**Provider Incentive Program History**

Section 9817 of the American Rescue Plan Act (ARPA) provides additional support for Medicaid home- and community-based services (HCBS) through an increase of ten (10) percent to a state’s Federal medical assistance percentage (FMAP). The Centers for Medicare and Medicaid Services (CMS) issued a State Medicaid Director’s letter (SMD-21-003) on May 13, 2021. The letter provides guidance to states on the implementation of ARPA Section 9817 as well as opportunities for states to expand, enhance, and strengthen the HCBS system in response to the COVID-19 Public Health Emergency (PHE). Based on the legislation and the SDM Letter, states developed HCBS Spending Plans.

Arkansas Department of Human Services (DHS) proposed a two-phase process within the Arkansas HCBS Spending Plan (the Spending Plan). Phase 1 of the Spending Plan focuses the Workforce Stabilization Provider Incentive Program. Phase 2 includes two additional initiatives: (1) Planning for the Future: Technology and Education, and (2) Expanding and Enhancing HCBS Services.

**Workforce Recruitment Operations Plan Purpose**

The Workforce Recruitment Operations Plan (the Operations Plan) provided below summarizes the step-by-step process DHS uses to administer the Workforce Stabilization Provider Incentive Program (the Program) as outlined in the State’s Spending Plan. The purpose of this document is to communicate the HCBS providers and other key stakeholders, how to apply for and distributed allotted provider incentives. This Operations Plan is limited to the Workforce Recruitment category of the Program. Guidance regarding other Program categories will be provided separately.

**Provider Eligibility**

Eligible providers are determined by Appendix B of the CMS State Medicaid Director’s letter (SMD-21-003). A copy of the SMD letter can be found at:

<https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf>

Appendix B providers eligible to apply for the Program are certified providers who deliver direct care services in the following Medicaid State Plan (SPA) programs and/or services:

* AR Choices 1915(c) HCBS Waiver
* Living Choices Assisted Living 1915(c) HCBS Waiver
* Autism 1915(c) Waiver
* Community and Employment Supports 1915(c) HCBS Waiver within PASSE
* 1915(i) State Plan Behavioral Health Services within PASSE
* Adult Behavioral Health Services for Community Independence 1915(i) State Plan
* Independent Choices 1915(j) State Plan
* State Plan personal care services
* State Plan home health services
* Program for All-Inclusive Care for the Elderly (PACE)

Eligible providers must apply for the Program using an application housed on the Arkansas Medicaid website at:

<https://forms.office.com/Pages/ResponsePage.aspx?id=Q4_kTl3hSk-tVdCZCqxmDn_UFobv2Q1Gj4YxqXbh6XVUQUxISlozWEY4Sk5VQkVHWFlEVlMwSUZaQy4u>

**Provider Allocation Methodology**

Provider allocations are determined at the tax identification number (TIN) level. Provider TIN allotments are determined by two factors:

1. 30% is determined by recipient (i.e., the beneficiary) count
2. 70% is determined by provider 2021 program expenditures

DHS will share provider-specific allocations prior to implementing the Provider Incentive Payment Methodology below.

**Provider Incentive Payment Methodology**

Using the DHS-determined allocation amount, providers must use Program funds to provide recruitment and retention incentives to Direct Service Provider (DSP) employees. Providers may offer any combination of the eligible incentive categories to DSPs below:

| Category / Subcategory | Description | Requirements |
| --- | --- | --- |
| Recruitment and Retention | | |
| Hiring Bonus | New Direct Service Providers (DSPs) hired during the ARPA effective period (i.e., October 1, 2021 through March 31, 2024) receive a one-time bonus payment after completing a minimum of thirty (30) calendar days of employment. | * One-time hiring bonus made to new DSP hire * Bonus cannot exceed $1,000 * Provider must certify DSP completed a minimum of 30 calendar days of employment |
| Retention Bonus | Bonus payment for DSPs who continuously provide service with the same employer for a minimum of three (3) months. The bonus cannot be paid in a one-time lump sum and must recur on a regular cadence determined by the employer. The recurring bonus can be paid through March 31, 2024 or until the provider allocation is depleted. Individual DSPs can earn bonuses up to a Retention Bonus cap. | * Recurring retention bonus made to new and existing[[1]](#footnote-2) DSP hires on a regular cadence determined by the provider (e.g., monthly or quarterly) * Bonus cannot exceed $15,000 per DSP over the ARPA effective period (i.e., October 1, 2021 through March 31, 2024) * Provider must certify DSP completed, at minimum, three (3) months of employment with the same employer |
| Complex Care Retention Bonus | Bonus payment for DSPs who provide care to at least one (1) individual with complex care needs. Bonus payments are provided on a regular and recurring basis determined by the employer. DSPs can earn bonuses up to a Complex Care Retention Bonus cap. Complex case means a history of:   * legal involvement * elopement risk * combative or aggressive behavior * multiple inpatient placements * DCFS or DYS involvement * Wheelchair- or bed-bound | * Recurring bonus made to on a regular cadence determined by the provider (e.g., monthly or quarterly) * Bonus cannot exceed $3,500 per DSP over the ARPA effective period (i.e., October 1, 2021 through March 31, 2024) * Provider must certify DSP provided care to at least one (1) client with complex care needs. |

