



# Update on Minnesota's Home and Community Based Services (HCBS) Spending Plan

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# Historic Opportunity

- Home and Community Based Services (HCBS) Spending Plan provided Minnesota with approximately \$680 million to invest in services and supports for people with disabilities, older adults, and behavioral health.
- Funding was authorized by Section 9817 of the American Rescue Plan (ARP) in March 2021
- Guidance was received in May 2021 from CMS, paving the path to the legislature including over 50 unique investments in the 2021 health and human services bill.

# Federal Requirements

- Financed through 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 31, 2022
- States must use the federal funds attributable to the increased FMAP to **expand, strengthen, or enhance** HCBS services during the time period of April 1, 2021 through March 31, 2024
- States must submit an initial spending plan to CMS, along with quarterly reports throughout that time period

# Spending Plan Summary Figures

Below are the revenue and spending projections based on the November forecast. Both the FMAP revenue and corresponding spending items will shift over time based on actual expenditures.

Enhanced FMAP Funds and Uses (thousands)	SFY 2022	SFY 2023	SFY 2024 (through 3/31)	Total
Projected revenue from enhanced FMAP	686,156			686,156
Total state investments in the spending plan	130,358	306,637	275,980	712,974

Many initiatives are ongoing changes funded through the General Fund beyond this FMAP period.

# HCBS Spending Plan Initiatives



# Overview of all initiatives

MA Rate Increases	Expanded MA Services	Support people receiving HCBS to live in their own homes
Adult Foster Care Residential Crisis Stabilization	Expansion of Telehealth Services	Community Living Infrastructure
Home Health Services	Community First Services and Supports (CFSS) Implementation	Housing Transitional Costs
Personal Care Assistance (PCA) Rate Framework	CFSS Providers Allowed to Drive Recipient To Appointments	Grants for Technology for HCBS Recipients
Disability Waiver Rate System (DWRS) Services	Temporary paid parents and spouses in PCA	Transition to Community Initiative
Enhanced Rates for PCA Recipients with 10+ Hours/Day	Housing Transitional Costs	Mobile Psychiatric Residential Treatment Facility (PRTF) and Child and Adolescent Mobile Transition Unit
Elderly Waiver (EW), Alternative Care (AC) and Essential Community Supports (ECS) Services	Integrated Community Supports (ICS) service expansion	Additional Funding for Respite Care Grants and Own Your Own Future Study
Rate Floor for EW Customized Living services	Budget cap increases in EW and AC	Centers for Independent Living HCBS Access Grant
Substance Use Disorder (SUD) services		Department of Corrections and DHS Joint Initiative

# Overview of all initiatives

System Reforms		
Waiver Reimagine Phase II	PCA Cost Reporting and study on workers	Research on Access to Long Term Care Services and Financing
Case Management Redesign	Safety Net Services Report	MA Outpatient and Behavioral Health Services Rates Study
Mental Health Uniform Service Standards	Development of Individual HCBS Portal for Recipients	Develop New Service for PCA Services in Acute Care Hospital
Culturally Informed and Culturally Responsive Mental Health Task Force	Moving to Independence: Subminimum Wage Phase-out	Parenting with a Disability Pilot Project
Substance Use Disorder Provider Reduction in Regulatory Requirements	Legislative Task Force on Human Services Background Studies	
Supporting the HCBS Infrastructure		
Customized Living Quality Improvement Grants	Self Advocacy Grants for People with Developmental Disabilities	Continuity of Care for Students with Behavioral Health and Disability Support Needs
Adult Mental Health Initiative Grants	Grants for Child Care Providers to Serve Children with Disabilities	Provider Capacity Grants for Rural and Underserved Communities
Recovery Community Organization Grants	MN Inclusion Initiative Grant	Expand Mobile Crisis Service
SEIU Bargaining Contract Provisions	Culturally and Linguistically Appropriate Services Grants	Reducing Reliance on Children's Congregate Care Settings
Sober Housing Oversight Study	Lead Agency Process Mapping	HCBS Workforce Development Grants
Statewide Parent-to-Parent Program for Families with a Child with a Disability	"Age Friendly" Minnesota Grants	Health Professionals Loan Forgiveness

# Workforce Investments

Many of the 2021 HCBS investments provide a starting point for deploying strategies to address the direct care staff workforce shortage. These include:

- Rate increases (60% of the HCBS spending plan)
- PCA rate framework and cost reporting
- Provider capacity grants
- HCBS workforce development grants
- Waiver Reimagine
- Health professionals loan forgiveness
- Legislative Task Force on Background Studies



# Federal Approval Process



Conditional approval enables the state to fully implement the spending plan in accordance to the conditions set forth by CMS. Conditions include:

- States must also undergo other traditional approval processes for changes to their Medicaid program (for example state plan amendments and waiver amendments)
- Institutions for Mental Diseases (IMDs) stipulation

# Next Steps: Technical Changes

- The 2021 bill made all HCBS Spending Plan appropriations contingent upon each item's approval by the federal government in the plan.
- Many initiatives were delayed due to the delay in federal approval.
- Technical changes needed after approval was received:
  - Substance Use Disorder Rates – Exclude from HCBS spending plan contingency (done with SF2876)
  - Provide authority to spend FY2022 appropriations in FY2023 for grants that were delayed due to the delay in federal approval (proposed in Governor's Recommendation/SF4013-1E and SF4198)

# Next Steps: Governor's Recommendations to Extend Investments

The Governor is also recommending to extend several HCBS spending plan investments to provide ongoing improvements to the HCBS system. These include:

- Expanding Mobile Crisis Services
- Support for People to Move from Provider-Controlled Settings
- Transitional Costs as part of the MA Housing Stabilization services
- Community Living Infrastructure grants
- Department of Corrections and DHS Joint Initiative

# Additional Next Steps/Further Policy Development

- Implementation of newly approved HCBS initiatives
- Quarterly spending plans to CMS – Includes updates to narratives, actual spending by quarter and projected spending by quarter and in aggregate
- Work together on a comprehensive approach to workforce strategies that build upon HCBS investments