

May 12, 2021

VIA ELECTRONIC MAIL

Eric Friedlander  
Secretary  
Cabinet for Health and Family Services  
275 E. Main Street, 5W-A  
Frankfort, Kentucky 40621

Lisa Lee  
Commissioner  
Department for Medicaid Services  
275 E. Main Street, 6W-A  
Frankfort, Kentucky 40621

**Re: American Rescue Plan Act HCBS FMAP Funds**

Secretary Friedlander and Commissioner Lee,

We are writing to you today as a unified group of 1915c HCBS waiver service providers to respectfully request that the Cabinet for Health and Family Services (CHFS) utilize American Rescue Act Funds (ARPA) to invest in Kentucky's struggling 1915c HCBS waiver programs and providers. One-time investments in Kentucky's 1915c HCBS programs would be a tide that would raise many boats by helping our most vulnerable citizens stay healthy and participate in their communities while also ensuring that our network of community-based care providers remains intact.

It is our understanding that Kentucky will receive a 10% increase to the Federal Medical Assistance Percentage (FMAP) with respect to expenditures for HCBS services that are provided during the period of April 1, 2021 to March 31, 2022. ARPA outlines that these funds must "supplement, and not supplant, the level of State funds expended for eligible individuals through programs in effect as of April 1, 2021." See H.R. 1319 Sec. 9817(b). We anticipate that this 10% FMAP increase will result in approximately \$97 million additional federal dollars for Kentucky's HCBS programs.

We understand that these are one time funds and that CHFS may need to obtain approval from the Kentucky Legislature to spend these funds. We propose the following for your consideration:

**I. One-Time, Non-Recurring Uses of ARPA Funds: \$75,000,000**

- A. \$40,000,000 to be issued equitably across all waivers to be used by providers to recruit and/or retain qualified staff, including Direct Support Professionals. Note: Providers should be given flexibility in how they choose to use these funds to recruit and/or retain qualified staff (ie. Hero pay, hiring bonuses, hazard pay, DSP bonus pay, overtime pay, raises, etc.);
- B. \$10,000,000 for Adult Day Health Care providers who operated at reduced capacity due to social distancing requirements;
- C. \$20,000,000 for 1915c waiver provider lost revenue;

D. \$5,000,000 for the Hart Support Living one time grant pool;

**II. Recurring Expenses: \$21,000,000**

- A. \$15,000,000 to be used for a PACE Program;
- B. \$2,000,000 to be used for Michele P. Waiver Slots
- C. \$2,000,000 to be used for Supports for Community Living Waiver Slots
- D. \$2,000,000 to be used for ABI/Long Term Slots

We believe the \$40,000,000 to be used by providers to recruit and/or retain qualified staff to be crucial to preserving Kentucky’s system of community-based care. Direct support professionals, and other 1915c caregiving staff, are the backbone of HCBS programs. Ensuring the survival of Kentucky’s HCBS programs will require attracting and retaining more staff. In Kentucky, HCBS providers have struggled for years to recruit and retain qualified staff. When combined with the emotionally demanding nature of these support jobs, low staff wages contribute to Kentucky’s average Direct Support Professional turnover rate of 47% in 2019. This high turnover has had tangible effects on individuals with disabilities and, as recent research from the Council on Quality and Leadership shows, can significantly hinder quality of life.

In order to achieve our shared mission of caring for Kentucky’s most vulnerable citizens, during this pandemic we will need to ensure that Kentucky’s 1915c HCBS waiver providers emerge from the pandemic stronger and able to deliver vitally important community-based care to the Commonwealth’s most vulnerable citizens.

We would be happy to discuss our recommendations or provide additional information. Please feel free to reach out to Amy Staed, Executive Director of the Kentucky Association of Private Providers, at [astaed@mykapp.org](mailto:astaed@mykapp.org), Kelly Upchurch, Legislative Chair, Kentucky Association of Adult Day Centers, at [kellyupchurch@forhorizon.com](mailto:kellyupchurch@forhorizon.com) with any questions.

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Kentucky Health Resources Alliance

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Zoom Group

A Brighter Choice, LLC

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New Vista

The Columbus Organization

Tri-Generations Louisville

ABA Advocates	Behavioral Health Advocates
Advocate Homes	Cedar Lake
Applied Behavioral Advancements, LLC	Faith Harbor
Barrowman Case Management	Aspire Case Management
BAWAC, Incorporated	Arc of Owensboro
Behavior Associates, LLC	Ability!
Bluegrass Independent Case Management	Advantage Case Management
Cypress Community Services	Peak Community Supports
D&S Community Services	Marpè Therapy Services, Inc.
Down Syndrome of Louisville	Pillar
Dreams With Wings	Tri-Generations Central Kentucky
Evergreen Life Services	Turning Point Services
Everyday Matters, LLC	Seven Counties Services
Independent Opportunities	Commonwealth Nursing Solutions
LifeSkills, Inc.	Redwood
Lincoln Way	Dungarvin
New Care of Louisville	Martin Case Management
No Boundaries Case Management	Blue Sky Case Management
Path Forward of Kentucky	PrinceCare Group
Pennyroyal Center	Tri-Generations Northern Kentucky
Quality Care Kentucky	Employment Solutions
Reach for the Stars Case Management	Positive Solutions Behavior Group
Southwest Center	Coons Care, LLC
Wendell Foster	People First Case Management
Zoom Group	