

# **Spending Plan for Implementation of American Rescue Plan Act of 2021, Section 9817**

**Additional Support for Medicaid Home and Community-Based  
Services during the COVID-19 Emergency**



**QUARTERLY UPDATE  
January 2023 through March 2023  
as of April 17, 2023**

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## Letter from the Hawaii State Medicaid Director

JOSH GREEN, MD  
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STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

Med-QUEST Division  
Administration  
P. O. Box 700190  
Kapolei, Hawaii 96709-0190

April 17, 2023

Mr. Daniel Tsai  
Deputy Administrator and Director Centers  
for Medicare & Medicaid Services Center  
for Medicaid and CHIP Services 7500  
Security Boulevard  
Baltimore, Maryland 21244

Dear Mr. Tsai:

Re: Hawaii Section 9817 Quarterly Spending Plan for American Rescue Plan Act (ARPA)

Please find attached the ARPA HCBS Quarterly Spending Plan to implement ARPA Section 9817 for the period of January 1, 2023, thru March 31, 2023. Per guidance from CMS issued June 3, 2022, the State is submitting the updated spending plan with no narrative based on Year 1 and Year 2 actual spending and Year 2, Year 3, and Year 4 projections.

We appreciate the continued support and partnership from CMS as we continue our work on this initiative.

Please direct any questions to me at [jmohrpeterson@dhs.hawaii.gov](mailto:jmohrpeterson@dhs.hawaii.gov) or to Ms. Edie Mayeshiro at [emayeshiro@dhs.hawaii.gov](mailto:emayeshiro@dhs.hawaii.gov). We appreciate this opportunity and your partnership in this effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Judy Mohr Peterson".

Judy Mohr Peterson, PhD  
Med-QUEST Division Administrator

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## Executive Summary

Hawaii's 2023 January through March Quarterly Update for the 2021 American Rescue Plan Act (ARPA) §9817.

Hawaii's commitment to the ARPA HCSB effort remains strong and is guided by our vision and guiding principles as they relate to our HOPE vision. Hawaii remains committed to the goals outlined in our initial spending plan submitted on July 12, 2021. These will not be repeated here and can be referenced and reviewed in our initial Spending Plan.

Based on the guidance contained in the June 3<sup>rd</sup>, 2022 "SMD# 22-002 RE: Updated Reporting Requirements and Extension of Deadline to Fully Expend State Funds Under American Rescue Plan Act of 2021 Section 9817" letter, Hawaii is omitting the individual initiative narrative updates and simply submitting the spending plan in this Quarterly Update.

To date, Hawaii has expended \$20,976,772 ARPA HCBS funds. Work is still in progress to implement the 37 initiatives designed to enhance, expand, or strengthen HCBS under Hawaii's approved waiver programs. Spending Plan projections were updated to reflect implementation delays with affected initiatives, resulting from overall program capacity limitations. These updates were mostly for expenditures that did not occur as expected in Year 1; Year 2 and Year 3 projections were partially modified to reflect this decreased spend in Year 1. Hawaii understands that there are now four total years to complete activities related to ARPA §9817, and to that end we plan to add a 'Year 4' to our financial Spending Plan Projections in the next quarterly update.

In the past few quarters Hawaii added a few additional QI initiatives to this spending plan, as well as put a few on 'hold'. In the next full quarterly update these changes will be commented on in the 'Initiative Updates' section.

Finally, we realize that the latest projected 10% HCBS FMAP spend over the course of the four years is greater than the funds attributed to this effort. Hawaii views this as a current spend estimate with potential for variation over the remaining roughly 2 years of this program. If in the end Hawaii does spend more than attributed at the end of the program, state-only funds will be used for the coverage.

## **Spending Plan Projection**

The 1115 and 1915(c) HCBS spending estimates have been updated with Year 1 and Year 2 actual spend and Year 3 and Year 4 projections. As mentioned above, Spending Plan Projections were updated to reflect certain delays with implementation of initiatives, and Hawaii has spent \$20,976,772 ARPA funds to date.

