



OFFICE OF THE SECRETARY

Hillsview Plaza, 3800 East Highway 34

c/o 500 East Capitol Avenue

Pierre, South Dakota 57501-5070

Phone: (605) 773-5990 | TTY: (605) 773-6412

FAX: (605) 773-5483

Website: dhs.sd.gov

DATE: November 3, 2021

TO: Home and Community-Based Providers

FROM: Shawnie Rechtenbaugh, Cabinet Secretary

SUBJECT: Section 9817 ARPA Funding – Feedback Requested

Section 9817 of the American Rescue Plan Act of 2021 (ARPA) provides states with a temporary 10 percentage point increase in federal medical assistance percentage (FMAP) for certain Medicaid expenditures for home and community-based services (HCBS). HCBS are provided through both the Department of Social Services (DSS) and Department of Human Services (DHS).

Governor Noem is committed to passing 100% of these funds directly to HCBS providers to address workforce challenges, telehealth and assistive technology, and COVID related expenses. States must use these federal funds to supplement, not supplant, existing state funds expended for Medicaid HCBS in effect as of April 1, 2021, and states must use the state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement the implementation of one of more activities to enhance, expand, or strengthen HCBS under the Medicaid program.

To maximize this funding opportunity and meet federal timelines for approval, the State submitted its request for approval to the Centers for Medicare and Medicaid Services (CMS) in July 2021. We recently received partial approval subject to the submission/approval of a revised proposal with additional documentation. Our plan included broad categories of enhancements and we are asking for your feedback to refine the plan within those categories to ensure we create a flexible plan customized to meet the needs of your organization and HCBS consumers.

It is estimated that a total of approximately \$80.6 million in additional one-time funding is available to South Dakota if the funding is spent before March 31, 2022. Once the plan receives final approval, there are conditions including reporting to CMS as to how the funds are being expended and how they are enhancing HCBS services.

The HCBS providers include: assisted living, case management, homemakers, nursing, adult companion, personal care, respite care, chore services, community support providers, structured family caregiving, community living home, environmental accessibility adaptations assessment, community mental health centers, and substance use disorder agencies. The total amount each DHS HCBS provider would receive is roughly equivalent to 40% of their SFY 2021 HCBS Medicaid revenue.

Non-Discrimination

The Department of Human Services does not exclude, deny benefits to, or otherwise discriminate against any person on the basis of actual or perceived race, color, religion, national origin, sex, age, gender identity, sexual orientation or disability in admission or access to, or treatment or employment in its programs, activities, or services. For more information about this policy or to file a Discrimination Complaint you may contact: Discrimination Coordinator, Legal Services, 3800 E. Hwy 34, c/o 500 E Capitol Ave., Pierre SD 57501. Phone: 605.773.5990. Email: dhsinfo@state.sd.us.

Under this one-time funding opportunity, providers can use the funding to implement a variety of activities to enhance, expand, or strengthen Medicaid HCBS. Examples of eligible activities/expenses include:

- **Direct care workforce one-time compensation adjustments-** this may include one-time compensation payments including temporary shift differentials or a one-time compensation adjustment to direct care staff as a method of retention.
 - **Other retention incentives-** this may include other types of retention incentives such as paid family leave, paid sick leave, and other targeted approaches to retaining staff.
 - **Direct care worker recruitment and training** – this may include activities to recruit direct care workers including recruitment incentives/bonuses, direct care worker training and education, in-person or virtual training beneficiaries, caregivers, and/or providers to support community integration, and other recruitment and training-related expenses.
 - **Telehealth, assistive technology, and other equipment** – this may include expenses related to telehealth, assistive technology, start-up costs, internet access, and other supplies and equipment that benefit HCBS consumers. etc.
- COVID-related activities and expenses** – this may include expenses related to personal protective equipment, testing supplies, infection control (including physical and/or operational changes to facilities), specialized payments (hazard pay, overtime pay, and shift differential pay that is not already included in the service rate/rate methodology), etc.

HCBS providers can spend no more than 55% of their total allotted ARPA funding on direct care workforce one-time compensation adjustments.

The remaining 45% can be spent on other retention incentives, direct care recruitment and training, and telehealth equipment and assistive technology.

We want your feedback regarding the individual items under the federally allowable spending categories above to ensure providers can meet the unique needs of their consumers within the federal parameters. This will enable us to formalize elements of our plan and obtain final CMS approval. We ask for any feedback or input from eligible HCBS providers regarding the proposed plan by **November 10, 2021**. Please use the following link to provide feedback:
<https://www.surveymonkey.com/r/2HSPZC8>.

You can find more information here from CMS <https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf> regarding allowable services, examples of COVID related activities, and other details regarding this opportunity.

Questions can be submitted via the survey link above or to infodhs@state.sd.us .
Thank you for your continued partnership to strengthen HCBS services in South Dakota.