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**CMS NEWS**

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**HHS Extends American Rescue Plan Spending Deadline for States to Expand and Enhance Home- and Community-Based Services for People with Medicaid**

*States will have an additional year to use American Rescue Plan funds to strengthen the home care workforce and expand access to services*

Today, the U.S. Department of Health and Human Services (HHS), through the Centers for Medicare & Medicaid Services (CMS), is notifying states that they now have an additional year — through March 31, 2025 — to use funding made available by the American Rescue Plan (ARP) to enhance, expand, and strengthen home- and community-based services (HCBS) for

people with Medicaid who need long-term services and supports. This policy update marks the latest action by the Biden-Harris Administration to strengthen the health care workforce, help people receive care in the setting of their choice, and reduce unnecessary reliance on institutional

care.

“Everyone deserves the dignity to live in their own homes and communities, and the Biden-Harris Administration is committed to protecting that right,” said HHS Secretary Xavier Becerra. “Thanks to extended funding from President Biden’s American Rescue Plan, we are expanding home- and community-based services for millions of aging Americans and people with

disabilities across the country. We are working hand-in-hand with states to ensure they have the time and support they need to strengthen their home care systems and workforce.”

“The Biden-Harris Administration is committed to expanding access to home- and community-based care for people with disabilities and older adults. Thanks to the American Rescue Plan, these additional funds will help people with Medicaid to live and thrive in the setting of their choice,” said CMS Administrator Chiquita Brooks-LaSure. “With this extension, we are addressing states’ concerns, giving states the time and resources to strengthen connections to care at home and in communities.”

The COVID-19 pandemic has exposed the risks of institutional and congregate settings for older Americans and people with disabilities, underscoring the urgent need to expand access to high-quality HCBS to improve outcomes for people who need long-term services and supports. HCBS allow millions of Medicaid beneficiaries to receive services in their own home or community rather than institutions or other isolated settings.

As the primary funder of HCBS nationally, Medicaid plays a critical role in supporting states’ efforts to strengthen these services for their beneficiaries. [Section 9817 of the American Rescue Plan](https://click.icptrack.com/icp/relay.php?r=34393031&msgid=550284&act=MWJT&c=1185304&pid=2071959&destination=https%3A%2F%2Fwww.medicaid.gov%2Fmedicaid%2Fhome-community-based-services%2Fguidance%2Fstrengthening-and-investing-home-and-community-based-services-for-medicaid-beneficiaries-american-rescue-plan-act-of-2021-section-9817%2Findex.html&cf=6316&v=a97b63aea55b39c5ca8f727228366d85250223608cec6054c7f68daf5a789550) provides states with a temporary 10 percentage point increase to the federal medical assistance percentage (FMAP) for certain Medicaid expenditures for HCBS — an estimated $12.7 billion. As a result of the ARP increase in the federal matching rate on activities, states originally had a three-year period — from April 1, 2021 through March 31, 2024 — to use the available state funds, attributable to the ARP’s increased FMAP, on activities to enhance, expand, or strengthen HCBS in Medicaid. The extended timeframe, of an additional year, will help to facilitate high-quality, cost-effective, person-centered services for people with Medicaid. This will allow Medicaid beneficiaries to remain in the setting of their choice—whether it is their home or another setting—and remain a valued part of their communities.

This ARP funding allows states to identify and implement changes aimed at addressing existing HCBS workforce and structural issues. It will also help expand states’ capacity to provide critical services and meet the needs of family caregivers and people on HCBS waitlists. Moreover, states

can use these funds to tailor HCBS activities based on the needs and priorities of their residents. For example, states can use the funds to provide additional support to address the continued impact of the COVID-19 pandemic on individuals who need long-term services and supports,

who are at higher risk for contracting COVID-19, and who might otherwise be in more costly nursing homes and other institutions instead of their own homes. Some states are also using the funds to increase pay and benefits for direct service workers, which many states were unable to do before the ARP funding increase due to funding shortages and restrictions.

Critical safeguards are in place through the ARP legislation and CMS’ guidance to certify that these funds are used appropriately. Between now and the March 2025 deadline, CMS will continue to monitor states’ progress and compliance to ensure funding is used to strengthen HCBS under their Medicaid program.

Additional information on states’ spending plans — including a recently updated infographic summarizing planned activities and key investments — can be found at Medicaid.gov [https://www.medicaid.gov/medicaid/home-community-based-services/guidance/strengthening-and-investing-home-and-community-based-services-for-medicaid-beneficiaries-american-rescue-plan-act-of-2021-section-9817/index.html](https://click.icptrack.com/icp/relay.php?r=34393031&msgid=550284&act=MWJT&c=1185304&pid=2071959&destination=https%3A%2F%2Fwww.medicaid.gov%2Fmedicaid%2Fhome-community-based-services%2Fguidance%2Fstrengthening-and-investing-home-and-community-based-services-for-medicaid-beneficiaries-american-rescue-plan-act-of-2021-section-9817%2Findex.html&cf=6316&v=a97b63aea55b39c5ca8f727228366d85250223608cec6054c7f68daf5a789550).

To review the guidelines for the use of the ARP funds, please visit:

[https://www.medicaid.gov/federal-policy-guidance/downloads/smd21003.pdf](https://click.icptrack.com/icp/relay.php?r=34393031&msgid=550284&act=MWJT&c=1185304&pid=2071959&destination=https%3A%2F%2Fwww.medicaid.gov%2Ffederal-policy-guidance%2Fdownloads%2Fsmd21003.pdf&cf=6316&v=d97613bc6d508d41c18684ccb6418fd3236445a1208dfb87cf238395d3ae4175)

To review the State Medicaid Director Letter extending the spending deadline, please visit: [https://www.medicaid.gov/federal-policy-guidance/downloads/smd22002.pdf](https://click.icptrack.com/icp/relay.php?r=34393031&msgid=550284&act=MWJT&c=1185304&pid=2071959&destination=https%3A%2F%2Fwww.medicaid.gov%2Ffederal-policy-guidance%2Fdownloads%2Fsmd22002.pdf&cf=6316&v=4cebba7bcfb35d43bd8c0410da353d1081317b63e2acb24c8b5a757a793bf2f1)

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