

Allowable Uses of HHS Federal Funding

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- Enhanced Home and Community Based Services (HCBS) FMAP
 - What we know based on initial guidance received
 - How the provisions in the current bills align with this new funding
- Other federal funding available
 - Mental Health Block Grant
 - Substance Use Block Grant
 - Child Care funding
 - Pandemic Emergency Assistance Funds

Enhanced FMAP: Summary of the Law

- Section 9817 of the American Rescue Plan (ARP) provides states with a temporary 10 percentage point increase to the federal medical assistance percentage (FMAP) for home and community-based services (HCBS) from April 1, 2021 to March 30, 2022
- States must use the federal funds attributable to the increased FMAP to supplement, not supplant, existing state funds expended for Medicaid HCBS
- States must use the savings from the increased FMAP to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program

Claiming the 10% Enhanced FMAP

- Preliminary projections estimate that the enhanced FMAP on HCBS will exceed \$560 million
- DHS is finalizing this estimate this week, to include some of the additional services identified in the CMS guidance
- Drawing down the 10% enhanced FMAP is effective for services paid from April 1, 2021 to March 31, 2022
- MA-HCBS investments implemented during this first year can also draw down this enhanced match

Claiming the 10% Enhanced FMAP: Services Included

- HCBS waiver services (BI, CAC, CADI, DD, and EW)
- Section 1115 waiver services (Alternative Care; SUD 1115)
- Housing stabilization services (1915(i))
- Home Health Care
- Personal Care services
- Private duty nursing provided in the home
- Case Management services

Claiming the 10% Enhanced FMAP: Services Included

- Rehabilitative services
 - Mental health services provided to adults
 - Substance use disorder treatment services
 - Physical therapy, occupational therapy, speech and hearing therapy
 - Respiratory therapy services
- Services provided included in this definition delivered in an IEP; IEP evaluations and assessments

Claiming Enhanced FMAP on HCBS

- By claiming the enhanced FMAP on HCBS, a state is agreeing to use an equivalent amount of state funds, attributable to the increased FMAP to enhance, expand or strengthen the Medicaid HCBS by March 31, 2024
- A state must submit an initial HCBS spending plan and narrative within 30 days of the release of the guidance (by June 13, 2021)
- Requirements are effective retroactively to April 1, 2021 until the state funds equivalent to the amount of federal funds attributable to the increased FMAP are fully expended or March 31, 2024, whichever is sooner

Program Requirements

States must comply with two program requirements to receive the increased FMAP for HCBS expenditures:

- (1) federal funds attributable to the increased FMAP must be used to supplement existing state funds expended for Medicaid HCBS in effect as of April 1, 2021; and
- (2) states must use 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 beyond what is available as of April 1, 2021.

Non-Supplantation Requirements

To demonstrate compliance with the requirement not to supplant existing state funds expended for Medicaid HCBS, states must:

- Not impose stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;
- Preserve covered HCBS, including the services themselves and the amount, duration, and scope of those services, in effect as of April 1, 2021; and
- Maintain HCBS provider payments at a rate no less than those in place as of April 1, 2021

Reinvesting Enhanced FMAP

- Investments must enhance, expand or strengthen the Medicaid HCBS
- Investments are not limited to services covered by Medicaid
- Guidance establishes the expectation that payments to providers, through lump-sums or rate increases, are expected to be passed through to direct care workers in the form of compensation increases
- States must submit a description of how they plan to sustain the enhancements to HCBS beyond March 31, 2024

Activities to Enhance, Expand and Strengthen HCBS

- States can implement a variety of activities to enhance, expand, or strengthen Medicaid HCBS. States can also use the enhanced FMAP to address the continued impact of COVID-19.

Allowable Activities	
New and/or Additional HCBS	Expanding Provider Capacity
Increased Payment Rates (to increase compensation of direct care workers)	Establishing New Eligibility Policies
Leave Benefits for Direct Care Workers	Strengthening Functional Assessments
Hazard or Overtime Pay for Direct Care Workers	Training and Respite
Purchase of Personal Protective Equipment	Institutional Diversion and Community Transition
Support for Family Caregivers	Expanding the Use of Technology and Telehealth
Assistive Technology and Other Supports	Retainer Payments for Up To 180 Days

Enhancements in Current Law Considered Eligible

State investments not yet implemented prior to 4/1/21, that would enhance, expand, or strengthen MA-HCBS are considered eligible. We have determined this amount to be at least \$75.9 million in FY22-23 and \$107.5 million in FY24-25. These items include:

- Inflationary rate adjustments that will be implemented in the Disability Waiver Rate System on 7/1/2022;
- Elderly Waiver and Alternative Care budget cap increases; and
- Enhancements related to the implementation of the Community First Services and Supports (CFSS)

Current Bill Proposals Considered Eligible

Rate reform or rate increases for MA services defined as HCBS

- For example: PCA rate reform, home health services, Elderly Waiver services, SUD rate increases under the 1115 demo, etc.

