State of Kansas Spending Plan for Implementing Section 9817 of the American Rescue Plan Act

July 9, 2021; revised October 5, 2021

Executive Summary

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA). Section 9817 provides enhanced federal funding for Medicaid Home and Community Based Services (HCBS) through a one-year 10 percent increase to the share of state Medicaid spending contributed by the federal government. This one-year increase in federal matching funds will result in new, time-limited dollars that can be strategically invested in HCBS services in the state of Kansas through March of 2024. To draw the enhanced federal matching funds, Kansas is providing the following assurances to the Centers for Medicare & Medicaid Services (CMS):

- Kansas will use the federal funds attributable to the increased federal medical assistance percentage (FMAP) to supplement, and not supplant, existing state funds expended for Medicaid Home and Community Based Services (HCBS) in effect as of April 1, 2021;
- Kansas will use the state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement of supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program;
- Kansas will not impose stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;
- Kansas will preserve covered HCBS, including the services themselves and the amount, duration, and scope of those services, in effect as of April 1, 2021;
- Kansas will maintain HCBS provider payments at a rate no less than those in place as of April 1, 2021.

This Executive Summary describes the initial spending plan for the state of Kansas, to be administered by two state agencies: the Kansas Department of Health and Environment (KDHE), and the Kansas Department for Aging and Disability Services (KDADS). KDHE is the single state Medicaid agency. KDADS administers the state's 1915(c) HCBS waivers and oversees the state's PACE programs, and thus the majority of Section 9817 spending will occur within KDADS-sponsored projects. Additional details about this initial spending plan can be found in the attached *Compendium* and *HCBS 10% FMAP Project Spending Plan* spreadsheet.

Upon learning of the opportunity to invest additional funding into HCBS programming, KDHE and KDADS began meeting and brainstorming with its stakeholders to compile a list of potential projects that would allow the state to strategically position its programs and services for the future. The agencies met with advocacy groups, service providers, educational institutions, and other state agencies between March and June of 2021. As the number of potential projects far outsized the estimated funding available for

investment, the state leveraged the following guiding principles to determine how to use the available funding:

- **Maximize Benefit to Kansas Citizens.** Ensure equity by supporting full spectrum of eligible HCBS populations and balance direct and indirect investments.
- **Invest in Lasting Impact and Change.** Balance near-and long-term benefits; Measure, track and report impacts; and prioritize sustainable initiatives.
- **Ensure Flexibility to Meet Evolving Needs.** Incorporate the ability to scale pilot programs up or down and leverage flexibility of initial spending plan to re-evaluate needs during implementation process.
- **Fully Utilize All Federal Funding.** Use all one-time funding and ensure that projects comply with Federal requirements.

The long list of ideas and investment opportunities was narrowed down into three priority investment areas based on size of need and alignment to principles. The three priority investment areas are (1) Workforce; (2) Employment; and (3) Access to Care. The Kansas *HCBS FMAP Portfolio Compendium* dated July 9, 2021, includes a Needs Assessment for each of these priority areas, as well as "Deep Dive" descriptions of each proposed project and how the project contributes to the goals and priorities of KDADS and its stakeholders.

1. **Workforce.** Recruiting and retaining a qualified workforce is important in every industry, but it is critical to the independence and well-being of individuals receiving Home and Community Based Services. Retention incentives and recruitment bonuses, as well as robust training opportunities aim to bring direct service workers into the field. Further, exploration of a direct service worker Career Ladder can help build a pipeline for future workforce needs.

   The proposed workforce-related projects are targeted at providers delivering services that are listed in Appendix B of the State Medicaid Director Letter (SMDL) which will then, in turn, benefit the individuals who are receiving Home and Community Based Services through the Kansas 1915c waivers. The proposed initiatives will target the recruitment, retention, and training of providers of direct, hands-on personal care services, albeit agency-directed or self-directed, through the 1915c waivers. Kansas does not offer personal care services through its State Plan, only through the 1915c waivers, therefore, the proposals meet the requirements of Appendix B of the SMDL. Workforce shortages are a significant concern that Kansas aims to address with these initiatives to ensure a qualified workforce is available to HCBS waiver participants.

