

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

Additional Support for Medicaid Home and Community-Based Services



State of New Mexico  
Medical Assistance Division

July 12, 2021

*INVESTING FOR TOMORROW, DELIVERING TODAY.*

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## I. Letter from the State Medicaid Director



July 12, 2021

Daniel Tsai, Deputy Administrator and Director  
Center for Medicaid and CHIP Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850

Dear Deputy Administrator and Director:

On behalf of the State of New Mexico and the Human Services Department (HSD), Medical Assistance Division, please find our initial home and community-based services (HCBS) spending plan and narrative that outlines the HSD's intended use of funding available under the American Rescue Plan Act (ARPA) of 2021, Section 9817. In addition, New Mexico confirms the following assurances:

- The state is using the federal funds attributable to the increased federal medical assistance percentage (FMAP) to supplement and not supplant existing state funds expended for Medicaid HCBS in effect as of April 1, 2021;
- The state is using the 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 state is not imposing stricter eligibility standards, methodologies, or procedures for HCBS programs and services than were in place on April 1, 2021;
- The state is preserving covered HCBS, including the services themselves and the amount, duration, and scope of those services, in effect as of April 1, 2021; and
- The state is maintaining HCBS provider payments at a rate no less than those in place as of April 1, 2021.

Per CMS' guidance shared during the June 8, 2021 All-State Call, states submitting their initial spending plan on July 12 may also consider the submission as serving as the state's first quarterly submission. New Mexico is therefore considering this initial spending plan as also meeting the requirement of our first quarterly submission.

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New Mexico has designated a state point of contact, Valerie Tapia, who will ensure that quarterly spending plans and narratives are provided along with any associated reporting. Please contact Valerie Tapia, [Valerie.tapia@state.nm.us](mailto:Valerie.tapia@state.nm.us) or by telephone at (505) 257-8420, with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nicole Comeaux". The signature is fluid and cursive, with a large initial "N" and "C".

Nicole Comeaux, J.D., M.P.H  
Director, Medical Assistance Division

## II. Executive Summary

New Mexico's Medicaid and CHIP programs serve approximately 922,700 beneficiaries with 82% of those enrolled in managed care, with a total budget estimated at \$7.5 billion for fiscal year 2022. Medicaid and CHIP coverage is primarily delivered through an integrated, comprehensive Medicaid delivery system, known as Centennial Care, in which managed care organizations (MCOs) are responsible for coordinating the full array of services, including acute care (including pharmacy), behavioral health services, institutional services, and HCBS. New Mexico is a leader in ensuring access to HCBS and has implemented policies that have resulted in 90 percent of our members as of July 2021 with a Nursing Facility Level of Care receiving services in the community, leaving less than 10 percent in facility settings. The intent of Section 9817 of ARPA closely aligns with the established goals of Centennial Care and HSD stands committed to ensuring the targeted activities outlined in our spending plan continue to address specific gaps in care and improve health outcomes for our most vulnerable HCBS populations.

Section 9817 of the ARPA provides states with a temporary 10 percentage point increase to the FMAP for certain Medicaid expenditures for HCBS. These services are person-centered care delivered in the home or community to support people who need assistance with everyday activities.

The enhanced federal funding provides New Mexico with an historic opportunity to make both short and long-term investments in our programs that serve the most vulnerable New Mexicans, including those who are aging, disabled, and with severe behavioral health needs. Our proposed spending plan will strengthen the caregiver workforce and facilitate greater access to HCBS, thereby ensuring health equity, and reducing health disparities.

In developing our plan, New Mexico Medical Assistance Division (MAD) drew on expertise within the division in addition to requesting input from HCBS provider organizations, advocacy groups, other HSD divisions, sister state agencies, and individuals. Our proposal reflects the recommendations that we received. We propose to use federal funds attributed to the increase FMAP to supplement, not supplant, existing state funds expended for Medicaid HCBS in effect as of April 1, 2021, in both fee-for-service and managed care. Our commitment remains to strengthen our program through implementing activities that support the following four pillars:

- Investing in our Medicaid HCBS workforce
- Expanding our HCBS infrastructure
- Improving and expanding access to HCBS services through navigation systems
- Providing new and/or expanding existing HCBS services

HSD remains committed to continue engagement with our sister agencies in the implementation of the spending plan as it touches their direct constituents. This plan reflects input and collaboration with the following agencies:

