



Money Follows the Person Demonstration Program



Medicaid and CHIP Payment and Access Commission

Overview

- Background on Medicaid's coverage of long-term services and supports (LTSS)
- Money Follows the Person (MFP) demonstration program
 - program operation
 - evaluation results and report to the President and Congress
 - sustainability of transitions

Medicaid's Role in Providing Long-Term Services and Supports

Medicaid and LTSS: Covered Services

- Medicaid is the nation's largest payer for LTSS
- LTSS may be provided in institutions or through home and community-based services (HCBS)
- Nursing facility services and home health are mandatory benefits that states must cover
- HCBS include a range of services such as:
 - personal care services received at home or in a residential care setting
 - services provided at adult day care centers
 - supported employment services

Medicaid and LTSS: Users

- LTSS users are a diverse group, from young to old, with many different types of physical and cognitive disabilities
 - older adults (age 65 and older)
 - individuals with physical disabilities
 - individuals with intellectual and developmental disabilities (IDD)
- LTSS users qualify for Medicaid based on a combination of financial and functional criteria

Medicaid and LTSS: Spending

- LTSS users account for a disproportionate share of Medicaid spending.
- In fiscal year (FY) 2013, 5.9 percent of Medicaid beneficiaries (4.2 percent of 70 million) used LTSS under fee-for-service (FFS) arrangements.
- That same year, 41.9 percent of Medicaid spending was for FFS LTSS users (\$171.7 of \$409.3 billion).

