

December 1, 2022

Ondrea D. Richardson
Health Insurance Specialist
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850

RE: South Carolina Request for Corrective Action Plan (CAP)

Dear Ms. Richardson:

South Carolina Department of Health and Human Services (SCDHHS) is requesting a Corrective Action Plan (CAP) to continue federal reimbursement for HCBS beyond the end of the transition period to allow for additional time to ensure full provider compliance with regulatory criteria as noted below.

Information on which criteria the state will need extra time to ensure full provider compliance:

- Integrated in and support full access to the greater community, engage in community life, and receive services in the community
- Selected by the individual from among setting options which includes non-disability specific settings
- Optimizes autonomy and independence in making life choices, including but not limited to daily activities, physical environment and with whom to interact
- Facilitates choice regarding services and supports and who provides them

The state's efforts to bring providers into compliance with those criteria, and the PHE-related impacts that created barriers to compliance:

- Due to workforce shortages, providers have been limited in their ability to hire/retain sufficient numbers of staff to enable those supported in HCBS settings to fully engage in community life and access the community to the degree desired. These shortages have impacted providers' ability to offer different setting options, support people to engage in preferred, chosen activities, and choice regarding who provides services. In January 2022, the state disbursed \$5 million in funding to providers who deliver HCBS waiver services in support of staff retention and recruitment in the form of enhanced pay rates, bonus pay, incentive pay, and hiring bonuses. Based on the amount of the award to a

provider, the provider receiving these monies was required to either provide an attestation that funds would only be expended for the stated purpose or submit a plan detailing how the monies would be utilized consistent with the noted parameters.

- Additionally, in January 2022, \$4 million in funding was disbursed to providers of HCBS Waiver funded day services (e.g., Day Activity, Career Preparation, Community Services, Employment Services) to incentivize and reward providers for re-opening and allowing waiver participants access to those services. These monies were accessed by providers as a per unit payment for services delivered. Neither of these efforts were fully effective and providers continue to recruit new staff and implement strategies to retain existing staff.
- The American Rescue Plan Act of 2021 (ARPA) section 9817 funding was made available to enhance, expand or strengthen HCBS beyond what was available under states' Medicaid programs as of April 1, 2021. The state has utilized this funding in two ways to support full compliance with the HCBS regulatory settings criteria. First, a series of rate increases were implemented to support access to HCBS services and the provider network. Additional rate actions are scheduled for Jan. 1, 2023, and July 1, 2023. Most recently, an application for one-time payments to providers was made available on Nov. 2, 2022, in support of staff retention for direct care workers.

The state's plan to overcome encountered barriers, and the time needed to do so.

- The state believes the sequential rate actions and release of ARPA one-time funding to support the retention and growth of employees delivering HCBS waiver services has had and will have a positive impact on full compliance with the regulatory settings criteria when fully implemented. The state believes the identified barriers will be overcome and compliance will be realized by November 30, 2023. Additionally, the state will continue to partner with providers to find creative ways to ensure compliance with the HCBS settings regulation within the confines of the PHE especially as related to workforce shortages.