimer’s Disease Centers.
Most Commonly Proposed Activity Types by Planned Spending, as of the Quarter Ending December 31, 2022

3. Quality Improvement Activities

States are adopting new HCBS quality measures or quality reporting systems; implementing oversight and improvement activities; administering the HCBS Consumer Assessment of Healthcare Providers and Systems (CAHPS) or another experience of care survey; and developing or exploring outcome-based or value-based payments.

As of the quarter ending December 31, 2022, states have reported $3.8B in total planned spending on quality improvement activities.

State Highlights: Adopt New Standardized Functional Assessments

Colorado Home Health (HH)/Private Duty Nursing (PDN) Acuity Tool/ System Costs to Connect to Care and Case Management (CCM) Tool: Funds will be used to create, pilot, and validate a medical necessity tool for HH and PDN. The tool will help determine the appropriate hours of home health or PDN care to be received. If time allows within the timeframe for expending the ARP section 9817 funds, the tools will then be integrated as a module within the CCM system and will be accessed either directly or through a workflow to perform the necessary medical necessity/prior authorization determinations for PDN and long-term HH benefits.

State Highlights: Outcome-Based Payment Initiatives

Missouri Remote Supports Incentive Payment: Funds will be used to establish quality incentive payments for certain service providers that have implemented remote supports to assist beneficiaries in attaining increased levels of independence and self-sufficiency, thereby decreasing the need for in-person paid supports.
Most Commonly Proposed Activity Types by Planned Spending, as of the Quarter Ending December 31, 2022

4. Reducing or Eliminating HCBS Waiting Lists

States are eliminating or reducing HCBS waiting lists by opening additional waiver slots, providing supports for those on the waiting list, or informing individuals of other available services while on the waiting list.

As of the quarter ending December 31, 2022, states have reported $2.6B in total planned spending on activities to reduce or eliminate waiting lists.

State Highlights: Increasing HCBS Waiver Slots and Capacity

Alabama: Adding 3,000 Slots for the Elderly and Disabled Waiver Program to Increase Capacity: Funds will be used to pay for additional community-based Medicaid expenditures for individuals. Three hundred thirty-seven (337) additional people have been enrolled in the waiver program because of this activity through the fourth quarter of calendar year 2021.

Mississippi Increasing Access to HCBS: Funds will be used to target investments that immediately expand and improve access to community-based services as well as opportunities to enhance existing services and to support workforce initiatives to retain and recruit the workforce needed to render services. Investments include increasing capacity across section 1915(c) waivers, evaluating and implementing opportunities to add additional services to existing section 1915(c) and 1915(i) programs, and pursuing a strategy aimed at developing and strengthening the HCBS provider network to support additional program capacity. The state is also planning for rate increases on a variety of section 1915(c) waiver services and state plan HCBS and a comprehensive direct care workforce study to inform assumptions for updated rate studies and support discussions regarding other workforce development opportunities.

New Mexico’s Expansion of Home and Community-Based Waiver Slots: There are currently around 15,000 New Mexicans with disabilities and older adults on the Community Benefit Central Registry. Funds will be used to add 200 slots to the Centennial Care 2.0 Community Benefit waiver with the option to add 800 slots as funding permits. Additionally, there are currently 4,207 New Mexicans with intellectual and developmental disabilities on the Department of Health Central Registry. Funds will be used to eliminate the waitlist registry and allocate all 4,207 New Mexicans to the Developmental Disabilities Waiver or the Mi Via Waiver over a 3-year period.

The following states are proposing to eliminate or reduce waiting lists by adding HCBS slots: California (7,000), New Mexico (5,207), Mississippi (3,677), Alabama (3,000), Oklahoma (2,800), North Carolina (2,114), Washington (1,649), Texas (1,549), Michigan (1,000), Tennessee (921), Florida (870), West Virginia (600), Iowa (399), Rhode Island (300), Massachusetts (225), Pennsylvania (25), and South Carolina.

1 This list of states only includes those that specifically stated in their spending plans that additional slots will be added. South Carolina did not specify the number of slots it intends to add.
5. Expanding Use of Technology

States are enhancing technology in their HCBS programs, including supporting technological enhancements for providers to set up and for individuals/families to use electronic health records (EHR), enhancing electronic visit verification systems, and utilizing technologies in service provision to address beneficiary functional needs, promote independence, and/or support community integration.

As of the quarter ending December 31, 2022, states have reported $1.8B in total planned spending on expanding use of technology.

**State Highlights: Enhancing Technology**

**Nebraska Grants to Agencies to Purchase Telehealth Equipment:** This activity will fund providers delivering HCBS to purchase technology that will support the provision of direct clinical services through telehealth and telemonitoring. Specifically, two-way audio/video communication or technology will be leveraged for the asynchronous management of chronic diseases.

