



State of Montana

Department of Public Health and Human Services

# ARPA Home and Community Services Spending Plan and Narrative

~~July 12, 2021~~September 28, 2021

# Montana ARPA HCBS Spending Plan and Narrative

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# Montana ARPA HCBS Spending Plan and Narrative

## Letter from the Montana State Medicaid Director

July 12, 2021

Via email:

HCBSIncreasedFMAP@cms.hhs.gov

Dear Director Tsai,

Please accept this letter and accompanying documents as Montana's initial American Rescue Plan (ARP) Home and Community-Based Services (HCBS) Spending Plan and Narrative as requested in State Medicaid Director letter 21-003. As the designated point of contact and State Medicaid Director I attest that Montana will submit a quarterly spending plan and narrative submissions and assure the following:

- Montana will use 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;
- Montana will 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;
- Montana is not imposing stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;
- Montana 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
- Montana is maintaining HCBS provider payments at a rate no less than those in place as of April 1, 2021.

Sincerely,

Marie Matthews, CPA  
Medicaid Director

Cc: Department Director Adam Meier

# Montana ARPA HCBS Spending Plan and Narrative

## Executive Summary

### Introduction

The American Rescue Plan Act of 2021 (ARPA) provides a unique opportunity to improve home and community-based service (HCBS) provision for Montanan's enrolled in the Montana Medicaid program. Section 9817 of the ARPA provides states with a one year 10-percentage point increase to the federal medical assistance percentage (FMAP) for certain Medicaid expenditures that meet the ARPA definition of HCBS. States are then able to invest the saved state funding in eligible activities that enhance, expand, or strengthen HCBS under the Medicaid program. The investment of saved state dollars can further be matched with federal Medicaid funds dramatically increasing the impact for HCBS recipients and providers.

### Requirements

Each state that draws down the increased FMAP must meet the following "Program Requirements".

- The 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.
- 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.

CMS will measure compliance with the supplementation requirement by evaluating each states adherence to the following conditions:

- The state will not impose stricter eligibility standards, methodologies, or procedures for HCBS programs and services that were in place on April 1, 2021.
- The state will preserve covered HCBS, including the services themselves and the amount, duration, and scope of those services in effect as of April 1, 2021.
- The state will maintain HCBS provider payments at a rate no less than those in place as of April 1, 2021.

### Opportunities

The funding from ARPA Section 9817 is available to match Medicaid eligible initiatives that support Medicaid members, Medicaid HCBS providers and HCBS infrastructure. Montana has the flexibility to choose what eligible initiatives to pursue so long as the reinvestment, equivalent to the federal funds attributable to the increased FMAP, is completed by March 31, 2024. The total funding available for initiatives is dependent on the federal matching rate available for each activity.

The following is a non-exhaustive list of investment opportunities that CMS has identified as eligible initiatives:

- New and/or additional HCBS services
- Increased payment rates
- HCBS workforce supports
- Expanding HCBS capacity

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- Reducing HCBS waitlists
- Quality improvement activities
- Addressing social determinates of health (SDOH)
- Addressing health disparities
- Enhancing care coordination

### Plans and Reports

CMS requires participating states to submit an initial and quarterly spending plan and narrative. These periodic reports will outline the activities that each state has implemented and/or intends to implement to enhance, expand, or strengthen HCBS under the Medicaid program. Montana's ARPA HCBS Spending Plan and Narrative provides the framework from which Montana will describe and report and report on HCBS initiatives over the next three years.

# Montana ARPA HCBS Spending Plan and Narrative

## HCBS Spending Narrative

### Phased Approach

Montana will use a phased approach to launching initiatives funded with ARPA 9817 funds. The phased approach will be anchored on two core principles 1) active and ongoing stakeholder engagement and 2) impactful investments aligned with strategic principles. Additionally, a phased approach will allow for flexibility and nimbleness as states await further guidance from CMS and the Montana Department of Public Health and Human Services receives approval from Montana Legislative Interim Committees when necessary.