Expanding MA-HCBS services or eligibility

- Expansion of eligibility for PCA enhanced rates
- Expansion of telehealth services
- Expansion of access to MA-funded SUD services
- Elimination of TEFRA fees

Current Bill Proposals Considered Eligible

Reform Initiatives for MA services defined as HCBS that Expand, Enhance, or Strengthen the service/system

- Case Management Redesign
- Waiver Reimagine administrative and systems costs
- Mental Health uniform services and standards

Studying or Planning for future reforms to enhance, expand, or strengthen the MA-HCBS system

- PCA Acute Care hospitals
- Planning for PACE Program
- HCBS Equity Evaluation

Current Bill Proposals Considered Eligible

State-funded Grant Initiatives that enhance, expand, or strengthen HCBS in Medicaid – examples include:

- Grants strengthening self-advocacy and inclusion
- Housing: Community Living Infrastructure grants
- Sober Home Oversight Study
- Culturally Informed & Culturally Responsive Mental Health Task Force
- Customized Living quality improvement

Current Bill Proposals Considered as Not Eligible Uses

- Changes to MA services not included in the definition of HCBS. Examples include:
 - Non-Emergency Medical Transportation
 - Children's crisis services
- Non-MA investments that do not have an impact or connection to the Medicaid HCBS defined in the guidance
- Ongoing non-MA housing support
- Housing/homelessness investments that do not have a direct connection to enhancing or strengthening HCBS
- Changes that do not *expand, enhance, or strengthen* HCBS services

Non-Supplementation Requirements

- Current bill provisions considered not allowable given non-supplementation rules:
 - Rate reform resulting in reduced payment rates
 - Limiting waiver caseload growth
 - Limiting assessment funding
- Not all savings proposals related to HCBS are considered not allowable

The Challenge and Next Steps

- A profound opportunity to enhance our system and the experience of people receiving services through HCBS
- Challenges and considerations to consider as investments are determined:
 - Limited time period to identify investments (DHS is required to submit an initial spending plan to CMS by June 13th, 2021 and quarterly reports throughout the Improvement Period)
 - Limited time period that the funds must be spent (by March 31, 2024)
 - Ongoing versus one-time investments
 - Supporting the direct care workforce and the distribution of funds to direct care workers
 - Operational and federal approval requirements for implementation

Other Federal Funds

Mental Health Block Grants

Mental Health Block Grant				
Legislation	Amount	Set Asides	Amount Available After Set-Asides	Expiration
Consolidated Appropriations Act	\$12,518,000	<ul style="list-style-type: none"> • 5% Crisis Services • 10% First Episode Psychosis 	\$7,511,000	Must be spent by 3/14/2023
American Rescue Plan Act	\$21,622,000	<ul style="list-style-type: none"> • 25% American Indian Mental Health Services 	\$12,973,000	Must be spent by 9/30/2025

Mental Health Block Grants

Mental Health Block Grants				
Legislation	Eligible Uses	Restrictions	Is a Plan Required?	DHS Plan for Funds Absent Legislation
Consolidated Appropriations Act	<ul style="list-style-type: none"> Adults and Children Evidence Based Phone Lines Training Peer Support Prison Reentry COVID 	Cannot Be Used For: <ul style="list-style-type: none"> Inpatient Services Construction Non-federal Share For Profit Cash Payments 	Yes, submitted 4/3/21	<ul style="list-style-type: none"> \$2.3M Crisis Services \$1.3M 1st Episode Psychosis \$3.4M American Indian \$1.7M Cultural/Ethnic Infrastructure \$1.2M Workforce \$1.5M Equity Gaps \$450k Administration
American Rescue Plan Act	See eligible uses under Consolidated Appropriations Act. SAMHSA may waive requirements to facilitate response to COVID	See restrictions above	Yes, due 7/2/21	<ul style="list-style-type: none"> \$1.1M Crisis Services \$2.2M 1st Episode Psychosis \$5.4M American Indian \$1.0M School-Linked Mental Health \$10.3M Prevention, Education, Recovery \$1.1M Administration