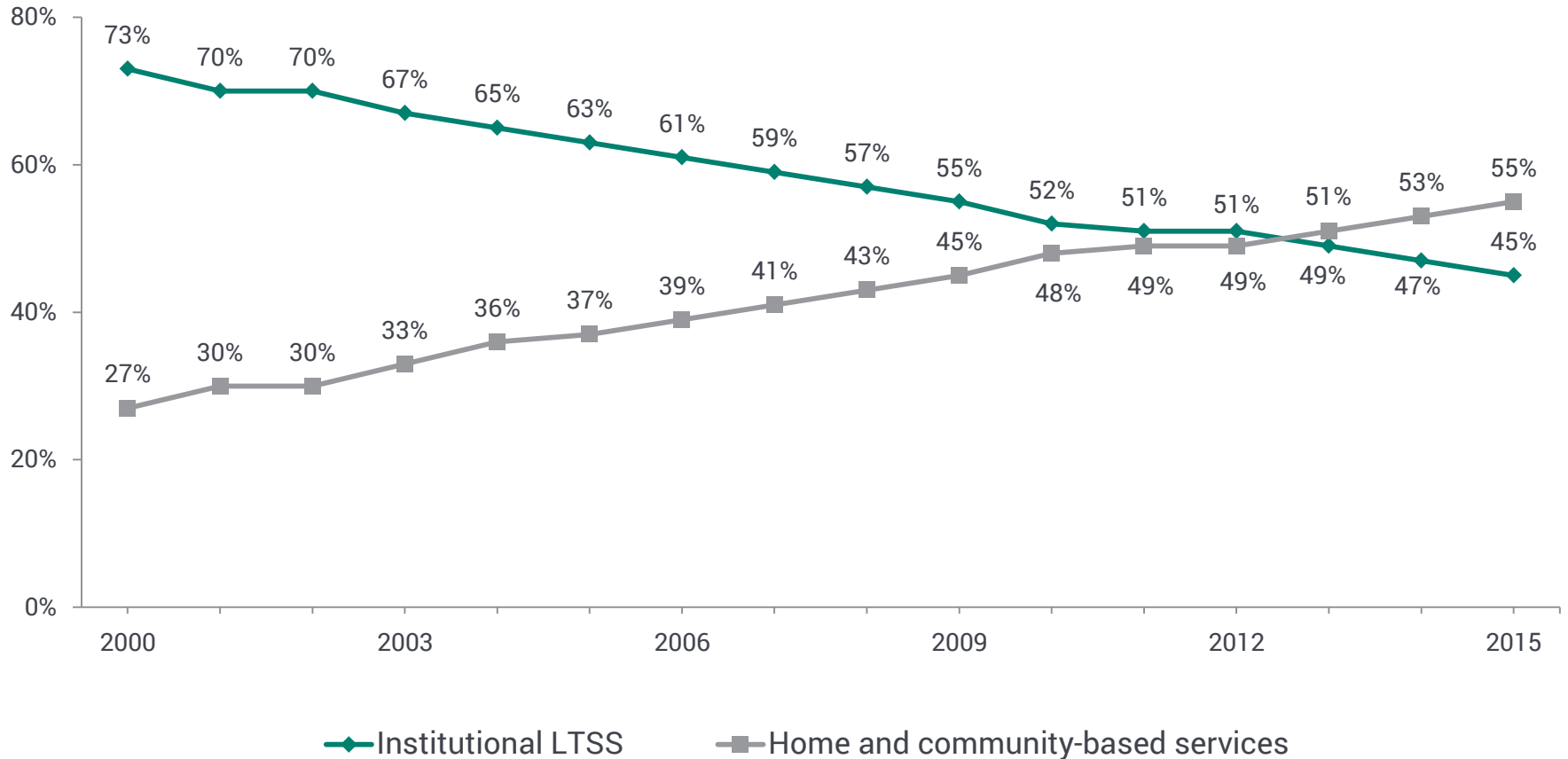
Medicaid and LTSS: Delivery System

- Although optional, all states include HCBS in their Medicaid benefit package
- States provide HCBS under various state plan and waiver authorities
 - some HCBS waiver programs have waiting lists
- LTSS was traditionally provided through FFS, but 23 states now have managed long-term services and supports (MLTSS) programs
 - most MLTSS programs focus on services for older adults and individuals with physical disabilities; fewer cover services for individuals with IDD

Medicaid and LTSS: Rebalancing

- In recent years, the federal government and states have promoted rebalancing—increasing the proportion of Medicaid spending on HCBS compared to institutional services
 - Real Choice System Change grants
 - Money Follows the Person demonstration program
 - Balancing Incentive Program
 - Community First Choice state plan option
 - incentives in MLTSS programs
- The Americans with Disabilities Act of 1990 (ADA, P.L. 101-336) and *Olmstead* Supreme Court decision in 1999 also direct states to serve individuals in the least restrictive setting possible

Proportion of Total Medicaid LTSS Spending on Institutional LTSS and HCBS, FYs 2000–2015



Note: LTSS is long-term services and supports. HCBS is home and community-based services.

Source: Eiken, S., K. Sredl, B. Burwell, and R. Woodward. 2017. *Medicaid expenditures for long-term services and supports (LTSS) in FY 2015*. Report to the Centers for Medicare & Medicaid Services (CMS), contract no. HHS-500-2010-000261. Ann Arbor, MI: Truven Health Analytics.

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Background

- First authorized through FY 2011 by the Deficit Reduction Act of 2005 (DRA, P.L. 109-171)
- Extended through FY 2016 by the Patient Protection and Affordable Care Act (ACA, P.L. 111-148, as amended)
 - states have until FY 2020 to claim funds
- In total, up to \$4 billion in funding
 - up to \$1.1 million each year authorized for research including a national evaluation of the program

Program Operation

Application and Awards

- States had to submit an application outlining their approach to the two program components
 - transition program
 - rebalancing strategy
- Forty-four states and the District of Columbia participated over the course of the program
 - CMS began making awards in 2007
 - in total, \$3.7 billion was awarded

Transition Program: Approach

- Assists beneficiaries who have resided in an institution for at least 90 days and want to return to the community
 - ACA lowered residency requirement from six months
- Participation is voluntary
 - beneficiaries and their families may seek assistance on their own
 - institutions can refer residents to the program (e.g., nursing facilities based on residents' responses to assessment questions)

Transition Program: Approach

- Assigned transition coordinators help beneficiaries develop and execute a plan to return to the community
 - coordinator may be a state employee, contractor, or managed care plan staff in states with MLTSS
- To participate in MFP, beneficiaries must transition to a qualified residence:
 - a home owned or leased by the beneficiary or a beneficiary's family member
 - an apartment with an individual lease
 - a community-based setting in which no more than four unrelated individuals reside

Transition Program: Services

- MFP participants are eligible for transition services for a one-year period following their last day of institutionalization
- Examples of MFP services include:
 - personal care assistance
 - assistive technologies
 - home modifications
 - security deposit payment

Transition Program: Match Rate

- States earn enhanced federal match for providing certain services to MFP participants
 - equals the state's regular match plus half of the difference in percentage points between the regular match and 100 percent
 - cannot exceed 90 percent
- For example, a state with a regular match of 70 percent would receive an enhanced match of 85 percent

Transition Program: Match Rate

- Most MFP services qualify for enhanced match
 - among excluded services are one-time services such as trial visits to a proposed residence, for which states receive the regular match
- States' MFP awards are the total enhanced match states can earn
 - states draw down award by providing services to transitioning beneficiaries
 - unused award funds can be rolled over for four subsequent fiscal years; thus, FY 2016 awards are available through FY 2020