### Active and Ongoing Stakeholder Involvement

The proposed plan is the result a significant amount of time engaged with stakeholders within and around the HCBS system over the last 18 months. From individual citizen communications to publicly held legislative hearings, Montana has a long running history of ongoing and active engagement with HCBS members, service providers and advocates. The following is a non-exhaustive list of stakeholder engagement avenues that will be used to recommend, inform, and prioritize initiatives outlined in this and future reports:

- HCBS member communications
- HCBS provider communications
- HCBS provider workgroups
- COVID waiver provider workgroups
- COVID behavioral health provider workgroups
- Community First Choice Council
- Big Sky Waiver Manual Redesign Workgroup
- Tribal meetings and consultations
- APRA interested party input
- Legislative hearings

Montana will utilize the information gathered during past and future stakeholder engagement cycles to inform upcoming phase priorities and investments. As initiatives are readied for implementation additional stakeholder engagement will frequently be conducted via public notice and/or community meetings.

### Strategic Principles

The enhanced match included in the ARPA provides each state a unique opportunity to invest in their HCBS system. This opportunity requires strategic planning to ensure funds are used in a manner that will support and strengthen HCBS services in the short term while investing in long-term transformational change. To achieve both the short- and long-term objectives all initiatives proposed under Montana's current and upcoming ARPA Spending Plan and Narrative will align with one or more strategic principles:

- Workforce Supports – Retaining and building a high-quality HCBS workforce

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- Provider Stability – Ensuring short- and long-term provider stability and member access
- Quality of Care – Accessible high quality and valued HCBS services and supports
- Member and Provider Infrastructure - Member and provider supportive technology and infrastructure
- Financial Stewardship – Timely and informative information on the use and impact of Medicaid funds

## Phase 1 – Initiating July 1, 2021

Phase 1 initiatives will include priorities authorized the 67<sup>th</sup> Montana State Legislature including workforce supports, provider rate increases and a provider rate study.

### Direct Care Wage Increases

Strategic Principles: Workforce Supports, Provider Stability

The 67<sup>th</sup> Montana Legislature authorized SFY 2022 and SFY 2023 funding for wage increases to support direct care workers in Montana's 1915 (c) home and community-based service waivers. Phase 1 HCBS ARPA Initiatives include the SFY 2022 expected distribution of the increased funds aimed to increase the salaries of the primary workforce in **Montanan's 1915c HCBS Waivers**. The direct care wage increases will be provided to the following provider types that are delivering services listed in Appendix B of the SDML:

HCBS Medicaid Authority	Provider Type/Service Type
Section 1915(c)	All services with a direct care component.

Please see the Spending Plan Details section for the quarterly and total amount of funds estimated to be expended each quarter.

### Provider Rate Increases

Strategic Principles: Provider Stability, Quality of Care

The 67<sup>th</sup> Montana Legislature authorized SFY 2022 and SFY 2023 funding for several fee-for-services provider rate increases. Phase 1 HCBS ARPA Initiatives include the increased SFY 2022 Medicaid appropriations directed towards increased provider rates for Home and Community-Based Service services and providers (as defined by ARPA). **The provider rate increases that meet the conditions in SMD#21-003 and are considered activities that enhance, expand, or strengthen HCBS, include the following:**

Rate increases to the following provider types that are delivering services listed in Appendix B of the SDML:

HCBS Medicaid Authority	Provider Type/Service Type
Home Health Care	Home Health Services Durable Medical Equipment
Personal Care Services	All providers

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Case Management	Mental Health Adult Targeted Case Management Substance Use Disorder Targeted Case Management Children's Mental Health Targeted Case Management Developmental Disabilities Targeted Case Management
Rehabilitative Services	Mental Health Centers (Adult Services) Chemical Dependency Clinics
Private Duty Nursing	All services delivered in the home.
Section 1915(c)	All providers
Section 1915(k)	All providers

Rate increases to the following provider types delivering behavioral health services covered under another benefit but that could be listed in Appendix B:

HCBS Medicaid Authority	Provider Type
Other Practitioners' Services	Licensed Marriage and Family Therapist Licensed Psychologist Licensed Clinical Social Worker Licensed Professional Counselor Advanced Practice Registered Nursing with a clinical specialty in Psychiatric mental health nursing
EPSDT	Mental Health Centers (Children's Services)

Please see the Spending Plan Details section for the quarterly and total amount of funds estimated to be expended each quarter.