Workforce Retention Bonus Program	$	51,000,000
Training Grants	$	5,100,000
Study & Design Career Ladder	$	1,000,000
Total Workforce Initiatives	$	57,100,000

2. **Employment.** Availability of competitive, integrated employment for individuals with disabilities is the aim of the Employment First initiative. Kansas intends to utilize this funding opportunity to study and create a roadmap to a complete and robust implementation of Employment First.

Employment First Study	$	2,000,000
Total Employment Initiatives	$	2,000,000

3. **Access to Care.** Initiatives in this category are intended to expand accessibility to Home and Community Based Services through studies of the Kansas HCBS waiting lists, TCM models, and justice-involved individuals with disabilities. Increased access to institutional transition services and trainings for parents and providers working with individuals with intellectual and developmental disabilities and behavioral health challenges are planned to be addressed.

   The projects proposed under the category of Access to Care are targeted to both strengthen the HCBS service delivery system and to provide services directly to individuals who are receiving HCBS through one of Kansas' 1915c waivers. The Waiting Lists study, TCM study, and Sequential Intercept Model (SIM) consultant projects are intended to provide the state with valuable information about the needs of both waiver participants and overall delivery system needs. In particular, the SIM consultation will allow Kansas to bring together professionals and experts to assist Kansas in identifying gaps in services that would strengthen the continuum of care, focusing on justice-involved dual-diagnosis individuals with disabilities.

   The Transition Services, Mobile Crisis, Behavioral Management Family Training Pilot are each aimed at providing direct services to 1915c waiver participants and their families. The Transition Services project would provide support to individuals desiring to move from an institutional setting to receiving HCBS in their homes. The State confirms it will not pay for room and board as part of the activities of this program.

   The Remodeling Grants—HCBS Providers proposal would include capital investments as permitted under 9817 of the ARP. Kansas proposes to provide grant opportunities to HCBS providers that demonstrate the ability to come into compliance with the HCBS settings criteria but for the need of small to moderate capital improvement projects. The State understands that these investments would be required to result in settings that are fully compliant with the settings final rule and that FFP could not be claimed for capital investment activities approved in ARP section 9817.

Study I/DD & PD Waiting Lists	$	1,000,000
Transition Services	$	1,500,000
Study Targeted Case Management Models	$	1,000,000
Mobile Crisis Response for I/DD	$	3,500,000
Sequential Intercept Model (SIM) Consultant	$	30,000
Behavioral Management Family Training Pilot	$	2,000,000

Settings Rule Remodeling Grants	$	5,400,000
Total Access to Care Initiatives	$	14,430,000

Finally, KDADS intends to hire additional staff positions to implement and oversee the projects listed above associated with this funding opportunity. It is crucial that the agency be appropriately resourced to carry out this work efficiently and effectively to maximize the opportunity presented to the State and to meet the quarterly federal reporting requirements.

4. **Leverage More Community-Based Resources to Support Health Equity.** Stakeholder groups have approached the state about incorporating community health workers (CHWs) into the Medicaid program, with the goal of increasing health equity. CHW activities would strengthen care coordination by connecting beneficiaries with available healthcare services and social supports to address social determinants of health; health education for ARPA Section 9817 eligible program beneficiaries with high-cost chronic conditions; health assessments and environment health assessments; referrals; rural oral health referrals; and oral health referrals for disabled adults.

   Initiatives in this area would include exploring contractual agreements with the public health departments, FQHCs, or other entities employing CHWs in which they would act as liaisons with the MCOs. KDHE would also partner with the state's Division of Public Health to establish contracts with entities employing CHWs. The state would also include an evaluation component, which should be intended to inform the role of CHWs in the next iteration of Medicaid managed care (KanCare). The goal of these initiatives is to improve access to community-based services to help ensure that ARPA Section 9817 eligible Medicaid beneficiaries are able to live safely in the community. KDHE would pursue this in a manner which would keep this funding out of capitation rates.