Spending Plan Projection – QUEST Integration (1115 waiver)

Calculation of Supplemental Funding from 10% FMAP Increase					
ARPA Sec. 9817					
Hawaii Medicaid - QUEST Integration Program (1115 waiver)					
<b>BASELINE EXPENDITURES THAT QUALIFY FOR 10% HCBS FMAP</b>					
<b>Federal Fiscal Year</b>	<b>FFY 21</b>	<b>FFY 21</b>	<b>FFY 22</b>	<b>FFY 22</b>	
<b>Quarter</b>	<b>Q3: Apr to Jun</b>	<b>Q4: Jul to Sep</b>	<b>Q1: Oct to Dec</b>	<b>Q2: Jan to Mar</b>	<b>Total</b>
<u>Service Categories</u>					
Home and Community Based Services	\$ 30,434,084	\$ 31,181,701	\$ 29,921,074	\$ 30,939,433	\$ 122,476,292
Case Management Services	\$ 2,413,764	\$ 2,369,801	\$ 2,301,125	\$ 2,342,120	\$ 9,426,810
Rehabilitation Services					\$ -
Other (1915c)					\$ -
Subtotal: Qualifying Expenditures	\$ 32,847,848	\$ 33,551,502	\$ 32,222,199	\$ 33,281,553	\$ 131,903,102
Funds Attributable to 10% HCBS FMAP Increase					<b>\$ 13,190,300</b>
<b>ADDED FUNDING FOR HCBS REINVESTMENT</b>					
<b>Year of Reinvestment</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Total</b>
<b>Time Period</b>	<b>4/1/21 - 3/31/22</b>	<b>4/1/22 - 3/31/23</b>	<b>4/1/23 - 3/31/24</b>	<b>4/1/24 - 3/31/25</b>	
State Match Share By Year	3%	16%	53%	25%	<b>97%</b>
State Match by Year	\$ 387,898	\$ 2,094,671	\$ 7,008,301	\$ 3,293,017	\$ 12,783,888
<b>FMAP Assumptions - Program</b>					
State's Base FMAP	53.33%	54.85%	57.31%	58.56%	
FFCRA Increase	6.20%	6.20%	2.25%	0.00%	
ARPA Increase	10.00%	0.00%	0.00%	0.00%	
Combined FMAP	69.53%	61.05%	59.56%	58.56%	
<b>Supplemental Funding - Program</b>					
Reinvested State Match	\$ 223,338	\$ 1,609,631	\$ 5,078,316	\$ 2,153,637	\$ 9,064,921
Federal Match	\$ 509,638	\$ 2,522,925	\$ 7,479,340	\$ 3,043,363	\$ 13,555,267
Subtotal: Supplemental Funding - Program	\$ 732,976	\$ 4,132,556	\$ 12,557,656	\$ 5,197,000	<b>\$ 22,620,188</b>
<b>Supplemental Funding - Administration</b>					
State Match	\$ 164,561	\$ 485,041	\$ 1,929,985	\$ 1,139,380	\$ 3,718,966
Federal Match	\$ 164,561	\$ 485,041	\$ 1,929,985	\$ 1,139,380	\$ 3,718,966
Subtotal: Supplemental Funding - Admin	\$ 329,121	\$ 970,081	\$ 3,859,970	\$ 2,278,761	<b>\$ 7,437,932</b>
<b>Federal Match Attributable to FMAP Components</b>					
Base FMAP	\$ 390,896	\$ 2,266,707	\$ 7,196,793	\$ 3,043,363	\$ 12,897,759
FMAP Increases (ARPA + FFCRA) Program	\$ 118,742	\$ 256,218	\$ 282,547	\$ 0	\$ 657,508
FMAP Administration	\$ 164,561	\$ 485,041	\$ 1,929,985	\$ 1,139,380	\$ 3,718,966
Subtotal: Federal Match	\$ 674,199	\$ 3,007,966	\$ 9,409,325	\$ 4,182,743	\$ 17,274,233

Spending Plan Projection – Developmental Disabilities Division (1915c waiver)