Rebalancing Funds

- States' earned enhanced match amount (the portion above and beyond the regular match) are called rebalancing funds
- States use these funds to implement a rebalancing strategy to increase access to HCBS
 - reduce HCBS waiver waiting lists
 - provide transition support to beneficiaries who do not qualify for MFP

Evaluation Results and Report to the President and Congress

Research and Evaluation of MFP

- CMS contracted with Mathematica Policy Research to write progress and field reports, and to evaluate the program
- The Secretary was required to send a final report to the President and Congress reflecting the findings of MFP evaluations, and to make conclusions on its conduct and effectiveness
 - published December 4, 2017

Results of Transition Program

- As of December 2016, MFP had assisted 75,151 Medicaid beneficiaries in transitioning to the community
- Number of MFP participants increased each year from 2008 to 2015
 - in 2016, transitions totaled 11,217—slightly fewer than 2015
- As of December 2016, cumulative transitions ranged from fewer than 80 in SC and SD to 11,433 in TX
 - seven states (CA, CT, MI, OH, PA, TX, and WA) accounted for 54 percent of cumulative transitions

State Challenges

- States encountered a variety of challenges in implementing MFP, including:
 - insufficient supply of affordable and accessible housing
 - shortages of transition coordinators and case managers
 - low number of referrals from nursing facilities
 - difficulty coordinating with other state agencies

Savings Estimates

- Evaluators estimated MFP resulted in a total of \$204 to \$978 million in savings from 2008 to 2013 in beneficiaries' first year after transitioning
- In the first year after transitioning, monthly Medicaid expenditures per beneficiary declined by an average of:
 - \$1,820 (23 percent) for adults age 65 and older
 - \$1,783 (23 percent) for individuals with physical disabilities
 - \$4,013 (30 percent) for individuals with IDD

Savings Estimates: Caveats

- Estimate is a range because actual savings depend on how many beneficiaries would have transitioned in the absence of the program
 - some states had transition programs before MFP
 - states may have also been participating in Balancing Incentive Program or implementing MLTSS
- Delayed implementation of the Transformed Medicaid Statistical Information System (T-MSIS) restricted timeframe for savings estimates
- Does not account for administrative costs

Participant Outcomes

- MFP participants were less likely than a comparison group to be readmitted to an institution in the year after transition
- Quality of life surveys showed improvement in satisfaction with care and living arrangements, and fewer reports of barriers to community integration

Other Findings

- As of December 2015, states had spent \$336.6 million in rebalancing funds to create programmatic changes to support HCBS access
 - transition services that went beyond the demonstration
 - support for the direct care workforce
 - developing tools to assess consumer needs and preferences
- Challenges in identifying affordable and accessible housing led to increased collaboration between Medicaid programs and housing agencies

Sustainability of Transitions

Program Timeline Under Current Law

- CMS made final awards to states in FY 2016
- States can transition beneficiaries through December 31, 2018
 - as of September 2017, 8 states planned to end transitions earlier
- States can claim funds through FY 2020

Planning for Demonstration's End

- As part of final awards states had to submit sustainability plans
 - describe how states will continue transition services
- States need to have a way to pay for services they are sustaining beyond the demonstration
 - services will need to be incorporated into existing HCBS programs if they are not already
 - states may be limited by budget pressures

Planning for Demonstration's End

- If states are not able to make these changes, transition services may be scaled back, or restricted to certain populations
- States may discontinue some services that were not highly utilized or considered helpful by beneficiaries
- States with MLTSS programs may have more flexibility than other states, as they can direct and incentivize plans to provide transition services
- States will need to determine how to fund activities for which they were using rebalancing funds

For More Information: LTSS

Medicaid 101

<https://www.macpac.gov/medicaid-101/>

Overview of Medicaid and LTSS

<https://www.macpac.gov/publication/ch-2-medicoids-role-in-providing-assistance-with-long-term-services-and-supports/>

MACStats data book on Medicaid beneficiaries and spending

<https://www.macpac.gov/macstats/>

For More Information: MFP

CMS Money Follows the Person website

<https://www.medicaid.gov/medicaid/ltss/money-follows-the-person/index.html>

Mathematica Policy Research publications
(evaluation, progress, and field reports)

<https://www.mathematica-mpr.com/our-publications-and-findings/projects/research-and-evaluation-of-the-money-follows-the-person-mfp-demonstration-grants>



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