
NTAR Leadership Center

SUMMARY ~ Audio Conference ~ April 15, 2009

The American Recovery and Reinvestment Act (ARRA)

Opportunities and Implications for the Employment of Adults with Disabilities

The National Technical Assistance and Research Center to Promote Leadership for Increasing Employment and Economic Independence of Adults with Disabilities (**NTAR Leadership Center**) in partnership with the US Department of Labor, Office of Disability Employment Policy, sponsored an audio conference on April 15, 2009 for members of its State Leaders Innovation Institute and its State Peers Leaders Network.

Topic: Overview of Key Human Services and Health Provisions of the ARRA

Goal of the Audio Conference Session:

- To help state policy makers generate a more promising employment outlook for people with disabilities in this tough economy by seeing the stimulus dollars as an opportunity to insert creative ideas at the state and local level;
- To help state policy makers understand the dollars going into states and to beneficiaries residing in their states, to take advantage of those funds to both stem the erosion of progress made and to help understand the opportunities available to individuals through this funding; and
- To introduce those on the call today to some ideas and thinking from other states and the federal government.

Audio Conference Agenda:

Welcome and Introductions (2:00 pm)

Kathy Krepcio, Director, NTAR Leadership Center

Nanette Relave, Co-Moderator, Director, Center for Workers with Disabilities, APHSA

Chris Button, Senior Policy Advisor, Office of Disability Employment Policy, US Dept of Labor

Update on Key Human Services and Health Provisions in the ARRA

Robert Ek, Legislative Associate, American Public Human Services Administration (APHSA)

Damon Terzaghi, Senior Policy Associate, Center for Workers with Disabilities (CWD), American Public Human Services Association (APHSA)

Facilitated Discussion

Nanette Relave - Moderator

Adjourn (3:00 pm)

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Presentation Summaries:

Robert Ek, Legislative Associate, APHSA

The ARRA has many broad provisions related to various human services programs including but not limited to Temporary Assistance for Needy Families (TANF) and the Community Services Block Grant Program (CSBG). **Key items relating to TANF include:**

- In 1996, PRWORA changed AFDC to TANF. The law established a *Contingency Fund* designed to provide additional support to states in time of recession. The original contingency fund was set at \$2 billion. The only issue that states ran into with this fund is that even after states qualified as “needy” (meaning they saw an increase in SNAP/food stamp enrollment or unemployment rates) the money that they drew down was at the state Federal Medicaid (FMAP) rate for funding above the 100 percent Maintenance of Effort (MOE).
- Under the ARRA, Congress set up a new fund without the MOE obstacle -- the *TANF Emergency Contingency Fund* (ECF).
- The ECF sets up a \$5 billion pot of emergency money. This money will be used to *reimburse states* at the rate of 80 percent for increased expenditures in three specific categories:
 - Increased Basic Assistance Caseload
 - Increased Non-Recurrent Short Term Benefit Expenditures
 - Increased Subsidized Employment Expenditures
- Measuring the increase in expenditures is somewhat complex and has been the main point of discussion for those in the TANF Community. A few points on this issue:
 - Increased expenditures will be measured quarterly. States and the Federal officers will compare average monthly expenditures in the emergency fund years (FY09 and FY10) against a corresponding “base year” quarter (either FY07 or FY08).
 - The US Department of Health and Human Services (USHHS) has the authority to “adjust” data in order to make what it deems to be a fair comparison. “Apples to Apples” is a phrase that has come up in many discussions that we’ve had as well as in the guidance that was published April 3rd 2009. The adjustment authority is intended to factor in changes that might have been made to a program between the base quarter and the emergency quarter.
- So where are we right now? Here is what we know:
 - According to the Federal guidance of April 3rd states are allowed to make estimates on what their increased expenditures might be
 - The 80 percent that a state receives as a reimbursement is counted as TANF money and can be used toward any TANF purpose.
 - *ONLY TANF* dollars count for purposes of reimbursement. However, it does not matter whether or not the TANF dollar is a state MOE dollar or a Federal dollar. As long as it is a TANF dollar it counts. This also means that while it is possible to mix together TANF and Workforce Investment Act (WIA) dollars – *ONLY* the TANF dollars will count toward the expenditure increase total.

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- With all this being said, states are still exploring options on how they might benefit from the emergency fund and we are still very early in the process. Given that this is an entirely new fund with entirely new reporting requirements all those who are looking to access this funding are being very careful.
- The careful nature of states in approaching ARRA funding can also be seen in some of the other points of new funding such as CSBG, SNAP (formerly known as food stamps), and child care.
- While all of these programs now have guidance available on the recovery.gov website – those who are looking to access this money are being very cautious to do so in a way that follows both the spirit and the regulations of ARRA implementation. Even as guidance begins to gradually emerge from federal agencies there is still a desire for greater clarification.

Community Services Block Grant (CSBG):

Federal guidance was issued on April 10, 2009 in a CSBG Information Memorandum (IM) which can be found at www.recovery.gov (Transmittal No. 109). The IM was intended to clarify various aspects of the ARRA regarding CSBG services, use of funds and reporting requirements. In summary, the IM states:

- \$1 billion in ARRA relating to the CSBG. States and local entities that provide services with CSBG funds including migrant and seasonal farm worker organizations are encouraged to focus their efforts on creating sustainable economic resources in communities. States should look to:
 - provide a wide range of innovative employment related services and activities tailored to the specific needs of their community;
 - use funds in a manner that meets the short term and long term economic and employment needs of individuals, families and communities; and
 - makes meaningful and measurable progress toward the reform goals of the ARRA with special attention to creating and sustaining economic growth and employment opportunities.
- States that receive ARRA funds are required to submit to the Office of Community Services a FY 2009 plan for ARRA funds by May 29, 2009. States will receive CSBG ARRA funds, as a separate allotment, under the same formula used for grants allocated under the regular annual CSBG appropriations.

