Michigan Home and Community Based Services (HCBS) Spending Plan

American Rescue Plan Act (ARPA) Enhanced Federal Funding

Michigan Department of Health and Human Services

July 12, 2021

Table of Contents

Overview of Enhanced Medicaid HCBS Federal Funding Authorized by the American Rescue Plan Act (ARPA)

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) into law, enacting a $1.9 trillion COVID-19 relief package. The legislation includes a number of provisions that impact state and federal health care policies and programs, including the availability of enhanced federal funding for state Medicaid spending on HCBS. These services help older adults, people with disabilities and people with behavioral health needs live independently in the community by providing a variety of supports.

In particular, Section 9817 of the American Rescue Plan provides states with a one-year, 10 percentage point increase in their federal medical assistance percentage (FMAP)—the share of state Medicaid spending paid for by the federal government—for certain Medicaid HCBS expenditures. This 10-percentage point increase will apply only to HCBS expenditures provided between April 1, 2021 and March 31, 2022. States must use the federal funds attributable to the one-year increased FMAP by March 31, 2024 and funding must supplement, not supplant, existing state funds expended for Medicaid HCBS in effect as of April 1, 2021. In addition, states must use 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.

The one-year increase in federal matching funds will result in new, time-limited dollars that can be invested in HCBS services through March 2024. This extended time period will provide states with time to design, gather input and implement short-term activities to strengthen the HCBS system in response to the COVID-19 Public Health Emergency (PHE), as well as longer term strategies that enhance and expand the HCBS system and sustain effective programs and services.

Examples of activities that states can initiate as part of this opportunity include, but are not limited to:

- Payment rates
- HCBS workforce recruitment or training, expanding provider capacity
- Assistive technology, including access to additional equipment or devices
- Community transition and coordination costs
- Expanding HCBS capacity
- Diversion from facility-based care
- Enhancing care coordination
- Support for individuals with HCBS needs and their caregivers
- Strengthening assessment and person-centered planning practices
- Employing cross-system data integration efforts
- Expanding use of technology and telehealth

- Addressing social determinants of health (SDOH) and health disparities
- Testing alternative payment methodologies or the delivery of new services that are designed to address SDOH that may include housing-related supports such as one-time transition costs, employment supports, and community integration, among others

Home and Community-based Services in Michigan

HCBS are a diverse set of services that assist people with disabilities and older adults with their activities of daily living—such as preparing meals, transportation, and personal care—allowing them to live independently and safely in their homes and communities. Some HCBS also meet an individual's medical needs, such as home health services. HCBS are an essential component of the care continuum, as evidenced during the COVID-19 pandemic.

Michigan has a long-standing commitment to ensuring that older adults and people with disabilities have access to community-living opportunities and supports that address each individual's diverse needs, abilities, and backgrounds.

Service Delivery Landscape

The 1980s and 1990s was a period of rapid growth of community-based and alternative services for adults with mental illnesses, persons with developmental disabilities, and children with serious emotional disturbances. During this time Michigan made a concerted effort toward transitioning individuals with SMI, SED, and IDD to the community, through HCBS.

The Michigan Department of Health and Human Services (MDHHS) offers a wide range of home and community-based services and supports to improve the health and well-being of Michigan residents. Many of these services are authorized through the Michigan Medicaid State Plan, which is an agreement between the State of Michigan and the federal government that identifies the general health care services, reimbursement of those services, and the beneficiary and provider eligibility policies in effect under Michigan's Medicaid program. State plan-authorized services include the Home Help program, home health care services, and hospice care. The Home Help program provides personal care services to individuals who need hands-on assistance with Activities of Daily Living (ADLs) and assistance with Instrumental Activities of Daily Living (IADLs). Home health care services include intermittent or part-time nursing services, home health aide services, and provision of select medical supplies and durable medical equipment for use in a person's home.

MDHHS has created several waiver programs to provide services to Michigan residents who have aging-related needs, disabilities, behavioral health needs, or other health issues. These include the MI Choice program, Children's Waiver Program, Children with Serious Emotional Disturbance Program, Habilitation Supports Waiver Program, the MI Health Link HCBS Waiver, and the Managed Specialty Services and Supports Waiver Program. Individuals in these programs receive services in their own homes and/or communities rather than being served in an institutional setting.