- Medical Assistance Division (MAD)
- Behavioral Health Services Division (BHSD)
- Information Technology Division (ITD)
- Aging and Long-Term Services Department (ALTSD)
- Department of Health (DOH)
- Children, Youth and Families Department (CYFD)

### III. Stakeholder Input

New Mexico is committed to stakeholder feedback in our program and policy development, including feedback on proposed activities for the enhanced funding of HCBS services. HSD began actively engaging key HCBS stakeholders seeking feedback on how funding may be used to support their programs in March 2021, asking them to think creatively about this new opportunity. In addition, HSD held a stakeholder session on the ARPA HCBS funding opportunity on July 1, 2021, providing their key stakeholders with another opportunity to review the initial spending plan and obtain additional public comment. HSD has also committed to posting the initial spending plan submitted to CMS for a 30-day public comment period for yet another opportunity for our stakeholders to provide input that will be reflected in quarterly spending plan updates.

New Mexico received feedback from individuals as well as groups, including:

- Medicaid Advisory Committee
- Disability advocacy groups
- Providers and provider associations
- The Program for All-Inclusive Care for the Elderly (PACE)
- Family/caregiver advocacy groups
- School-based health centers
- Managed care organizations

#### Ideas generated by stakeholders

Stakeholders provided input on how to use funding to enhance, expand or strengthen home and community-based services, which influenced HSD's initial spending plan. These ideas include but are not limited to:

- Increase funding for consumer-directed programs
- Expand the definition of family so additional members providing care can be paid
- Increase funding for respite care
- Increase direct care worker payment rates
- Support additional hazard, overtime, or shift differential pay
- Additional funding for assistive technology
- Enhance payments to cover transition costs from institutions to home settings
- Promote cross-sector partnerships and consider adding benefits that address social determinants of health (SDOH) and other non-medical needs
- Expedite access to HCBS by serving more individuals on the 1915(c) waiting lists
- Establish an HCBS ombudsman program
- Add or increase certain HCBS benefits to both promote community inclusion
- Reimburse school nurses as the initiator of telehealth services
- Infrastructure changes and PPE to protect residents, staff and families
- Annual training and education for staff
- Increase HCBS provider rates
- Conduct HCBS provider rate studies

### Tribal Input

New Mexico has 23 federally recognized tribes and 12 Indian Health Service clinics serving our Native Americans in New Mexico. HSD stands committed to involving our tribal partners in our policy and program development and this includes seeking input on HCBS enhancements. HSD announced this opportunity at the Native American Technical Advisory Committee (NATAC) meeting on May 24, 2021 seeking input on their ideas on HCBS funding opportunities. Tribal Medicaid Advisory Committee representation was invited to participate the public meeting held on July 1, 2021. HSD is planning an additional NATAC session devoted to seeking additional input in August 2021 to continue to seek input from our tribal partners throughout this process.

## IV. Spending Plan Narrative

New Mexico is submitting its initial HCBS spending narrative to CMS that provides information on the state's proposed ARPA section 9817 activities and the connection between the spending plan projection and the scope of the activities. New Mexico's activities enhance, expand, and/or strengthen HCBS under the state's Medicaid program, and include short-term activities that will be implemented in response to the COVID-19 public health emergency (PHE), as well as longer-term strategies that will have an impact on sustaining effective programs and services, including temporary administrative expenses to support the implementation of these initiatives.

HSD has identified four pillars that guide our spending objectives for enhancing, expanding and strengthening HCBS under our Medicaid program. The activities within each focus area will be implemented in two phases as HSD continues to gather data and stakeholder input on proposed activities. Phase 1 are those activities HSD has worked through in greater detail with our stakeholders, sister agencies and the Governor's office, and identified the preliminary costs/spend associated with the proposed activities. The Phase 2 activities are those that HSD is continuing to work through with our stakeholders and state partners and is interested in CMS' initial feedback on the proposed activities. With both Phase 1 and Phase 2, the following pillars serve as our guiding principles in our HCBS spending approach:

- Investing in our Medicaid HCBS workforce
- Expanding our HCBS infrastructure
- Improving and expanding access to HCBS services through navigation systems
- Providing new and/or expanding existing HCBS services

The following proposals are subject to continued review and evaluation of feasibility by the state and final approval by CMS.