### Provider Rate Study

#### Strategic Principles: Provider Stability, Quality of Care

The 67<sup>th</sup> Montana Legislature authorized SFY 2022 funding for a provider rate study to determine the impact of COVID 19 on provider rate sufficiency and member access. Phase 1 HCBS ARPA Initiatives will include the SFY 2022 administrative expenditures related to rate studies for Home and Community-Based Service services (as defined by ARPA).

The cost of the provider rate study related to the following provider types delivering services listed in Appendix B of the SDML will help Monana expand, enhance and/or strengthen then HCBS system:

HCBS Medicaid Authority	Provider Type/Service Type
Home Health Care	Home Health Services Durable Medical Equipment
Personal Care Services	All providers
Case Management	Mental Health Adult Targeted Case Management Substance Use Disorder Targeted Case Management Children's Mental Health Targeted Case Management Developmental Disabilities Targeted Case Management
Rehabilitative Services	Mental Health Centers (Adult Services)

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	Chemical Dependency Clinics
Private Duty Nursing	All services delivered in the home.
Section 1915(c)	All providers
Section 1915(k)	All providers

Please see the Spending Plan Details section for the quarterly and total amount of funds estimated to be expended each quarter.

### Phase 2 – Initiating October 1, 2021

Phase 2 initiatives will include priorities gathered and vetted through stakeholder communications and meetings.

#### Provider Supplemental Payments

##### Strategic Principles: Provider Stability, Quality of Care

Stakeholder meetings with and communications from Montana Medicaid HCBS providers have identified financial instability as a major risk factor to a) ensuring ongoing service delivery and b) ability to recruit and retain workforce. DPHHS will issue supplemental payments to ARP defined Home and Community Based Providers for 24 months, using the schedule below. Providers receiving the supplemental payments will be expected to sustain and/or increase service delivery and invest in workforce recruitment and retention.

Claim Dates of Payment	Maximum Supplemental Payment
April 1, 2021 – Sept 30, 2021	15%
October 1, 2021 – March 31, 2022	12%
April 1, 2022 – September 30, 2022	8%
October 1, 2022 – March 31, 2023	4%

Supplemental payments will be available to the following provider types that are delivering services listed in Appendix B of the SDML:

HCBS Medicaid Authority	Provider Type/Service Type
Home Health Care	Home Health Services Durable Medical Equipment
Personal Care Services	All providers
Case Management	Mental Health Adult Targeted Case Management Substance Use Disorder Targeted Case Management Children's Mental Health Targeted Case Management Developmental Disabilities Targeted Case Management
Rehabilitative Services	Mental Health Centers (Adult Services) Chemical Dependency Clinics
Private Duty Nursing	All services delivered in the home.
Section 1915(c)	All providers
Section 1915(k)	All providers

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Supplemental payments will be available to the following provider types delivering behavioral health services covered under another benefit but that could be listed in Appendix B:

HCBS Medicaid Authority	Provider Type
Other Practitioners' Services	Licensed Marriage and Family Therapist Licensed Psychologist Licensed Clinical Social Worker Licensed Professional Counselor Advanced Practice Registered Nursing with a clinical specialty in Psychiatric mental health nursing
EPSDT	Mental Health Centers (Children's Services)

Please see the Spending Plan Details section for the quarterly and total amount of funds estimated to be expended each quarter.

### Future Phases

Montana will utilize the information gathered during past and future stakeholder engagement cycles to inform upcoming phase priorities and investments. The investments will be chosen to provide immediate short-term provider and/or direct care worker support as well as one-time efforts that support long term, structural impact.