Michigan's Commitment to Investment and Innovation in HCBS

The State of Michigan has a strong history of investment and innovation in home and community-based services, which it will build upon with ARPA funding.

In 2014, the Federal Government issued a new rule for Medicaid waiver programs that pay for HCBS to ensure that individuals who receive HCBS are an equal part of the community and have the same access to the community as people who do not receive Medicaid waiver services. MDHHS developed a Statewide Transition Plan (STP) to outline the transition process for Michigan Medicaid waiver programs.

The MDHHS developed the STP based upon the following principles:

- Improve the inclusion and integration of waiver participants into the community
- Promote autonomy and self-determination of individual participants
- Allow for flexibility for individuals to meet their personal goals and health needs
- Build partnerships at the local, regional, and statewide level to strengthen the implementation process.
- Help individuals, providers, and local/regional service agencies succeed during the transition process.

In the FY2017-2018 state budget, the Michigan Legislature asked MDHHS to conduct an analysis of the state's managed long-term services and supports (LTSS) system and to analyze a variety of options for expansion of managed LTSS." That study resulted in several recommendations, including expansion of the MI Choice Waiver Program, standardization of quality measures and improved data collection, exploration of conflict-free options counseling and No Wrong Door access to services, implementation of standardized comprehensive assessments, and standardization of person-centered planning and integrated care management processes. Actions toward many of these recommendations are reflected in the state's HCBS ARPA spending plan below.

Hourly wages under the Home Help program were $9.90 as of March 2020. However, amid the COVID-19 pandemic, the Michigan legislature provided a $2 per hour premium pay increase from April 2020 to February 2021 to all direct care workers who participate in the Home Help program or work in a Medicaid-certified nursing home. The premium pay was then extended until the end of September 2021 and increased to $2.25 per hour for March-September 2021. In practice, this meant that family caregivers in the Home Help program received an hourly pay increase from $9.90 in March 2020 to $11.90 between April 2020 and February 2021 and then to $12.15 from March-September 2021.

The funding authorized through ARPA will further these goals and will additionally help given that the COVID-19 pandemic intensified people's preference for receiving HCBS and reinforced the need for a robust and stable HCBS system to provide high-quality, person-centered care to Medicaid populations. The increased funding provided through ARPA will help provide states with resources needed to continue efforts to expand and strengthen HCBS.

Initial HCBS Spending Plan Projection

MDHHS anticipates that the department will experience the following savings in the second quarter of 2021 as a result of participating in this funding opportunity. MDHHS will provide additional estimates in the next iteration of the spending plan. MDHHS anticipates an annual savings of $246,373,800 (four times the estimated enhanced federal match for FY21 Q3) as a result of participating in this funding opportunity.

TABLE 1. Quarterly HCBS Expenditures for Fiscal Year 2021 Quarter 3 (April–June 2021)

Program	Gross Expenditure	Federal Match	General Fund	Enhanced Federal Match (10%)†
MI-Choice‡§	$ 105,000,000	$ 73,794,000	$ 31,206,000	$ 10,500,000
Home Health	$ 300,000	$ 210,840	$ 89,160	$ 30,000
Adult Home Help	$ 103,000,000	$ 72,388,400	$ 30,611,600	$ 10,300,000
Personal Care	$ 2,000,000	$ 1,405,600	$ 594,400	$ 200,000
Program of All-Inclusive Care for the Elderly (PACE)§	$ 42,000,000	$ 29,517,600	$ 12,482,400	$ 4,200,000
Behavioral Health 1915i Costs⌘	$ 206,319,500	$ 145,001,345	$ 61,318,155	$ 20,631,950
Other Behavioral Health Waivers*	$ 157,315,000	$ 110,560,982	$ 46,754,018	$ 15,731,500
Total	$ 615,934,500	$ 432,878,767	$ 183,055,733	$ 61,593,450

Notes:
† Enhanced Federal Match is calculated as 10 percent of the Gross Expenditure
‡ CMS Guidance states reporting lines as 19A-19D, DHHS reports on 18B1 PAHP (Prepaid Ambulatory Health Plan).
§ MI-Choice and PACE are capitated programs. The Gross expenditure reflected above is the entire capitated payment amount. CMS Guidance indicates just the percentage of HCBS services in the rate is eligible.
⌘ Behavioral health costs reflect 2019 annual amounts divided by four quarters for gross expenditures.
*Other behavioral health waivers are the Waiver for Children with Serious Emotional Disturbances, Children's Waiver Program, and Habilitation Supports Waiver.

