



The American Rescue Plan Act: Opportunities for Improving Home- and Community-Based Services For Children and Youth with Special Health Care Needs

The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021. Provisions in this legislation have the potential to expand and strengthen Home- and Community-Based Services for children enrolled in Medicaid, in turn strengthening the systems of services for children and youth with special health care needs (CYSHCN).

Medicaid is an important source of health coverage for all children, but with its robust benefits and cost-sharing limits, it is particularly critical for CYSHCN. Together, Medicaid and the Children's Health Insurance Program (CHIP) cover 46% of the over 14 million CYSHCN in the United States.¹ This Catalyst Center explainer provides an overview of one ARPA provision: enhanced federal support for Home- and Community-Based Services for Medicaid enrollees.

How does the American Rescue Plan Act support Home- and Community-Based Services?

The ARPA gives states the option of receiving extra financial support for providing Home- and Community-Based Services (HCBS) to Medicaid beneficiaries. Specifically, the law provides for a 10-percentage point increase in the state's Federal Medical Assistance Percentage, or FMAP. States must use the additional funds they receive under the ARP FMAP increase to expand and enhance HCBS for Medicaid beneficiaries.

A state's FMAP is the federal matching dollars that the state receives for every dollar they spend to support their Medicaid program. The Federal government uses a state-specific multiplier to determine the percentage of each state's federal match. The FMAP ranges from 50% to 83%, with a higher federal match going to those states with a lower per capita income. To learn what your state's FMAP is, visit the Catalyst Center State Data Chartbook.

This increase in FMAP is in addition to other recent increases, such as the 6.2 percentage point increase in FMAP available to states during the COVID-19 public health emergency through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.²

How do states access the supplemental funds available under ARPA for HCBS?

The provision in the ARPA for additional HCBS funding covers approved expenditures from April 1, 2021, to March 31, 2022. State Medicaid agencies must apply to the Centers for Medicare and Medicaid Services (CMS) for this funding.

If a state takes advantage of the option for the increased FMAP for HCBS, the state must also meet the following requirements:

1. They must maintain their current spending on HCBS. States cannot use the increased FMAP to supplant or replace state funds for HCBS.
2. The state must use the extra money to support additional HCBS spending. The ARPA specifies that the state must use the money to "enhance, expand, or strengthen" Home- and Community-Based Services for Medicaid beneficiaries. Details on this requirement are described below.

On May 13, 2021, CMS issued a letter to state Medicaid directors providing guidance on the implementation of this provision, including how to request and use the funds.³ States were required to submit a plan for the increased funding within 30 days from the date of the letter (See Appendix for links to publicly available state applications).

How do states access the supplemental funds available under ARPA for HCBS?

The May 13 CMS letter describes services that are eligible for the increased FMAP.⁴ Services include:

- Home Health Care
- Personal Care Services
- Self-Directed Personal Care Services
- Case Management
- School-Based Services
- Rehabilitative Services
- Private Duty Nursing

The CMS letter also describes activities that states can implement with the additional funds to enhance, expand, and/or strengthen HCBS. Activities in the letter are classified into nine categories.⁵ The table below outlines the categories and examples of activities.

Category	Example Activities
Increased Access to HCBS	Reducing or eliminating HCBS waiting lists; increase the amount, duration, and/or scope of HCBS for new or existing recipients
HCBS Provider Payment Rate and Benefit Enhancements	Increase payment rates to provide HCBS; provide benefits like paid sick leave and paid family leave to HCBS workers; provide hazard pay, overtime pay, or shift differential pay to HCBS workers
Supplies and Equipment	Purchase personal protective equipment (PPE) and routine COVID-19 testing for HCBS workers and people receiving HCBS
Workforce Support	Activities to recruit and retain HCBS workers, including incentive payments; provide COVID-19-specific training for HCBS workers
Caregiver Support	Support family care providers with supplies or equipment; pay family caregivers for care services
Support for Improving the Functional Capabilities of Persons with Disabilities	Provide assistive technologies and other supports to minimize social isolation during COVID-19 and ensure that a person's plan of care is fully implemented
Support for Transitions during COVID-19	Support necessary transfers and relocation to or from nursing facilities or institutional settings during COVID-19
Support for Mental Health and Substance Use Disorder Services	Support the recruitment of additional behavioral health providers, increase reimbursement rates for behavioral health services, implement new behavioral health services, expand access to telehealth
Outreach	Provide accessible information and educational materials about COVID-19 to people receiving HCBS; support language interpreters including American Sign Language
Access to COVID-19 vaccines	Assist with scheduling vaccine appointments; provide transportation to vaccine appointments; develop and implement in-home vaccinations; education and outreach about the COVID-19 vaccine

What do these opportunities mean for CYSHCN?