The following initiatives serve as examples to demonstrate potential investments that support the strategic principles:

- Provider supplemental payments
- Investments in workforce training and incentives
- Direct care wage increases
- Build differential pay structures tied to specialized service delivery
- Partner with workforce program and educational institutions to enhance career pathways
- Increased case and care management member supports, including tenancy supports
- Investigate coordinated case/project management for home modifications
- Enhanced rates for high needs members
- Increased investment in transition services to support community living
- Investments in technology to support healthcare and SDOH data exchange and integration
- Investments in a unified case management module

# Montana ARPA HCBS Spending Plan and Narrative

## HCBS Spending Plan

### Budget Overview

Initial estimates indicate that the State of Montana will save approximately \$40 million in state funds from the 10 percentage points of enhanced federal medical assistance percentage (FMAP) for HCBS expenditures between the eligible period of April 1, 2021 and March 31, 2022.

April 1, 2021 – June 30, 2021	July 1, 2021 – September 30, 2021	October 1, 2021 – December 31, 2021	January 1, 2022 – March 31, 2022	Total
9.16 million	9.16 million	9.16 million	9.16 million	36.6 million

These estimates do not include the additional enhanced federal medical assistance percentage received for the one time re-investment of funds in HCBS services during year 1.

### Spending Plan Projection

After reinvesting the savings and drawing down a federal match on eligible expenditures, Montana will have an estimated \$127,000,000 in funding for HCBS initiatives between April 1, 2021 and March 31, 2024. This preliminary estimate assumes 85% of the funds are re-invested in activities eligible for standard benefit FMAP, 10% in activities eligible for standard administrative federal financial participation of 50%, and 5% in activities eligible for technology enhanced federal financial participation of 90%.

Percentage of Reinvestment	Type	Re-Investment of Estimated State Savings	Federal Participation Rate	Re-Investment of Additional Federal Share	Total Available for Initiatives
85%	Benefit FMAP	\$31,154,711	65%	\$57,858,749	\$89,013,460
5%	Standard Administration	\$ 1,832,630	50%	\$ 1,832,630	\$ 3,665,260
5%	Eligibility	\$ 1,832,630	75%	\$5,497,890	\$7,330,520
5%	Technology	\$ 1,832,630	90%	\$16,493,671	\$18,326,301
		\$36,652,601			\$118,335,541

The spending plan projection section will be continue to be enhanced and expanded to provide additional details as Montana initiates and implements investment phases.

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### Spending Plan Details

<b>Direct Care Wage Increases</b>				
<b>Year 1</b>				
	04/01/2021 – 06/30/2021	07/01/2021-09/30/2021	10/01/2021-12/21/2021	01/01/2022 – 03/31/2022
State Funds		\$136,048	\$136,048	\$136,048
Federal Funds		\$251,554	\$251,554	\$251,554
<b>Total Funds</b>		<b>\$387,602</b>	<b>\$387,602</b>	<b>\$387,602</b>
<b>Year 2</b>				
	04/01/2022 – 06/30/2022	07/01/2022-09/30/2022	10/01/2022-12/21/2022	01/01/2023 – 03/31/2023
State Funds	\$136,048	\$270,199	\$270,199	\$270,199
Federal Funds	\$251,554	\$499,599	\$499,599	\$499,599
<b>Total Funds</b>	<b>\$387,602</b>	<b>\$769,798</b>	<b>\$769,798</b>	<b>\$769,798</b>
<b>Year 3</b>				
	04/01/2023 – 06/30/2023	07/01/2023-09/30/2023	10/01/2023-12/21/2023	01/01/2024 – 03/31/2024
State Funds	\$270,199	\$270,199	\$270,199	\$270,199
Federal Funds	\$499,599	\$499,599	\$499,599	\$499,599
<b>Total Funds</b>	<b>\$769,798</b>	<b>\$769,798</b>	<b>\$769,798</b>	<b>\$769,798</b>

