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CONSULTING GROUP

**How can your state
reinvest the ARP's 10 percent
enhancement to FMAP?**

The [American Rescue Plan Act of 2021 \(ARP\)](#),¹ signed into law on March 11, 2021, provides relief for Medicaid home and community-based services (HCBS) programs with scheduled, enhanced federal financing participation to offset state expenditures. The ARP defines HCBS as a host of Medicaid services and programs that are typically referenced by the Centers for Medicare and Medicaid Services (CMS). It also broadly includes some Medicaid services for participants who are not typically viewed as part of HCBS populations.²

ARP-Enhanced Federal HCBS Funding

In [Section 9817 of the ARP](#)³, all U.S. states that currently have HCBS programs will receive a temporary 10 percent enhancement to their **federal medical assistance percentage (FMAP)** for the costs they incur when continuing to deliver the programs between April 1, 2021, and March 31, 2022.

If they currently do not have HCBS programs, states can amend their state plan to include new HCBS programs and apply their FMAP and enhanced FMAP to applicable administrative costs associated with establishing and implementing them.

Every state is required to reinvest the enhanced FMAP into new Medicaid-covered HCBS programs; additional enrollees of existing HCBS programs; and or technology and administrative personnel required during the program expansion process. **States are not permitted to use these enhanced funds to supplant their existing state spending.** They must use the funds to supplement their state spending. In addition, although states will receive more

optimal funding from service-related expenses than administrative costs during the temporary timeframe the enhanced FMAP is offered, it will likely be challenging for states to retract the enhanced service offerings once the funding opportunity ends.

Public Consulting Group (PCG) can help states decide on the best categorical use of the funds – whether for direct services or time-limited administrative costs. The more states spend on eligible HCBS now, the more FMAP states will receive to spend on COVID-19 relief during the period of public health emergency (PHE) or capacity building in the next few years.

States must spend the enhanced FMAP funding by March 31, 2024.

¹American Rescue Plan Act of 2021, s 9817, Additional Support for Medicaid Home and Community Based Services During the COVID-19 Emergency <<https://www.congress.gov/bill/117th-congress/house-bill/1319/text>> (31 March 2021)

²Two examples of typical CMS HCBS definitions include: 1) 2017 DHHS Report to President and Congress: *The Money Follows the Person (MFP) Rebalancing Demonstration*, <https://www.medicaid.gov/sites/default/files/2019-12/mfp-rtc.pdf>, pg 1; and 2) *LTSS Models, Home and Community-Based Services*, <https://www.cms.gov/Outreach-and-Education/American-Indian-Alaska-Native/AIAN/LTSS-TA-Center/info/hcbs>

³American Rescue Plan Act of 2021, s 9817, Additional Support for Medicaid Home and Community Based Services During the COVID-19 Emergency <<https://www.congress.gov/bill/117th-congress/house-bill/1319/text>> (31 March 2021)

How PCG Can Support Your State:

Founded in 1986, PCG is a leading public sector solutions implementation and operations improvement firm that partners with health, education, and human services agencies to improve lives. We offer a multidisciplinary approach to meet challenges, pursue opportunities, and serve constituents across the public sector.

Optimize State Funding by Increasing and Improving Access to HCBS Services and Supports

Our team of experts is ready to help your agency optimize state funding by increasing and improving access to HCBS services and supports for individuals and their families. Whether your goal is to plan and implement new Medicaid-covered HCBS programs or increase HCBS access within existing programs, **during this time-sensitive federal funding opportunity, we can support you promptly with:**

- Presenting new proposals to stakeholders and the public
- Synthesizing their recommendations and comments
- Recommending modifications to waivers and drafting new waivers
- Preparing policy, procedures, handbooks, and other materials
- Creating training curriculum and conducting training
- Providing outreach and marketing materials
- Drafting a quality assurance and improvement strategy
- Conducting a program assessment six months after implementation

Create Targeted Efforts to Transition Individuals from Institutions to the Community

PCG can help your state establish new HCBS programs funded by FMAP and enhanced FMAP. Our proven approach to transitioning individuals from state-funded institutions to their home to receive HCBS services and supports provides them and their families with choices that work best for them and meet their specific needs.

To support your state, our team will:

- Provide community outreach to hospital discharge planners and institutions
- Create strategies to introduce community living to residents of institutions
- Develop intensive and targeted Transition Specialist services to guide the individual through all aspects of the transition
- Coordinate delivery for appropriate goods and services, including Environmental Accessibility Adaptations

Our strategy includes visioning and planning support and budget and expenditure tracking and reporting.