Calculation of Supplemental Funding from 10% FMAP Increase					
ARPA Sec. 9817					
Hawaii Medicaid - Developmental Disabilities Division Program (1915c Waiver)					
BASELINE EXPENDITURES THAT QUALIFY FOR 10% HCBS FMAP					
Federal Fiscal Year	FFY 21	FFY 21	FFY 22	FFY 22	
Quarter	Q3: Apr to Jun	Q4: Jul to Sep	Q1: Oct to Dec	Q2: Jan to Mar	Total
Service Categories					
Home and Community Based Services					\$ -
Case Management Services					\$ -
Rehabilitation Services					\$ -
Other (1915c)	\$ 36,741,086	\$ 35,486,135	\$ 34,452,188	\$ 36,264,981	\$ 142,944,391
Subtotal: Qualifying Expenditures	\$ 36,741,086	\$ 35,486,135	\$ 34,452,188	\$ 36,264,981	\$ 142,944,391
Funds Attributable to 10% HCBS FMAP Increase					\$ 14,294,400
ADDED FUNDING FOR HCBS REINVESTMENT					
Year of Reinvestment	Year 1	Year 2	Year 3	Year 4	Total
Time Period	4/1/21 - 3/31/22	4/1/22 - 3/31/23	4/1/23 - 3/31/24	4/1/24 - 3/31/25	
State Match Share By Year	4%	42%	42%	13%	101%
State Match by Year	\$ 528,523	\$ 5,942,470	\$ 5,986,905	\$ 1,921,294	\$ 14,379,192
FMAP Assumptions - Program					
State's Base FMAP	53.33%	54.85%	57.31%	58.56%	
FFCRA Increase	6.20%	6.20%	2.25%	0.00%	
ARPA Increase	10.00%	0.00%	0.00%	0.00%	
Combined FMAP	69.53%	61.05%	59.56%	58.56%	
Supplemental Funding - Program					
Reinvested State Match	\$ 417,380	\$ 4,564,738	\$ 3,330,118	\$ 1,896,294	\$ 10,208,530
Federal Match	\$ 952,427	\$ 7,154,743	\$ 4,904,594	\$ 2,679,706	\$ 15,691,470
Subtotal: Supplemental Funding - Program	\$ 1,369,807	\$ 11,719,481	\$ 8,234,712	\$ 4,576,000	\$ 25,900,000
Supplemental Funding - Administration/Other					
State Match	\$ 111,143	\$ 1,377,732	\$ 2,656,787	\$ 25,000	\$ 4,170,662
Federal Match	\$ -	\$ 233,875	\$ 687,288	\$ 25,000	\$ 946,163
Subtotal: Supplemental Funding - Admin	\$ 111,143	\$ 1,611,607	\$ 3,344,075	\$ 50,000	\$ 5,116,825
Federal Match Attributable to FMAP Components					
Base FMAP	\$ 730,518	\$ 6,428,135	\$ 4,719,313	\$ 2,679,706	\$ 14,557,672
FMAP Increases (ARPA + FFCRA) Program	\$ 221,909	\$ 726,608	\$ 185,281	\$ (0)	\$ 1,133,798
FMAP Administration	\$ -	\$ 233,875	\$ 687,288	\$ 25,000	\$ 946,163
Subtotal: Federal Match	\$ 952,427	\$ 7,388,618	\$ 5,591,882	\$ 2,704,706	\$ 16,637,633