Initial HCBS Spending Plan Narrative

The enhanced federal funding affords Michigan with an opportunity to make substantial investments in services and supports for older adults as well as those with physical disabilities, intellectual and developmental disabilities, and/or behavioral health needs. Investments authorized through ARPA will supplement efforts already underway to expand and enhance HCBS in Michigan.

This document serves as Michigan's proposed HCBS Spending Plan, including high-impact initiatives that can be sustained primarily through one-time investments. This funding will be used to bolster the department's efforts through the following three pillars:

1. **Expansion of HCBS Services and Supports**, including navigation, transitions, family care givers, diversion, and enhanced care models;
2. **HCBS Workforce Development,** retaining and building a high-quality network; and
3. **HCBS Technology and Infrastructure Development,** to enable more effective care coordination, access, and delivery.

Investment Approach

MDHHS has identified several initiatives that could be supported with ARPA funding. Some of these have already garnered the full support of the state's executive and legislative leaders, while others will require more time to discuss and solidify with internal and external MDHHS partners. Thus, the plan includes initiatives that the state will support with ARPA funding, which are described in detail in the narrative below, as well as numerous initiatives that may be considered by the department and its partners.

Phase 1 Investments

Phase 1 investments are centered on access to HCBS services and supports. These investments are designed to provide immediate short-term funding to increase availability of and access to HCBS services provided through MI Choice and children's behavioral health services. MDHHS anticipates commencement of this funding beginning on dates of service on or after October 1, 2021, and continuing through March 31, 2024.

Phase 2 and 3 Investments

Phase 2 and Phase 3 investments will focus on one-time or time-limited funding that support initiatives with long term, structural impact. These investments require additional development and discussions with the Michigan stakeholder community, MDHHS executive leadership, and the state legislature. Michigan aims to finalize Phase 2 investments in the submission of the quarterly spending plan to CMS on October 1, 2021, and finalize Round 3 investments in the submission of the quarterly spending plan on October 1, 2022. Each round will include initiatives that strengthen the three HCBS pillars: access, workforce, and infrastructure.

Pillar 1: **Expansion of HCBS Services and Supports**

Promotion and awareness of HCBS services will be an important component of the initiatives funded using the enhanced federal match. Special attention will be given to promoting an understanding about HCBS further upstream to allow for planning and navigation of the system before individuals experience acute or emergency situations. Initiatives and funding will also focus on navigation where Michigan will strive to enhance and connect a range of statewide HCBS navigation systems, including screening and assessment tools, referral and navigation systems, service coordination, and communication campaigns, in order to increase access to HCBS.

Individuals transitioning from a facility-based setting or other provider-operated congregate living arrangement (such as a homeless shelter) to a variety of community-based, independent living arrangements are aided by HCBS transition initiatives, which will enhance community transition programs. Examples of potential areas for investment which will be further refined and examined with additional input from stakeholders will focus on areas such as diverting long-term care facility placements or inpatient hospitalizations to HCBS settings, supporting long-term housing placements for individuals with intellectual or developmental disabilities, and programs that support individuals at risk of unstable housing.

MI Choice HCBS Waiver Expansion

An immediate use of ARPA funding will be to expand access to the state's MI Choice HCBS Waiver program. MI Choice, which is federally authorized through 1915(b) and 1915(c) waivers, provides a wide array of services to individuals who need a nursing facility level of care but prefer to remain in the community. To qualify for MI Choice services, individuals must require a nursing facility level of care and require supports coordination plus one additional service covered by MI Choice, such as specialized medical equipment and supplies, home accessibility adaptations, or private duty nursing services. While MI Choice currently serves 17,000 people, it has a substantial wait list; and the capacity to serve additional people is limited by both the parameters of the state's 1915(c) waiver and the level of annual appropriations for the program. Michigan intends to use ARPA funding to expand the number of program slots by 1,000 to expand access to this program.

Children's Behavioral Health Reform

Michigan will also use Phase 1 ARPA funding to expand access to children's behavioral health services, including increasing funding the delivery of intensive crisis stabilization services, case management and treatment planning, and home-based services for children and families as well as the provision of parent support partners and youth peer support specialists. The state will also establish certification criteria for a variety of services to support children and families experiencing behavioral health crises, expand eligibility for community mental health services to children in or at risk for foster care who do not have a mental health diagnosis, and will cover family therapy and intensive home-based services for all Medicaid-eligible children who are at

high risk for developing serious behavioral health challenges regardless of a mental health diagnosis.