For more information, visit the Health and Human Services recovery website at <http://www.recovery.gov>

Damon Terzaghi, Senior Policy Associate, CWD/APHSA

The Medicaid provisions under the ARRA are not necessarily a new pot of funding but a way for states to avoid making cuts to balance their budgets. Major Medicaid provisions under the ARRA include:

- The ARRA provides a temporary Federal Medicaid rate (FMAP) increase of 6.2 percentage points for 27 months (this only applies to Medicaid and Title IV-E foster care and adoption assistance). Allows an additional 5.5 percent, 8.5 percent, or 11.5 percent reduction in the state share of Medicaid costs - determined by a state's unemployment rate;
- Creates a State Fiscal Stabilization Fund;
- Provides incentives for Electronic Health Records;
- Increases Supplemental Nutrition Assistance Program (SNAP formerly known as food stamps) by \$20 billion;

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- Provides a temporary increase in Disproportionate Share Hospital (DSH) allotments; and
- Address some Medicaid regulations.

FMAP Modification Provisions include:

- The establishment of a hold harmless provision to FY 2008 FMAP;
- Provides temporary FMAP increase of 6.2 percentage points for 9 quarters; and
- Allows additional amounts based on a state's unemployment rate.

Strings for FMAP Increases include:

- No increase if eligibility standards, methodologies or procedures are more restrictive than what was in effect on July 1, 2008 in a state;
- Must be in compliance with prompt pay requirements;
- No rainy day funds; and
- Expansions are reimbursed at the normal FMAP, not the increased FMAP rate.

ARRA and Health Information Technology -- Incentives for Electronic Health Records (EHR) include:

- 100% Federal match for state payments to certain Medicaid providers for EHR technology (up to \$65,000 over a five year period for individual providers and a secretary-defined amount for hospitals);
- 90% Federal match for state administrative costs related to EHR technology implementation; and
- Providers who are eligible to receive incentive payments are determined by volume of Medicaid services provided.

Under ARRA, DSH allotment increases include:

- For FY 2009, the DSH allotment would be equal to 102.5% of the original 2009 allotments; and
- For FY 2010, the DSH allotment would be 102.5% of the amount of the adjusted 2009 amount.

Under the ARRA, there is a moratorium on some Medicaid Regulations. These include:

- Extends the moratorium through June 30, 2009 on three Medicaid final regulations: targeted case management; provider taxes; and school-based administration and transportation services;
- Adds a moratorium for the final outpatient hospital services regulation through June 30, 2009; and
- Provides a "Sense of Congress" that the Administration should not finalize proposed regulations for cost limits to certain providers, graduate medical education or rehabilitative services.

Other provisions beyond Medicaid included in the ARRA are:

- Provides for premium reductions and additional election opportunities for health benefits under COBRA;
- Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit;
- The premium reduction applies to periods of health coverage beginning on or after February 17, 2009 and lasts for up to nine (9) months for those eligible for COBRA during the period beginning September 1, 2008 and ending December 31, 2009 due to an involuntary termination of employment that occurred during that period.

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Other items to keep an eye on include The President's FY 2010 budget blueprint:

- A set aside of \$630 billion for health care reform;
- Increases in Medicaid drug rebate programs and the availability of family planning services;
- Creates Medicaid and Medicare demonstration projects; and
- Proposes to evaluate and modernize the definition of disability under Social Security and the asset limits under Social Security Insurance (SSI).

Feedback from states about the major human services provisions have been to date:

- States are happy about the increase in FMAP, but are concerned around the maintenance of effort requirements;
- For TANF, states feel the increase in resources are important, but feel that budgetary or legislative authority may be needed to make use of the funds;
- Additional and specific guidance is very important for a range of agencies. If the funds are temporary, states are grappling with how to maximize these funds under that temporary environment;
- States are looking at ARRA funds as a means to improve their infrastructure (e.g., document imaging, etc) -- that is, to help states build capacity; and
- States are also trying to give some thought to how they can tie the funds to job creation (e.g., braiding TANF and WIA funds together).

Questions:

- Q. Do you know of any collaborations taking place in states to partner on ARRA responses among major funding streams?
- A. We are aware of some states forging partnerships across state agencies (e.g., WIA collaborating with Vocational Rehabilitation and TANF). The thought behind the new partnerships are that there is so much that needs to get done, that some states see an advantage to leveraging federal ARRA resources across funding streams to get a better bang for their dollar.
- Q. The ARRA contains language about capacity building grants for nonprofits - can you tell us about this?
- A. The ARRA contains provisions for two major competitive grants -- a) capacity building under the US Department of Health and Human Services for non profits; and b) for job training with an emphasis on green jobs under the US Department of Labor. Information about these competitive grant opportunities has not been published from any Federal agency to date. Look at www.recovery.gov for further information.
- Q. In the state of Maryland, hiring freezes in state agencies responsible for stimulus planning and implementation are hindering the state's ability to effectively respond to the ARRA. Any insight as to how other states are coping with this challenge?
- A. States are telling us that staff capacity at state agencies responsible for planning and implementing, tracking and reporting ARRA funding is problematic. In addition, many states tell us how difficult it is for them to procure the capacity because of some state contracting/procurement freezes and/or cumbersome state procurement processes. We

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have not heard of any easy solutions to these challenges except to partner with other state agencies.