Spending Plan Projection – Combined HCBS

Calculation of Supplemental Funding from 10% FMAP Increase					
ARPA Sec. 9817					
Hawaii Medicaid - Combined HCBS Programs					
BASELINE EXPENDITURES THAT QUALIFY FOR 10% HCBS FMAP					
Federal Fiscal Year	FFY 21	FFY 21	FFY 22	FFY 22	
Quarter	Q3: Apr to Jun	Q4: Jul to Sep	Q1: Oct to Dec	Q2: Jan to Mar	Total
<u>Service Categories</u>					
Home and Community Based Services	\$ 30,434,084	\$ 31,181,701	\$ 29,921,074	\$ 30,939,433	\$ 122,476,292
Case Management Services	\$ 2,413,764	\$ 2,369,801	\$ 2,301,125	\$ 2,342,120	\$ 9,426,810
Rehabilitation Services	\$ -	\$ -	\$ -	\$ -	\$ -
Other (1915c)	\$ 36,741,086	\$ 35,486,135	\$ 34,452,188	\$ 36,264,981	\$ 142,944,391
Subtotal: Qualifying Expenditures	\$ 69,588,934	\$ 69,037,637	\$ 66,674,387	\$ 69,546,534	\$ 274,847,493
Funds Attributable to 10% HCBS FMAP Increase					\$ 27,484,700
ADDED FUNDING FOR HCBS REINVESTMENT					
Year of Reinvestment	Year 1	Year 2	Year 3	Year 4	Total
Time Period	4/1/21 - 3/31/22	4/1/22 - 3/31/23	4/1/23 - 3/31/24	4/1/24 - 3/31/25	
State Match Share By Year	3%	29%	47%	19%	99%
State Match by Year	\$ 916,421	\$ 8,037,141	\$ 12,995,206	\$ 5,214,311	\$ 27,163,079
<b>FMAP Assumptions - Program</b>					
State's Base FMAP	53.33%	54.85%	57.31%	58.56%	
FFCRA Increase	6.20%	6.20%	2.25%	0.00%	
ARPA Increase	10.00%	0.00%	0.00%	0.00%	
Combined FMAP	69.53%	61.05%	59.56%	58.56%	
<b>Supplemental Funding - Program</b>					
Reinvested State Match	\$ 640,718	\$ 6,174,368	\$ 8,408,434	\$ 4,049,931	\$ 19,273,451
Federal Match	\$ 1,462,065	\$ 9,677,669	\$ 12,383,935	\$ 5,723,069	\$ 29,246,737
Subtotal: Supplemental Funding - Program	\$ 2,102,783	\$ 15,852,037	\$ 20,792,368	\$ 9,773,000	\$ 48,520,188
<b>Supplemental Funding - Administration</b>					
State Match	\$ 275,704	\$ 1,862,773	\$ 4,586,772	\$ 1,164,380	\$ 7,889,628
Federal Match	\$ 164,561	\$ 718,916	\$ 2,617,273	\$ 1,164,380	\$ 4,665,129
Subtotal: Supplemental Funding - Admin	\$ 440,264	\$ 2,581,688	\$ 7,204,045	\$ 2,328,761	\$ 12,554,757
<b>Federal Match Attributable to FMAP Components</b>					
Base FMAP	\$ 1,121,414	\$ 8,694,842	\$ 11,916,106	\$ 5,723,069	\$ 27,455,431
FMAP Increases (ARPA + FFCRA) Program	\$ 340,651	\$ 982,827	\$ 467,829	\$ (0)	\$ 1,791,306
FMAP Administration	\$ 164,561	\$ 718,916	\$ 2,617,273	\$ 1,164,380	\$ 4,665,129
Subtotal: Federal Match	\$ 1,626,626	\$ 10,396,584	\$ 15,001,207	\$ 6,887,449	\$ 33,911,866



## Listing of Initiatives – Combined HCBS

Program	Initiative	\$ Total (in million)
QUEST Integration	Self-directed fee schedule increase	6.6
	CCMA monthly rate increase	1.5
	Residential Alternatives rate increase	4.4
	Building Capacity in Residential Alternatives for complex member	1.5
	CCMA for complex members	0.2
	The Collaborative Care Model	1.8
	Palliative Care Benefit in Community-Based Settings	4.2
	Mobile COVID Vaccine Unit	0.5
	Expand 1115 HCBS Service Array	0.0
	Rate Increase - Milliman Phase II 2024	2.1
	Hawaii Medicaid Training and Technical Assistance Center (MTTAC)	0.0
	EVV monitoring	0.1
	Accelerating provider enrollment	3.6
	CAHPS survey for HCBS members	0.5
	Critical incident software for HCBS	1.2
	Provider credentialing process improvement	0.0
	Person-Centered practices training	0.2
	Guardianship fund	0.2
	Home Locator Tool	0.0
	Building Capacity for Prison to Community Transitions	0.2
	Strengthen the Direct Service Workforce	0.4
	Investment in Tools and Technology for Residential Alternatives P	0.4
	Building administrative capacity	0.0
	HCBS Rate Study	0.8
<b>Subtotal QUEST Integration</b>		<b>30.1</b>
Developmental Disabilities Division (DDD)	Increase Provider Payment Rates	23.15
	Option for Individuals with Behavioral Challenges	2.55
	Create Family-to-Family Peer Mentoring Service	0.2
	Strengthen Provider Monitoring	0.1
	Advance Competitive Integrated Employment	0.2
	Support Community Navigator Practice Development	0.1
	Support Community Integration	0.2
	Invest in Quality Management	0.2
	Improve Critical Incident Response through Analytics	0.8
	Positive Approaches for Challenging Behaviors	0.4
	Develop the Direct Support Professional Workforce	2.3
	Host Participant and Family Forums	0.1
	Conduct System Evaluations	0.3
	Implement the Spending Plan	0.6
<b>Subtotal DDD</b>		<b>31.0</b>
<b>Total</b>		<b>61.1</b>