Substance Abuse Block Grant

Substance Abuse Block Grant				
Legislation	Amount	Set Asides	Amount Available After Set-Asides	Expiration
Consolidated Appropriations Act	\$22,591,000	<ul style="list-style-type: none"> • 20% Prevention • \$4,356,152 Pregnant Women and Children 	\$13,717,000	Must be spent by 3/14/2023
American Rescue Plan Act	\$19,510,000		\$11,252,000	Must be spent by 9/30/2025

Substance Abuse Block Grant

Substance Abuse Block Grant				
Legislation	Eligible Uses	Restrictions	Is a Plan Required?	DHS Plan for Funds Absent Legislation
Consolidated Appropriations Act	<ul style="list-style-type: none"> • Pregnant Women • Mothers • Treatment and Services for Uninsured • Evidence-Based • Performance and Outcome Data 	Cannot Be Used For: <ul style="list-style-type: none"> • Inpatient Services • Construction • Non-federal Share • For Profit • Cash Payments 	Yes, submitted 4/3/21	<ul style="list-style-type: none"> • \$4.8M SUD Primary Prevention • \$4.5M Pregnant Women Services • \$12M SUD Intervention, Treatment and Recovery • \$970k Administration
American Rescue Plan Act	See eligible uses under Consolidated Appropriations Act. SAMHSA may waive requirements to facilitate response to COVID	See restrictions above	Yes, due 7/2/21	<ul style="list-style-type: none"> • \$3.9M SUD Primary Prevention • \$4.5M Pregnant Women Services • \$10.3M Treatment, Awareness/Education, Culturally Specific Services • \$976k Administration

5/24/2021

American Rescue Plan Act Child Care Fund Types

Fund Type	MN \$ Amount	Description
Supplemental Discretionary Child Care Development Block Grant (CCDBG) Funding	\$ 202.3 M	Allowable uses are broad, including those supporting access to low-income families, improving quality and supporting the industry
Mandatory Child Care Development Funds	\$ 9.2 M Permanent increase	Represents an overall increase in CCDBG funds
Child Care Stabilization Grant Funding	\$ 324.1 M	Address financial burden. To provide stabilization grants to child care providers open or closed due to COVID-19. Ninety percent must go directly to providers.

American Rescue Plan Act Timeline

Fund Type	Deadlines
Supplemental Discretionary Child Care Development Funding	Obligated by September 30, 2023 Liquidated by September 30, 2024
Mandatory Child Care Development Funds	Appropriates additional funds for each fiscal year. Obligated by September 30 of the following year.
Child Care Stabilization Grant Funding	Obligated by September 30, 2022 Liquidated by September 30, 2023

Plans for Mandatory and Discretionary CCDBG Funds Absent Legislative Action

Plans for the \$202.3 million in one-time Supplemental Discretionary CCDBG funds and the \$9.2 million in ongoing Mandatory CCDBG funds include:

- \$172 million to support low-income families in accessing child care through increasing CCAP maximum rates and increasing access to Basic Sliding Fee child care. \$9.2 million in ongoing funds will support these changes across the biennia
- \$14.8 million to support the child care industry as an essential sector for COVID response and recovery, increasing the availability of child care supply and workforce
- \$15.5 million that leverages these one-time funds to address equity and make systemic, long-term improvements for Minnesota's child care sector through piloting, evaluation and infrastructure improvements

Plans for CCDBG Stabilization Funds Absent Legislative Action

Plans for the \$324.197 million in CCDBG Child Care Stabilization Grant funds include:

- \$306.6 million to implement Child Care Stabilization Grants for providers, as required under federal law, which includes up to \$5 million for the costs of administering the program.
- \$17.6 million to support the child care industry as an essential sector for COVID response and recovery, increasing the availability of child care supply and workforce

Pandemic Emergency Assistance Funds

- \$14,352,000 allocated to Minnesota. Funds must be expended by September 30, 2022
- Pandemic Emergency Assistance funds can be used for non-recurrent short term benefits, in the form of cash or in other forms
- No more than 15 percent of the funds may be spent by states for administrative purposes
- Funds must be used to supplement and not supplant other Federal, State, or tribal funds for services and activities that promote the purposes of the funds

Pandemic Emergency Assistance Funds

- Support one-time \$750 relief payments to families receiving assistance through the Minnesota Family Investment Program (MFIP) included in the Governor's budget
- Consistent with Congressional intent for one-time, non-reoccurring aid
- Benefits about 64,000 children and their families who have turned to MFIP. More than half of the families have children younger than six years old
- The households that turn to MFIP are at high risk for exposure to and serious complications from COVID