Please Note: FMAP may not exceed 95 percent for any state. Based on Congressional Budget Office (CBO) estimates, the enhanced FMAP would increase federal funding for Medicaid by \$12.7 billion.⁴ State savings resulting from the FMAP increase must be reinvested in HCBS services and programs.

⁴The CBO scored an earlier proposed FMAP increase of 7.35 percent at \$9.3 billion, which adjusted to ten percent. This equates to \$12.7 billion, though it may be slightly overstated if more states reach the 95 percent FMAP cap. <https://www.cbo.gov/system/files/2021-02/EnergyandCommerceReconciliationEstimate.pdf>

Improve Access to ARP-Approved HCBS Services

Our team is here to support your state with strategies to increase access and enhanced FMAP funding for self-directed HCBS services that include:

State Plan Benefits *(based on specific criteria):*

- Home Health Care
- Personal Care Services
- Self-Directed Personal Care Services
- Case Management
- School-Based Services
- Rehabilitative Services
- Private-Duty Nursing
- Medicaid-Covered Services under the Alternative Benefit Plan

Designated Services Under:

- Section 1915(c)
- Section 1915(i)
- Section 1915(j) – Self-directed 1915(c) services
- Section 1915(k)
- Program of All-Inclusive Care for the Elderly (PACE)
- Managed Long-Term Services and Supports (MLTSS)
- Section 1115

COVID-19 Relief Activities

- Increased Access to HCBS
- HCBS Provider Payment Rate and Benefit Enhancements
- Supplies and Equipment
- Workforce Support
- Caregiver Support
- Support to Improve Functional Capabilities of Persons with Disabilities
- Transition Support
- Mental Health and Substance Use Disorder Services
- Outreach
- Access to COVID-19 Vaccines

Specific funding requirements for these HCBS services can be found in the Appendices of CMS's guide, "[Implementation of American Rescue Plan Act of 2021 Section 9817: Additional Support for Medicaid Home and Community-Based Services during the COVID-19 Emergency.](#)"⁵

Technology & Infrastructure Support

PCG works with states to modernize and expand their technology that supports HCBS, including enterprise case management systems (for case management, incident management, and patient and family portals), and plan for the enhancement of supportive technology in participants' homes. We also work with states to review service definitions in their HCBS waivers for assistive and remote monitoring technology.

HCBS Quality Enhancement

While there are many dimensions to developing a comprehensive Quality Improvement Strategy (QIS), PCG is uniquely positioned in the market to enhance HCBS services. As a QIO-Like Certified Agency, our firm can assist your state with assuring and improving quality in HCBS through oversight, analytics, person-centered risk mitigation, and provider education. Because of our QIO-like status, your state could benefit from an enhanced federal funding match beyond the enhanced FMAP in the ARP.

We also offer Careify™—a modular software suite that simplifies monitoring and reporting related to critical incident management, compliance audits, the provider-remediation process, and enhanced beneficiary risk mitigation.

Building Workforce Capacity in the HCBS System

According to the [2019 National Core Indicators Staff Stability Survey](#)⁶ [for services to people with intellectual/developmental disabilities (I/DD)], more than one third of staff in residential, employment, or day services had been employed for a year or less. The average turnover during that time period was 42.8 percent. Survey results are not available for Fiscal Year 2020/21 yet, but given the COVID-19 pandemic, one can anticipate that this turnover rate is likely to be similar or higher.

Current high staff turnover paired with increased demand and workforce shortages will require states to create both short-term and long-term strategies to optimize workforce budgets through the promotion of recruitment and retention. PCG is ready to support states with planning, program implementation, and operations related to building workforce capacity in the HCBS system.

⁵"Implementation of American Rescue Plan Act of 2021 Section 9817: Additional Support for Medicaid Home and Community-Based Services during the COVID-19 Emergency," Centers for Medicare & Medicaid Services, Department of Health & Human Services, accessed May 19, 2021, <https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf>

⁶"2019 National Core Indicators® Staff Stability Survey Report," Human Services Research Institute and the National Association of State Directors of Developmental Disabilities Services, accessed June 4, 2021, https://www.nationalcoreindicators.org/upload/core-indicators/2019StaffStabilitySurveyReport_FINAL_1_6_21.pdf

Learn more about how your state can reinvest the
ARP's enhanced FMAP funding. Contact us today!

 (800) 210-6113  info@pcgus.com  www.publicconsultinggroup.com