TABLE 2. Expansion of HCBS Supports and Services, Phase 1

MI Choice HCBS Waiver Expansion	
Non-Federal Share: $6.3M | Projected total with enhanced federal funding: $19.1M	
Category	Preliminary List of Initiatives
Access to services	• Expand access to HCBS by adding 1,000 slots to MI Choice wavier
Children's Behavioral Health Reform	
Non-Federal Share: $34.5M | Projected total with enhanced federal funding: $81.7M	
Category	Preliminary List of Initiatives
Service Array and Care Coordination	• Increase funding for delivery of intensive crisis stabilization services for children and families through the PIHPs • Increase funding for delivery of case management and treatment planning for children and families through the PIHPs • Increase funding for delivery of home-based services for children and families through the PIHPs • Increase funding for the provision of parent support partners and youth peer support specialist services through the PIHPS • Develop or revise statewide certification criteria for the following services: Mobile Crisis Intervention and Crisis Stabilization Services, Intensive Home-based Services, Intensive Care Coordination with Fidelity Wraparound, Moderate Intensity Care Coordination using Wraparound Principles, and Treatment Family Homes (Therapeutic Foster Care).
Service Access	• Provide funding to expand eligibility for specialty behavioral health services to children in/at risk for foster care without a mental health diagnosis
Service Coverage	• Cover family therapy and intensive home-based services for all Medicaid-eligible children without a mental health diagnosis who are at high risk for developing serious behavioral health challenges due to specific risk factors, such as maltreatment, exposure to domestic violence, or having a parent/caregiver with specific risk factors, such as a substance use disorder, serious mental illness, or a history of intimate partner violence

The following examples of investments to expand access to HCBS will allow existing HCBS programs to better serve their current clients while also expanding to serve more children, families, and adults. The preliminary list of initiatives will be further refined and examined with additional input from stakeholders.

TABLE 3. Expansion of HCBS Supports and Services, Phase 2 and 3

Category	Preliminary List of Initiatives
Service Array and Care Coordination	• Implement a program to help adults with physical disabilities live as independently as possible. Funds would be used to promote self-sufficiency by providing services that contribute to physical independence and safety • Implement a Complex Care Case Management Model within the MI Choice program

	• Expand the availability of peer mentoring for individuals with intellectual and developmental disabilities
Service Access	• Conduct independent options counseling prior to patient discharge from hospital • Conduct an education campaign to increase awareness and availability of HCBS services • Enhance and strengthen supported employment services and opportunities • Provide training and technical assistance for families and people with disabilities on how to access services in the public mental health system
Other Considerations	• Consider coverage of adjunctive therapies (i.e., music, art, drama, and recreation therapies) as State Plan services • Consider coverage of Customized Goods and Services (flex funds) • Expand definition and use of goods and services to anyone who self-directs a budget allowing them to outline a spending plan that allows real flexibility in the use of their service dollars to help achieve the goals of their plan of service.

Pillar 2: HCBS Workforce Development

A strong direct care and support workforce is essential to any effort to strengthen, enhance, and expand home and community-based services. The state values the workforce's cultural and linguistic capabilities. The HCBS efforts and services outlined in this plan will not be possible without an investment in the state's workforce to build and strengthen in response to the COVID-19 public health emergency, as well as longer term strategic and structural investments.

High turnover among the workforce further challenges the HCBS network and can hamper the formation of reliable connections and results in service inconsistency for members. To improve consumer experience and outcomes, targeted investments are needed to recruit, educate, and maintain a robust, skilled, and culturally competent network of direct care workers.

Through investments in provider workforce development, Michigan seeks to increase the number of clinical and non-clinical workers across programs and services, including navigation and service support workers, case managers, homeless service workers, group home workers, shared living caregivers and in-home and community-based direct care workers.

An immediate and principal challenge to implementing the initiatives in this spending plan is the limited supply of workers and the capacity of providers and agencies to meet demand. The pandemic has exacerbated these long-standing supply and demand issues. Direct care workers are difficult to recruit and retain because of the difficulty in maintaining competitive wages relative to the high demands of the work.