**Georgia Case Management Technology Platform for Medicaid HCBS:** Funds will be used to develop an electronic platform to capture Medicaid HCBS case management activities for both state plan and waiver authorities. Funding will support implementation of the electronic platform, staff training on platform use, additional staff, and development of reporting and dashboard components that provide insight into trends and areas to target quality improvement activities. The technology platform will incorporate medical provider EHR information to improve the accuracy of care planning and service delivery.

- EHR / benefits web platforms for record access and information
- Technology grants for information technology (IT) infrastructure, monitoring systems, computers, etc.
- Supportive and assistive technologies to promote independence and improve daily living

**Number of Activities to Expand Use of Technology: 96**
Family Caregiver Training, Respite, and Support

Although not one of the top five most commonly proposed activity types by planned spending or number of states with supporting activities as of the quarter ending December 31, 2022, many states are implementing activities focused on supporting caregivers.

States are using funds to offer the following to family caregivers: training; respite; training websites and materials; counseling and/or support groups; and personal protective equipment.

$1.3B
Total Planned Spending

As of the quarter ending December 31, 2022, states have reported $1.3B in total planned spending on family caregiver training, respite, and support.

29 States

In comparison with other activity types, family caregiver training, respite, and support ranks:

- #7 by the number of states (29) with activities in this category
- #9 by planned spending amount

Across all states, there are 56 activities addressing family caregiver training, respite, and support:

- 14 activities specify respite as an area of focus
- 7 activities involve providing standardized training programs to caregivers

State Highlights: Family Caregiver Respite Services

Delaware Respite for Caregivers of Children: The state will develop a Medicaid-funded respite service for caregivers of children with complex medical conditions, severe emotional disorders, and dual diagnoses of mental health and intellectual or developmental disabilities. The intent is for this service to be flexible enough to address the various needs of this diverse population. The state will work with its partner state agencies as well as families and other stakeholders in the development of this service. The state intends to sustain this service as part of its Medicaid program baseline budget after the initial implementation through its ARP section 9817 spending plan.

Colorado Post-COVID Recovery and HCBS Innovation: Respite Grant Program / Contractor Cost: The Colorado Department of Health Care Policy & Financing will create a grant program with two components: to expand providers’ ability to provide respite services, such as by increasing access to respite services through a “matching” platform where individuals seeking respite will be able to create profiles and match with caregivers who have already been background checked, vetted, and trained; and to extend funding for specialty respite care supports that are designed to meet the unique needs of specific populations, such as youth with high magnitude and aggressive behaviors or adults with memory impairment. These opportunities will allow providers to develop unique and creative ways to deliver respite services, thinking outside of the box of the current delivery method. Additionally, the Department will identify the landscape of respite availability across Colorado through a study and create a report identifying the gaps in respite care availability.
Addressing Social Determinants of Health and Promoting Equity

Many states are also implementing activities focused on addressing social determinants of health and promoting health equity.¹

A total of 43 states have proposed activities addressing social determinants of health or promoting equity.

**Top 5 Focus Areas of Activities that Address Social Determinants of Health and Promote Equity**

by Number of Activities

- **Housing-related services and supports**: 48 states
- **Add/expand culturally and linguistically competent services and staff**: 29 states
- **Community integration and social supports**: 22 states
- **Add/expand services for underserved communities**: 19 states
- **Case management**: 16 states

**Top 5 Focus Areas of Activities that Address Social Determinants of Health and Promote Equity**

by Planned Spending

- Housing-related services and supports: $2,025,668,075
- Add/expand culturally and linguistically competent services and staff: $393,317,752
- Community integration and social supports: $257,791,018
- Non-medical transportation: $254,685,968
- Employment: $250,185,828

¹ Definitions for social determinants of health and health equity activities were based on the State Health Official Letter # 21-001 and the CMS Strategic Plan - Health Equity 2022 Strategy.

² Housing-related services and supports do not include room and board.
Notes

- Planned spending reflects amounts reported by states to CMS in the spending plans for the quarter ending December 31, 2022, and does not reflect official CMS-64 quarterly financial reporting. Facts and figures in this presentation are subject to change as states update their spending plans.

- Planned spending dollar amounts are not mutually exclusive and may be captured under multiple activity categories based on information provided by the state. Therefore, states, activities, and/or planned spending dollar amounts can be counted more than once and may not always sum to an unduplicated total.

- In some instances, CMS has asked states to provide additional information before one or more proposed activities to enhance, expand, or strengthen HCBS in the state’s spending plan and narrative can be approved, and/or has identified an activity that is not approvable under ARP section 9817. For all states, the approval to claim the FMAP increase is based upon the state’s continued compliance with program requirements as stated in State Medicaid Director Letter #21-003 and State Medicaid Director Letter # 22-002.