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To: Providers Delivering Homemaker, Personal Care, and Home Health Aide Services through EOEAs Home Care, MassHealth State Plan Home Health, and MassHealth ABI/MFP Waiver Programs

From: Rachel Goldstein, Chief Financial Officer, EOEAs
Whitney Moyer, Chief of Long Term Services and Supports, MassHealth

Date: July 10, 2020

RE: FY19 Supplemental Budget Surplus Distribution

This memorandum explains changes to the FY19 Supplemental Budget implementation as a result of COVID-19.

EOEA received an appropriation in the Commonwealth of Massachusetts Fiscal Year 2019 (FY19) Supplemental Budget (Chapter 142 of the Acts of 2019) for \$10M to increase wages, compensation, and salary-related costs for direct care workers providing Homemaker, Personal Care, and Home Health Aide services. Of the total funding amount, \$4.1M is dedicated to direct care workers providing Homemaker or Personal Care services and \$5.9M is dedicated to direct care workers providing Home Health Aide services. EOEAs and MassHealth are distributing this funding through add-on rates from April – June 2020. The FY19 supplemental budget further specifies that providers receiving this funding must submit a Spending Plan to EOEAs that accounts for how they will utilize those funds across all specified services. These legislative requirements remain unchanged.

In the second half of state fiscal year 2020, due to COVID-19, providers experienced an unanticipated and significant reduction in service utilization. As a result of this reduction, EOEAs and MassHealth project that there will be a surplus in the appropriation after all service units have been paid at the current add-on rates from April – June 2020.

As a result, EOEAs and MassHealth will take special action to distribute the final surplus after the implementation period has completed. Based on the final service utilization from April – June 2020, EOEAs and MassHealth will recalculate the add-on rate amounts and process billable units incurred during June 2020 at the higher add-on rates to account for the surplus. Please note the following elements of this change:

- **Distribution to direct care workers** – All providers are reminded that this funding is required to be passed down to direct care workers in the form of increased wages, compensation, or other salary-related costs as described in the legislation and previous guidance documents. The funding cannot be used to offset lost revenue or pay for other expenses incurred as a result of COVID-19.
- **Payment based on service utilization** – Final payments to providers will continue to be based on actual service utilization.
- **Spending Plan requirement** – Providers are required to review their original Spending Plan submission and determine if changes are necessary based on the surplus distribution and the COVID-19 pandemic in order to meet the legislative requirements for this funding. If changes are necessary, providers are required to document the changes to their Spending Plan and retain the documentation internally. Providers will be required to provide an updated Spending Plan upon request to EOEa or MassHealth.
- **Timing** – Timely submission of units from April – June 2020 will be essential to the efficient and effective distribution of the surplus funding. Providers should note the following milestones:
 - MassHealth providers are expected to submit all units from April – June 2020 by July 15, 2020.
 - ASAP providers are expected to submit all June 2020 units by July 15, 2020, and ASAPs are required to remediate all units by July 24th.

EOEA and MassHealth will use the units submitted as of the above dates to recalculate the add-on rates. Payment will be distributed through standard ASAP and MassHealth processes.

- **Other guidance** – All other previous guidance remains in effect during the surplus distribution process, except for the final add-on amount, which will be recalculated in early August 2020. This information is subject to change, and will be updated as necessary and appropriate. Please continue to monitor our website for additional information about this implementation process at <https://www.mass.gov/lists/eoea-and-masshealth-fy19-supplemental-budget-implementation>.

If you have any additional questions, please email us at FY19SupplementalBudget@mass.gov. This email inbox continues to be monitored, but responses may be delayed.