### Workforce

- **Proposal 1. Contract for Statewide Needs Assessment and HCBS Provider Capacity Study** (Phase 1)
  - One-time investment to conduct a statewide needs assessment and HCBS provider capacity study to build capacity and transform a critical safety net to support and empower New Mexicans.
  - Includes service utilization review and direct service provider workforce assessment.
- **Proposal 2. Temporary Economic Recovery Payment** (Phase 1)
  - One-time recovery payments for all HCBS providers phased-out over a period of 3 payments – 15% payment in year one, 10% payment in year two, 5% payment in year three.
    - Recovery payments can be used for retention, personal protective equipment (PPE), hazard pay, training, infrastructure, technology improvements
    - A specified percentage of payments will be required to be paid to direct care workers.
- **Proposal 3. Training Program** (Phase 1)



- **Training Unit:** In coordination with the University of New Mexico Government Resource Center which is currently under development, the unit would gather national resources and build an infrastructure of trainers and/or training resources in New Mexico in areas such as Applied Behavioral Analysis, trauma responsive training, training for families providing In Home Living Supports (IHLS), etc.
- **Statewide Training Program:** Targeted specifically for direct care workers leveraging online learning (multiple languages and cultural competency).
- **Pediatric Simulation Lab:** Funding to create a pediatric simulation lab and course for the treatment of medically fragile children to help educate nursing students about the medically fragile population and community nursing.
- **Proposal 4. School-based Investments (Phase 2)**
  - One-time funding to schools to hire eligible providers under the school Medicaid program, giving the schools a (2–3 year) "runway" to start delivering services and build billing/reimbursement infrastructure to sustain those positions with Medicaid funding after the one-time funding.
- **Proposal 5. Grant Program to Increase HCBS Workforce (Phase 2)**
  - Provide grants to clinics, physician offices, hospitals, private duty nursing, home health, or other clinical providers for the purposes of loan repayment, sign-on bonuses, training, and certification costs.
- **Proposal 6. Development Funding for Caregiver Cooperative (Phase 2)**
  - Support ALTSD by building upon the existing Caregiver Cooperative program to help bolster the HCBS workforce. Program would support caregivers in forming their own businesses providing care in both long-term and community settings.
- **Proposal 7. Faculty endowments for Nursing Schools (Phase 2)**
  - Support the recruitment and retention of professors and slots for nursing school students supporting HCBS programs. Endow nursing teaching positions at higher education institutions to expand the capacity of the programs to serve more students. May consider endowing other critical positions that might be needed to support the expansion, particularly as it relates to encouraging nurse graduates to work in the HCBS field.

## Infrastructure

- **Proposal 1. Behavioral Health Community Based Services Economic Recovery and Network Establishment Investment (Phase 1)**
  - One-time infrastructure payments to behavioral health (BH) facilities to assist with purchase of technology platforms, vehicles, construction, buildings, etc.
  - Temporary percentage increase in payments to the BH network with scale down over three years as proposed for the HCBS providers.

- **Proposal 2. Adult Day Care Site Funding (Phase 1)**
  - Provide funding for a minimum of four adult day care and/or respite caregiver sites in the most rural communities in New Mexico following completion of needs assessment and provider capacity assessment.
  
- **Proposal 3. School-based Services Infrastructure Investments (Phase 2)**
  - Support school based services through investments in equipment, convenings, and training for school health teams (i.e., district nurse manager, school nurse, SBHC, school counselor, parahealth professionals providing services through IEP) to pilot basis the delivery of free care rule reversal services.
  
- **Proposal 4. Supportive Housing Units (Phase 2)**
  - Purchase regional group homes for disabled individuals (costs would include purchase, renovation, contracting with provider unit to support).
  - Purchase low income housing for Medicaid eligible seniors (costs would include purchase, renovation, contracting with provider unit to support).
  - Evaluate and establish contracting arrangements with provider networks to provide HCBS services to members living in these settings.
  
- **Proposal 5. Mi Via Program Changes (Phase 2)**
  - Create infrastructure for corporate Employers of Record (EORs) similar to corporate guardianship provided through the New Mexico Developmental Disabilities Planning Council (DDPC) increasing access to self-direction.
  
- **Proposal 6. Preadmission Screening and Resident Review (PASRR) (Phase 2)**
  - Create infrastructure for specialized services in PASRR (establishing provider network, identifying targeted participants and creation of database for tracking).

