

Disabled and Elderly Health Programs Group

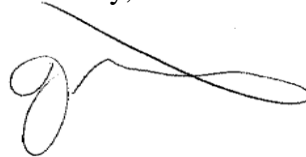
August 2, 2021

Sally Kozak
State Medicaid Director
Pennsylvania Department of Human Services
625 Forster Street, Room 515
Harrisburg, PA 17120

Dear Ms. Kozak:

The July 23, 2021 letter that the Centers for Medicare & Medicaid Services (CMS) sent regarding Pennsylvania's initial spending plan and spending narrative submitted on June 14, 2021 indicated that CMS would need to follow-up with the state to determine whether capital investments are permissible uses of funds to expand, enhance, or strengthen HCBS under section 9817 of the American Rescue Plan Act of 2021 (ARP). CMS has determined that capital investments are permissible uses of funds to expand, enhance, or strengthen HCBS under section 9817 of the ARP. However, states must demonstrate how capital investments would expand, enhance, or strengthen HCBS and ensure that the capital investments will result in settings that are fully compliant with the home and community-based settings criteria. Further, approval of capital investments in ARP section 9817 spending plans and narratives does not authorize such activities for federal financial participation (FFP). Please do not hesitate to contact CMS at HCBSincreasedFMAP@cms.hhs.gov if you have any questions or need additional information.

Sincerely,



Jennifer Bowdoin
Director, Division of Community Systems Transformation

cc: Michael Chmielewski