Additionally, the State and providers will work together to ensure the following timeline and general payment requirements are adhered to:

1. Providers may provide one or a combination of bonuses to eligible employees during the Spending Plan timeframe (i.e., October 1, 2021 through March 31, 2024).
2. Full-time, part-time and hourly employees are eligible for all bonus categories
3. Each Category limit is all-inclusive of employee associated fringe benefits and administrative costs not to exceed 30% of the total amount (e.g., the $13,000 Retention Bonus hypothetically accounts for approximately $500 (5%) in administrative costs, $2,500 (25%) in fringe benefits costs, and $10,000 total direct retention bonuses to the DSP).
4. Providers must adhere to reporting requirements established by the State to monitor the Program including but not limiting to providing DSP rosters, payment records and other quantifiable information.

**Provider Incentive Payment Exceptions**

DHS will not consider exceptions to the Program methodology and criteria at this time. Any questions or comments regarding the Program must be submitted through the designated inbox at: [Jessica.Haynes@dhs.arkansas.gov](mailto:Jessica.Haynes@dhs.arkansas.gov).

**Definition of Direct Service Professional**

As part of Arkansas Department of Human Services’ American Rescue Plan Act, Section 9817 Home and Community Based Services (HCBS) Spending Plan, the Department will distribute $112 million to eligible Medicaid providers as part of a Provider Incentive Program that supports workforce recruitment and retention across the State. The State Medicaid Director’s Letter, dated May 15, 2021 (SMD-21-003) provides formal guidance to states on the development and implementation of HCBS Spending Plans and regularly references direct support professionals as a component of state initiatives.

The definition below clarifies the term direct support professional (DSP) related to a provider employee’s eligibility for funds distributed through the Provider Incentive Program.

The definition for DSP adopted by DHS was provided by the National Direct Service Workforce Resource Center[[2]](#footnote-3):

*“Direct service workers (DSWs) are individuals who receive monetary compensation to provide support to individuals with a wide range of health and human service needs. They provide hands on support to individuals to assist them in living more fulfilling, independent, and self-directed lives. Supports provided by DSWs vary depending on the type of service setting in which they work.”*

The document further offers examples of the types of work DSPs may engage in:

* Assisting with personal-care and hygiene such as bathing, dressing, and grooming;
* Assisting with home skills such as meal planning and preparation, housekeeping, and budgeting;
* Ensuring health and safety;
* Monitoring health;
* Providing health-related tasks such as medication management and administration, ileostomy, colostomy, and gastrostomy care);
* Providing transportation;
* Providing employment supports;
* Implementing positive behavior support, crisis intervention;
* Implementing recreation activities and supporting community involvement;
* Conducting assessments and community referrals;
* Teaching new skills (e.g., independent living, self-advocacy);
* Supporting self-determination and self-direction of people served;
* Working with family members;
* Providing opportunities for community integration; and
* Providing companionship and support in developing, and maintaining social relationships.

1. Existing employees are eligible for retention bonuses and the continuous employment timeframe starts on October 1, 2021. [↑](#footnote-ref-2)
2. Source: A synthesis of direct service workforce demographics and challenges across intellectual/ developmental disabilities, aging, physical disabilities, and behavioral health, November 2008 ([hyperlink](https://www.medicaid.gov/sites/default/files/2019-12/a-synthesis-of-dsw.pdf)) [↑](#footnote-ref-3)