5. **Housing and Homelessness Incentive Program to Support HCBS.** Initiatives in this area would include developing an incentive program allowing MCOs to earn additional bonus payments for creating housing investments in Kansas for Section 9817 eligible program beneficiaries, such as short-term housing subsidies and partnerships with community-based housing organizations. The purpose of this activity is to encourage the Medicaid MCOs to invest in housing for members who lack housing stability and are at risk for institutional placement due to health needs complicated by homelessness or inadequate housing. These activities would be targeted at individuals who are receiving services described in Appendix B to SMD #21-003. The state would seek to learn from this time-limited pilot to inform the next iteration of KanCare.

   This incentive program would *not* pay for room and board but would enable MCOs to earn incentive payments for housing investments. For example, one Medicaid MCO is currently working on a performance improvement plan (PIP) to provide housing resources for members who are homeless or at-risk of homelessness. That PIP includes working with homeless shelters to connect members with needed services and investing in transitional housing units to help serve medically complex members who are homeless and have high utilization in medical claims.

This incentive program would encourage similar investments in housing supports but would not pay for room and board or capital investment costs.

6. **State Infrastructure Support.** The state would seek to invest in IT infrastructure to better detect and prevent fraud, waste, and abuse in HCBS services. Specific initiatives would include paying one-time costs to link Pondera, a data analytics solution, to the state's MMIS system so that the state's Medicaid Fraud Control Unit and Medicaid Inspector General's Office can mine Medicaid data more efficiently. The goal of this initiative would be to identify and deter improper payments that may be wasting HCBS resources, and to support the Medicaid Inspector General's strategic plan to conduct targeted reviews of HCBS services. Section 9817 funding can help these important functions acquire data analytics tools that otherwise would not be accessible given their available resources.

7. **Training for Primary Care and Dental Providers to Expand and Improve Services to HCBS Patients.** Initiatives in this area would include hiring a consultant or other outside entity to work with the KDHE training team to design and develop a curriculum to train PCPs and dentists to better serve HCBS and other ARPA Section 9817 beneficiary groups. This training would be available to PACE network providers, primary care providers, and dentists. This initiative would seek to enhance, expand, and strengthen medical services provided to HCBS consumers to ensure that primary medical care is tailored to HCBS consumers' unique needs. The state also hopes that offering this training will encourage more providers to enroll in Medicaid to help serve this population. The state would seek to partner with a disability organization to research and deploy the evidence-based training program or curriculum and provide certifications and/or incentive payments to providers who complete the training. The preferred mechanism for any incentive payments would be outside of capitation rates.

8. **Evaluation of the STEPS Employment Support Pilot Program.** Kansas' approved 1115 waiver includes a pilot project to provide pre-employment services, on-the-job supports, independent living counseling, and other supportive services to assist Medicaid beneficiaries in finding and keeping competitive, integrated employment. The state would seek to retain our EQRO to conduct an in-depth evaluation of the pilot to help inform the next iteration of KanCare. As described in STC #22, the target population for the STEPS program includes HCBS participants, those on wait lists for 1915(c) HCBS waivers, and individuals who receive services through SSI or SSDI and have qualifying behavioral health diagnoses. Although the STEPS program serves the HCBS population, HCBS funding does not pay for the program. Therefore, Section 9817 funding used for this evaluation would only supplement, not supplant, existing HCBS funding.

It should be noted that the State will be required to update both its narrative plan and its spending plan on a quarterly basis until all funds are expended. This process will allow the state to modify its plans, as necessary, to accomplish the priorities presented in this initial plan. Kansas looks forward to receiving feedback from CMS on the content of our plan. In the interim, the state will continue to further develop each of the proposed initiatives in coordination with stakeholders. We look forward to the opportunity to advance and strengthen Home and Community Based Services in Kansas.