## Navigation

- **Proposal 1. Supports Waiver Outreach and Education Campaign (Phase 1)**
  - Support DOH and HSD campaign (social media/texting, TV, language translators, calls to waitlist members, community-based outreach) on accessing HCBS services under the recently implemented 1915(c) Supports Waiver.
  
- **Proposal 2. Member Level Technology Investment (Phase 1)**
  - Provide each member with a tablet and develop trainings to encourage electronic means of document submission and reduce paper processing.
  
- **Proposal 3. Upgrading Critical Incident Management Reporting Systems. (Phase 1)**
  - Implement improvements to quality measurement, oversight, and improvement activities.

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- Implement the HCBS Consumer Assessment of Healthcare Providers and Systems (CAHPS) or another experience of care survey.
- Adopt and implement new HCBS quality measures.
- **Proposal 4. No Wrong Door Activities (Phase 1)**
  - Improve access to HCBS (Developmental Disabilities Waiver, Mi Via, Supports Waiver, Medically Fragile) through non-administrative No Wrong Door activities such as consolidating toll-free phone lines, improving resource websites, and automating screening and assessment tools.
- **Proposal 5. Public Facing Central Registry (Phase 1)**
  - Create a Public Facing Central Registry Database which would allow members to see where they are located on the waitlist, how long it is typically taking a family to move through the waitlist, whether additional documentation is needed, available services through each waiver program, and how to access supports waiver while on waitlist.
- **Proposal 6. Revolving Trust (Phase 1)**
  - Provide grandparents raising grandchildren who qualify for SSI a Revolving Trust to give them advance payments of SSI benefits. It will also allow the grandparents who do not have means to hire an attorney and pay fees associated with obtaining SSI to establish a Revolving Trust, and allows the state to pay for one-time upfront costs that would be repaid by the SSI recipient once allocated benefits.
- **Proposal 7. Establish an HCBS Ombudsman Program (Phase 2)**
  - Establish an Ombudsman program to perform outreach and education on HCBS programs, assist individuals with applying and obtaining HCBS, and identify and report on systemic issues relating to HCBS. This Ombudsman would be independent of both the state and MCO current Ombudsman programs.
- **Proposal 8. Closed Loop Referral System (Phase 2)**
  - Establish a "Closed-loop referral" technology-enabled workflow that provides real-time view of the status of the patient, while exchanging data amongst team, assigning tasks, and reporting on outcomes. A closed-loop referral is one that successfully secures the right resources for patients at the right time, ensuring that the patients' needs are met.

## Services

- **Proposal 1. Add Community Benefit Slots (Phase 1)**
  - Add 1,000 slots to for Centennial Care Community Benefit allocations in 3 years, adding approximately 1/3 of the 1,000 slots each year.
  - Enables more elderly and disabled New Mexicans to receive Community Benefit Services.
- **Proposal 2. Add Home and Community-Based Waiver Slots (Phase 1)**
  - Increase the number of 1915 (c) HCBS waiver slots to reduce or eliminate the waitlist.

- Add 400 Developmental Disability (DD) Waiver clients (60% traditional/40% Mi Via).
- **Proposal 3. High Fidelity Wraparound Expansion (Phase 1)**
  - Expand high fidelity wraparound services statewide and to all qualified providers through a pending 1115 waiver amendment submitted to CMS March 1, 2021.
- **Proposal 4. Assistive Technology Increase (Phase 1)**
  - Temporarily increase Assistive Technology allowance, such as tablets and applications to support activities of daily living, therapy services and access to the community, up to \$750 (from \$500) through March of 2024. Currently, 1,255 clients are using these services.
- **Proposal 5. Environmental Modifications Increase (Phase 1)**
  - Increase all HCBS environmental modifications benefit limits from \$5,000 to \$6,000 every 5 years.
  - Promotes aging-in-place for those who are at risk of institutionalization.
  - Addresses recent construction cost increases brought on by the Public Health Emergency
- **Proposal 6. Transition Services Increase (Phase 1)**
  - Raise limits on Community-Based Transition Services from \$3,500 to \$4,000 every 5 years.
  - Supports members returning to the community from a Nursing Facility.
  - Improves system rebalancing
- **Proposal 7. Medically Fragile Waiver Specialized Medical Equipment Increase (Phase 1)**
  - Increase limit for specialized medical equipment and supplies from \$1,000 per ISP year to \$1,200 per ISP year.
- **Proposal 8. Covering Meals for Enrollees Residing Independently (Phase 2)**
  - Ensure coverage of meals for enrollees living independently.
  - Promotes aging-in-place for those who are at risk of institutionalization
- **Proposal 9. Habilitative Services Expansion (Phase 2)**
  - Cover additional habilitative services that promote social skills to support community integration.
- **Proposal 10. Intensive Case Management Services for Children in State Custody (Phase 2)**
  - Evaluate and establish provision of Intensive Case Management (ICM) for children in state custody in coordination with High Fidelity Wraparound Services.