Home- and Community-Based Services are vital for keeping CYSHCN out of avoidable institutional placements. The increased FMAP for Home- and Community-Based Services (HCBS) provided for in the American Rescue Plan could mean an extra \$12.67 billion in support for HCBS from April 1, 2021, to March 31, 2022.⁶ This additional funding has

the potential to increase access to needed home- and community-based services for CYSHCN. Three major areas that impact CYSHCN are HCBS waiting lists, HCBS workforce shortages, and lack of behavioral health services.

HCBS Waiting Lists

In most states, HCBS services are provided through Medicaid waiver programs. The need for HCBS is nearly always greater than funds available, generating waiting lists in many states. Nationwide, hundreds of thousands of individuals, including CYSHCN, are on waiting lists for HCBS waiver programs.^{7 8} States report that funding is the most significant factor that would facilitate providing services to those currently on waiting lists.⁹ Not all states use waiting lists, and some states prioritize children for HCBS waivers that are open to both children and adults.¹⁰ Nevertheless, reducing waiting lists using enhanced funding under the ARP could allow states to provide much-needed services to CYSHCN who currently do not receive them.

HCBS Workforce Shortages

Lack of providers is a substantial barrier to receiving HCBS services, even when CYSHCN are enrolled in a waiver program. Workforce shortages can prevent CYSHCN from receiving needed services, even after spending many years on a waiting list for an HCBS waiver. The provider shortage is in part due to low wages and low or no benefits for home health workers, such as paid sick time or family leave. States can address this challenge by using the enhanced FMAP under the ARPA in the categories of HCBS provider payment rate and benefit enhancement, workforce support, and caregiver support. States can use funds to increase provider reimbursement rates, recruit HCBS providers, or reimburse family caregivers for the services they provide to their children.

Lack of Behavioral Health Services

About 20% of children in the U.S fit the definition for having a special health care need,¹¹ and a substantial percentage of CYSHCN experience behavioral health issues. According to 2018-2019 data from the National Survey of Children's Health (NSCH), 34.5% of parents of CYSHCN report that their child received treatment or counseling from a mental health professional in the past year, compared to 4% of parents of non-CYSHCN.¹² In many states, behavioral health services for CYSHCN are not accessible due to shortages of behavioral health providers, especially pediatric mental health providers. COVID-19 has exacerbated this issue. Medicaid reported a sharp decrease in mental health service usage among children enrolled in Medicaid during COVID-19 and encouraged states to address this issue.^{13 14} Further, COVID-19 has likely contributed to declines in mental health among CYSHCN as a result of social isolation, unmet needs, and the stress of the pandemic; declines that increase the need for behavioral health services. States can address these challenges by using the enhanced FMAP to support the recruitment of additional behavioral health providers, increase reimbursement rates for behavioral health services, and/or increase access to behavioral health services (e.g., through expanded access to telehealth).

Conclusion

The HCBS provision of the American Rescue Plan Act (ARPA) has the potential to strengthen and enhance Medicaid, in turn strengthening services for CYSHCN. The increased FMAP for Home- and Community-Based Services (HCBS) provided for in the legislation could mean an extra \$12.67 billion in support for HCBS that are vital to CYSHCN and their families.¹⁵ Although the increase in FMAP is temporary, the additional funds provided under the ARP have the potential to positively impact long-standing challenges in HCBS for CYSHCN and their families, such as waiting lists for services, workforce shortages for critical services, and addressing behavioral health needs. Increased financing for HCBS under the ARP may have substantial benefits for CYSHCN, their families, and home health providers by increasing the availability of home health services and fostering a more stable workforce.

This is also a robust opportunity for research, data collection, and analysis of the impact of increasing HCBS on the negative impacts of the continuing COVID-19 pandemic as well as child quality of life and family well-being.

Appendix

Links to Publicly Available State HCBS Spending Plans Submitted to the Centers for Medicare and Medicaid Services (CMS).¹⁶ Links are current as of October 21, 2021. Response letters from CMS can be found [here](#).

