



**CABINET FOR HEALTH AND FAMILY SERVICES  
DEPARTMENT FOR MEDICAID SERVICES**

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Governor

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To: 1915(c) Home and Community Based Waiver Stakeholders

From: Pam Smith  
Director, Division of Community Alternatives

Date: October 4, 2021

Re: Enhanced Federal Medical Assistance Percentage Spending Plan Update

The Kentucky Department for Medicaid Services (DMS) is pleased to announce that on September 30, 2021, the Centers for Medicare and Medicaid Services (CMS) granted partial approval to the state's enhanced federal medical assistance percentage (FMAP) spending plan for 1915(c) Home and Community Based Services (HCBS).

**What is the enhanced FMAP?**

Kentucky receives federal money to help pay for its 1915(c) HCBS programs. This money is known as the FMAP. The American Rescue Plan Act, which became federal law in spring 2021, includes extra money for 1915(c) HCBS programs. Kentucky is projected to receive nearly \$500 million in extra FMAP and must spend the funds no later than March 31, 2024. To use this money, Kentucky had to submit a spending plan to CMS.

**Which parts of Kentucky's enhanced FMAP spending plan did CMS approve?**

The following enhanced FMAP activities have been approved:

- **Workforce and Provider Development**
  - **Supporting and Growing the HCBS Provider Base:** This includes making incentive and recovery payments to 1915(c) HCBS waiver providers, creating initiatives to grow the direct support professional (DSP) workforce in Kentucky, creation of a central employee registry for use by provider agencies and Participant Directed Services (PDS) employers, improved training for DSPs and PDS employees, and initiatives to develop a career advancement ladder for DSPs.



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- **Improving Ease of Access to HCBS**

- **Closing Gaps to Care:** This includes cross-training state staff across several different agencies so they can better understand long-term services and supports in Kentucky and help connect individuals to those resources. DMS will also gather feedback from caregivers to identify and close service gaps.
- **1915(c) HCBS Waiver Waitlist Management:** An assessment will be developed to evaluate the needs of waitlisted individuals and connect them with Medicaid state plan or community resources that can meet their immediate needs and/or help them delay the need for long-term services and supports. Some funds will also be used to study current waitlist management and create a standardized approach for the future.
- **PDS Infrastructure Improvements:** DMS will use a portion of the enhanced FMAP as a short-term solution to cover onboarding costs for PDS employees, which participants have identified as a barrier to using PDS. Long-term, DMS will use a request for proposals to find a statewide financial management vendor. The costs of onboarding PDS employees will be included in the rate developed for the eventual vendor.

- **Crisis Services**

- **988 Initiative:** DMS will work with Kentucky's 988 Planning Coalition to develop a solid system that delivers resources to those in need of mental health support and makes mental health care access similar to care available for physical health through the 911 system.
- **Mobile Crisis Services:** DMS will also explore and support an increase in the capacity of mobile crisis services such as intensive in-home services, walk-in crisis services, crisis care management, and crisis respite.

- **Waiver Tools and Transformation**

- **Medicaid Systems Improvement:** Funds will be used to evaluate current Medicaid systems and make them more efficient. One example includes investigating the integration of provider electronic health records and the Medicaid Waiver Management Application to reduce duplicative work for providers.
- **Use of Technology in Service Delivery:** The enhanced FMAP funds will incorporate telehealth as a permanent method for waiver participants to interact with health care professionals, case managers, and HCBS providers. Additionally, funds will be used to increase the availability of remote monitoring services that enhance the HCBS workforce and reduce unwanted intrusion in participant's homes and, to expand the use of assistive technology applications and devices that promote independence among HCBS recipients.

- **Expansion of Waiver Services:** DMS will conduct a feasibility study to determine if waivers can be reconfigured or transformed. Potential new populations included in any waiver reconfiguration/transformation include individuals with severe mental illness/severe emotional disturbance, chronic diseases, and children.
- **Other Initiatives**
  - Funds will be used to provide administrative support to DMS in implementing both the enhanced FMAP spending plan and a Program of All-Inclusive Care for the Elderly or PACE.

### **Which parts of Kentucky’s enhanced FMAP spending plan still need approval?**

CMS is asking Kentucky to provide additional information on the following proposals before giving approval of the full spending plan.

- An improved application process to help connect 1915(c) HCBS waiver applicants to all resources they qualify for, not just waiver services.
- A review of the current waiver service menu and rate structure.
- A one-time expense for participants for items or services the waiver doesn’t typically cover.
- Evaluation and creation of acute and transition services and a targeted residential crisis program for individuals with disabilities who are also involved in the criminal justice system.

CMS did not give Kentucky a deadline for providing additional information, however, DMS is working to submit it by mid-October. CMS has committed to reviewing our submission as quickly as possible but has not given a specific timeline.

### **How can I get involved?**

Stakeholder input is key to the success of this plan. To develop the plan, DMS formed an internal, cross-agency workgroup to determine how best to use the enhanced FMAP funding. The workgroup reviewed and analyzed current utilization data from Kentucky’s 1915(c) HCBS waiver programs, reviewed programmatic enhancements and needs identified through the 1915(c) HCBS waiver redesign study, considered feedback from advocate groups, providers, individuals receiving services, individuals on the waiver waiting lists, families, and other community leaders, and collected input through two surveys – one of 1915(c) HCBS waiver providers and the other of 1915(c) HCBS waiver program participants.

Additional stakeholder input is ongoing. In September 2021, DMS released another survey to 1915(c) HCBS waiver providers regarding employee wage and benefits. The goal is to give DMS the most accurate picture of the workforce struggles providers face.

Kentucky is planning a series of stakeholder engagement sessions in the near future. Notifications will be sent via email and posted to the DMS Division of Community Alternatives website at <https://bit.ly/kyhcbswaiverinfo>. To ensure you receive updates, send your email address to [MedicaidPublicComment@ky.gov](mailto:MedicaidPublicComment@ky.gov) or self-subscribe to waiver update emails. Instructions for subscribing are available at <https://bit.ly/getkywaiverupdates>.

Kentucky's enhanced FMAP spending plan is available for review at <https://bit.ly/kyenhancedfmapplan>. Keep in mind, CMS has not approved all parts of the plan yet. An updated plan will be posted once it is fully approved by CMS.

If you have questions or comments on the enhanced FMAP spending plan, please submit them using the form available at [bit.ly/kyFMAPfeedback](https://bit.ly/kyFMAPfeedback) or email [MedicaidPublicComment@ky.gov](mailto:MedicaidPublicComment@ky.gov).

DMS is excited about the future of HCBS in Kentucky. We look forward to discussing this plan with you in the future and to hearing your feedback.

Sincerely,

A handwritten signature in blue ink that reads "Pam Smith". The signature is written in a cursive, flowing style.

Pam Smith  
Director, Division of Community Alternatives