<b>Provider Rate Increases</b>				
<b>Year 1</b>				
	04/01/2021 – 06/30/2021	07/01/2021-09/30/2021	10/01/2021-12/21/2021	01/01/2022 – 03/31/2022
State Funds		\$321,627	\$321,627	\$321,627
Federal Funds		\$594,688	\$594,688	\$594,688
<b>Total Funds</b>		<b>\$916,315</b>	<b>\$916,315</b>	<b>\$916,315</b>
<b>Year 2</b>				
	04/01/2022 – 06/30/2022	07/01/2022-09/30/2022	10/01/2022-12/21/2022	01/01/2023 – 03/31/2023
State Funds	\$321,627	\$643,253	\$643,253	\$643,253
Federal Funds	\$594,688	\$1,189,377	\$1,189,377	\$1,189,377
<b>Total Funds</b>	<b>\$916,315</b>	<b>\$1,832,630</b>	<b>\$1,832,630</b>	<b>\$1,832,630</b>
<b>Year 3</b>				
	04/01/2023 – 06/30/2023	07/01/2023-09/30/2023	10/01/2023-12/21/2023	01/01/2024 – 03/31/2024
State Funds	\$643,253	\$643,253	\$643,253	\$643,253
Federal Funds	\$1,189,377	\$1,189,377	\$1,189,377	\$1,189,377
<b>Total Funds</b>	<b>\$1,832,630</b>	<b>\$1,832,630</b>	<b>\$1,832,630</b>	<b>\$1,832,630</b>

## Montana ARPA HCBS Spending Plan and Narrative

<b>Provider Rate Study</b>				
<b>Year 1</b>				
	04/01/2021 – 06/30/2021	07/01/2021- 09/30/2021	10/01/2021- 12/21/2021	01/01/2022 – 03/31/2022
State Funds		\$150,000	\$150,000	\$150,000
Federal Funds		\$150,000	\$150,000	\$150,000
<b>Total Funds</b>		<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>
<b>Year 2</b>				
	04/01/2022 – 06/30/2022	07/01/2022- 09/30/2022	10/01/2022- 12/21/2022	01/01/2023 – 03/31/2023
State Funds				
Federal Funds				
<b>Total Funds</b>				
<b>Year 3</b>				
	04/01/2023 – 06/30/2023	07/01/2023- 09/30/2023	10/01/2023- 12/21/2023	01/01/2024 – 03/31/2024
State Funds				
Federal Funds				
<b>Total Funds</b>				

<b>Provider Supplemental Payments</b>				
<b>Year 1</b>				
	04/01/2021 – 06/30/2021	07/01/2021- 09/30/2021	10/01/2021- 12/21/2021	01/01/2022 – 03/31/2022
State Funds	\$4,824,399	\$4,824,399	\$3,859,519	\$3,859,519
Federal Funds	\$8,920,327	\$8,920,327	\$7,136,261	\$7,136,261
<b>Total Funds</b>	<b>\$13,744,726</b>	<b>\$13,744,726</b>	<b>\$10,995,780</b>	<b>\$10,995,780</b>
<b>Year 2</b>				
	04/01/2022 – 06/30/2022	07/01/2022- 09/30/2022	10/01/2022- 12/21/2022	01/01/2023 – 03/31/2023
State Funds	\$2,573,013	\$2,573,013	\$1,286,506	\$1,286,506
Federal Funds	\$4,757,508	\$4,757,508	\$2,378,754	\$2,378,754
<b>Total Funds</b>	<b>\$7,330,521</b>	<b>\$7,330,521</b>	<b>\$3,665,260</b>	<b>\$3,665,260</b>
<b>Year 3</b>				
	04/01/2023 – 06/30/2023	07/01/2023- 09/30/2023	10/01/2023- 12/21/2023	01/01/2024 – 03/31/2024
State Funds				
Federal Funds				
<b>Total Funds</b>				