In Phase 1, Michigan will expand access to children’s behavioral health services by incentivizing providers to work in health professional shortage areas in the public children’s behavioral health system. The state will also develop a cross-system partnership (i.e., BHDDA, MSA, CSA, SHA) to establish a workforce capacity-building center to:

- Provide training, coaching, and certification related to children’s behavioral health care, including Mobile Crisis Intervention and Intensive Crisis Stabilization, Intensive Home-

Based Services, Intensive Care Coordination/Fidelity Wraparound and Moderate Intensity Care Coordination, and other services;
- Support a uniform assessment process through use of the Child and Adolescent Needs Survey (CANS);
- Provide training in trauma-informed care for all PIHPs, Medicaid health plans, CMHSPs, and state agency staff;
- Partner with Michigan family and youth-run organizations to implement, evaluate, and monitor the incorporation of family-driven and youth-guided care;
- Support a statewide effort to orient and educate key stakeholders regarding KB goals and activities, including providers, families, youth, MHPs, PIHPs, court, partner agencies; and
- Develop a train-the-trainer approach to expand evidence-based and best practices and support for a Children's Behavioral Health Provider Learning Community to foster peer-to-peer capacity building across providers

TABLE 4. HCBS Workforce Development, Phase 1

Non-Federal Share: $5.5M | Projected total with enhanced federal funding: $7M	
Category	Preliminary List of Initiatives
Health professional shortages	• Expand student loan forgiveness for students in behavioral disciplines who commit to working in shortage areas in public children's behavioral health system • Fund paid internships and rotations in the public child behavioral health system
Training and credentialing	• Establish a workforce capacity-building center

The following initiatives serve as preliminary examples to demonstrate potential initiatives to support ongoing workforce development through training and development of a career ladder that allows the direct care workforce to advance their skills and training. This preliminary list of initiatives will be further refined and examined with additional input from stakeholders.

TABLE 5. HCBS Workforce Development, Phase 2 and 3

Category	Preliminary List of Initiatives
Wages	• Extend Direct Service Provider (DSP) premium pay authorized through this fiscal year • Enable HCBS recipients and providers who hire DSPs for HCBS service delivery to offer bonuses or hiring incentives to DSPs.
Training and credentialing	• Establish a statewide training and credentialing system for CLS providers (like what is done for nursing home aids) with reciprocity requirements. • Establish a statewide database of credentialed direct care workers. • Identify and codify Supports Coordinator core competencies, the use of Independent Facilitation, Supports Brokering, and Support Coordinator Assistance; and create uniform statewide online core competency training

Community health workers	• Incorporate Community Health Workers (CHW) into the care continuum for individuals identified to have high-risk co-morbidities (i.e., chronic kidney disease, heart disease, diabetes, or asthma) • Employ CHWs to support independent options counseling

Pillar 3: **HCBS Technology and Infrastructure Development**

With Phase 1 funding, Michigan will enhance data and quality monitoring efforts, especially related to children's behavioral health services. The state will develop a Data and Quality Team to identify key quality indicators, reduce documentation burden, and remove barriers to sharing data. The state will also monitor data on child behavioral health service utilization to identify and address and disparities in access.

TABLE 6. HCBS Technology and Infrastructure Development, Phase 1

Non-Federal Share: $130,000| Projected total with enhanced federal funding: $260,000	
Category	Preliminary List of Initiatives
Data Collection and Monitoring	• Develop a Data and Quality Team to identify key indicators of quality and progress; identify data requirements that create duplication or ineffectual reports; and identify barriers to data sharing. • Track and report yearly on child behavioral health service utilization and expenditures; identify disparities in access and monitor progress over time.

The following examples of infrastructure investments will enable the expansion of HCBS services, allowing existing HCBS programs to better serve their current clients while also expanding to serve more people who fulfill eligibility criteria. The preliminary list of initiatives will be further refined and examined with additional input from stakeholders.

TABLE 7. HCBS Technology and Infrastructure Development, Phase 2 and 3

Category	Preliminary List of Initiatives
Community Engagement	• Establish a state self-determination advisory committee with regional self-determination advisory committees comprised of families, providers, and other stakeholders to increase transparency and accountability to the system.
Assessment	• Establish a conflict-free assessment process to determine amount, scope, and duration of medically necessary services.