## V. Spending Plan Projection

### Estimated Eligible Funds

New Mexico is spending over \$1.2 billion annually on services identified as HCBS in the ARPA. Therefore, the state estimates that the additional 10% FMAP in supplemental funds will equal approximately \$120,029,914 for activities identified in our spending narrative. Below, New Mexico has provided our expected total expenditures for both our fee-for-service population and our members in managed care for HCBS services eligible for the enhanced FMAP, during the referenced time frame. This additional investment will allow New Mexico to further enhance, expand and strengthen HCBS under our Medicaid program. New Mexico will continue to refine the numbers by proposal as identified in this spending narrative and will provide CMS with updated estimates in future quarterly reports.

**Table 1 – Estimated Total Medicaid HCBS Expenditures from April 2021 through March 2022**

<i>Federal Fiscal Year (FFY)</i>	FFY 21	FFY 21	FFY 22	FFY 22	Total
<i>Quarter</i>	Q3: Apr to Jun	Q4: Jul to Sep	Q1: Oct to Dec	Q2: Jan to Mar	Q3 FFY21 – Q2 FFY22
Total Computable Base Group	\$306,774,723	\$282,712,844	\$282,712,844	\$282,712,844	\$1,154,913,254
Total Computable OAG <sup>1</sup> Group	\$22,692,945	\$22,692,945	\$22,692,945	\$22,692,945	\$90,771,780
Total including Base and OAG Group	\$329,467,668	\$305,405,789	\$305,405,789	\$305,405,789	\$1,245,685,034
Total State Share	\$32,855,154	\$30,367,155	\$29,660,373	\$47,188,569	\$140,071,252
Total Federal Share	\$296,612,515	\$275,038,633	\$275,745,415	\$258,217,219	\$1,105,613,782
Funds Attributable to the HCBS FMAP Increase	\$31,812,120	\$29,405,932	\$29,405,932	\$29,405,932	\$120,029,914

### Estimated Funding for HCBS Reinvestment

Additionally, New Mexico has estimated potential gains through reinvestment over the eligible spending period and the total increase in Federal funding attributable to ARPA Section 9817 for the initial year. This estimate targets a reinvestment of 50% of our state equivalent funding before April 2022, and further assumes the federal declaration of a Public Health Emergency 6.2% increased FMAP is still in effect through the end of calendar year 2021. Under these assumptions, HSD estimates that the supplemental funding would total \$537,453,484 in the first year, and a total of \$779,232,855 over the course of the three years.

**Table 2 – Funding for HCBS Reinvestment**

Year of Reinvestment	Year 1	Year 2	Year 3	3 Year's Total
Time Period	Apr 2021 – Mar 2022	Apr 2022 – Mar 2022	Apr 2023 – Mar 2024	
% of Total Fund Spend in Each Year	50.00%	25.00%	25.00%	<b>100.00%</b>
GF Associate with Base Group	\$57,745,663	\$28,872,831	\$28,872,831	
GF Associate with OAG Group	\$2,269,294	\$1,134,647	\$1,134,647	
General Fund Total	<b>\$60,014,957</b>	<b>\$30,007,479</b>	<b>\$30,007,479</b>	<b>\$120,029,914</b>
Base FFP	88.26%	73.67%	73.62%	
OAG FFP	95.00%	90.00%	90.00%	
Federal Share	\$477,438,527	\$90,975,718	\$90,788,696	<b>\$659,202,941</b>
Total Computable	<b>\$537,453,484</b>	<b>\$120,983,197</b>	<b>\$120,796,174</b>	<b>\$779,232,855</b>
Reinvestment Funds Attributable to the HCBS FMAP Increase	\$51,476,054	0	0	

<sup>1</sup> OAG – New Mexico’s expansion population known as the Other Adult Group