State	Link
Alabama	https://medicaid.alabama.gov/content/6.0_LTC_Waivers/6.1_HCBS_Waivers.aspx
Alaska	https://www.medicare.gov/media/file/ak-efmap-spending-plan-narrative.pdf
Arizona	https://www.azahcccs.gov/AHCCCS/Initiatives/ARPA/index.html
Arkansas	https://www.medicare.gov/media/file/ar-hcbs-spending-plan-draft0.pdf
California	https://www.dhcs.ca.gov/
Colorado	https://hcpf.colorado.gov/arpa
Connecticut	https://portal.ct.gov/-/media/Departments-and-Agencies/DSS/Press-Releases/2021/State-of-Connecticut-ARPA-Spending-Plan-2021-FINAL-71221.pdf
Delaware	https://dhss.delaware.gov/dhss/dmma/rescue_act.html
District of Columbia	https://dhcf.dc.gov/page/arpa-hcbs-planning
Florida	https://ahca.myflorida.com/medicaid/Policy_and_Quality/Policy/federal_authorities/index.shtml
Georgia	https://dch.georgia.gov/document/document/georgia-arpa-initial-spending-plan-and-narrative-statement-july-12-2021/download
Hawaii	https://health.hawaii.gov/ddd/news/fmap-increase-for-medicare-hcbs/
Idaho	https://www.medicare.gov/media/file/id-medicare-arp-spending-plan.pdf
Illinois	https://www2.illinois.gov/hfs/MedicalClients/HCBS/Pages/default.aspx
Indiana	https://www.in.gov/fssa/ompp/hcbs-enhanced-fmap-spending-plan/
Iowa	https://dhs.iowa.gov/sites/default/files/Iowa_Medicare_ARPA_HCBS_Spending_Plan.pdf?091720212138
Kansas	https://www.medicare.gov/media/file/ks-hcbs-fmap-10-percent-enhancement.pdf
Kentucky	https://chfs.ky.gov/agencies/dms/dca/Pages/default.aspx
Louisiana	https://www.medicare.gov/media/file/la-hcbs-cvr-ltrredacted.pdf
Maine	https://www.maine.gov/tools/whatsnew/index.php?topic=DHHS-OES-Updates&id=4909594&v=details-2020
Maryland	https://www.medicare.gov/media/file/md-hcbs-spending-plan-final.pdf
Massachusetts	https://www.mass.gov/info-details/strengthening-home-and-community-based-services-and-behavioral-health-services-using-american-rescue-plan-arp-funding
Michigan	https://incompassmi.org/wp-content/uploads/2021/08/MDHHS-HCBS-Spending-Plan-Initial-Submission.07122021.pdf
Minnesota	https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=DHS-329821
Mississippi	https://medicaid.ms.gov/american-rescue-plan-act-hcbs-enhancement-opportunities/
Missouri	https://www.medicare.gov/media/file/mo-initial-spending-plan.pdf
Montana	https://medicaidprovider.mt.gov/
Nebraska	https://dhhs.ne.gov/Documents/Nebraska%20HCBS%20Spending%20Plan.pdf

Nevada	https://dhcfp.nv.gov/uploadedFiles/dhcfpnavgov/content/Pgms/LTC/NevadaInitialSpendingPlanforARPA(20210713).pdf
New Hampshire	https://www.dhhs.nh.gov/ombp/medicaid/
New Jersey	https://nj.gov/humanservices/assets/slices/NJ%20HCBS%20Spending%20Plan%20Submission.pdf
New Mexico	https://www.hsd.state.nm.us/community-benefit-program/
New York	https://health.ny.gov/health_care/medicaid/redesign/hcbs/enhanced_funding/
North Carolina	https://medicaid.ncdhhs.gov/nc-spending-plan-implementation-american-rescue-plan-act-2021-section-9817-july-12-2021
North Dakota	https://www.medicare.gov/media/file/nd-spending-plan-for-implementation.pdf
Ohio	https://www.medicare.gov/media/file/oh-arpa-planning-proposal-final0.pdf
Oklahoma	https://www.medicare.gov/media/file/ok-arp-initial-spending-plan-07-15-21.pdf
Oregon	https://www.medicare.gov/media/file/or-oha-odhs-hcbs-enhanced-funding-updated.pdf
Pennsylvania	https://www.dhs.pa.gov/coronavirus/Pages/American-Rescue-Plan-HCBS-Public-Comment.aspx
Rhode Island	https://eoohs.ri.gov/initiatives/american-rescue-plan-act/home-and-community-based-services-hcbs-enhancement
South Carolina	https://www.scdhhs.gov/reports-page/south-carolina-spending-plan-implementation-american-rescue-plan-act-2021-section-9817
South Dakota	https://www.medicare.gov/media/file/sd-hcbs-spending-plan-07-27-21.pdf
Tennessee	https://www.tn.gov/tenncare/long-term-services-supports/enhanced-hcbs-fmap.html
Texas	https://www.hhs.texas.gov/about-hhs/communications-events/news/2021/07/stakeholder-webinar-home-community-based-services-funding-american-rescue-plan-act-july-15-2021
Utah	https://www.utah.gov/pmn/files/731515.pdf
Vermont	https://humanservices.vermont.gov/about-us/medicaid-administration/global-commitment-health-1115-waiver/home-and-community-based
Virginia	https://www.dmas.virginia.gov/media/3554/arp-hcbs-sec-9817-spending-plan-and-narrative-virginia.pdf
Washington	https://www.hca.wa.gov/washington-state-submits-arpa-home-and-community-based-services-spending-plan
West Virginia	https://dhhr.wv.gov/bms/News/Pages/American-Rescue-Plan-Act-of-2021-Spending-Plan,-Section-9817-is-now-available!.aspx
Wisconsin	https://www.dhs.wisconsin.gov/arpa/hcbs.htm
Wyoming	https://health.wyo.gov/healthcarefin/hcbs/hcbsarpa/

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