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March 29, 2018

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Re: Money Follows the Person Rebalancing Demonstration Report to the President and Congress

The Medicaid and CHIP Payment and Access Commission (MACPAC) is pleased to comment on the U.S. Department of Health and Human Services (HHS) report released in December 2017: *Report to the President and Congress: The Money Follows the Person (MFP) Rebalancing Demonstration*. MACPAC is required by statute to review HHS reports to Congress and provide written comments to the Secretary and appropriate committees of Congress.

The Commission supports the goal of transitioning Medicaid beneficiaries who are able and willing from institutional settings back to the community and strengthening states' ability to provide home- and community-based services (HCBS). The MFP demonstration gave states flexibility and enhanced financing to offer transition services to Medicaid beneficiaries who were institutionalized to support their return to the community. The Commission offers comments regarding the final report on the MFP demonstration.



Report summary

The MFP demonstration was first authorized through fiscal year (FY) 2011 by the Deficit Reduction Act of 2005 (DRA, P.L. 109-171) and was extended through FY 2016 by the Patient Protection and Affordable Care Act of 2010 (ACA, P.L. 111-148 as amended). The DRA directed the Secretary of HHS to send a final report to the President and Congress with findings of the national evaluation of the demonstration, which was to include an analysis of projected and annual savings related to the transition of individuals in each state participating in the demonstration. The report was also to provide findings and conclusions on the conduct and effectiveness of the demonstration.

The Secretary's final report describes the demonstration's outcomes and presents mixed results regarding its effectiveness. MFP participants who transitioned out of institutions generally experienced reductions in monthly Medicaid expenditures, were less likely than comparable individuals who transitioned to the community to be reinstitutionalized, and reported improved quality of life in surveys. It was less clear the extent to which the nearly \$1 billion in estimated savings on care for individuals who transitioned through the MFP demonstration were attributable to MFP alone, as the Secretary notes that some of these transitions would have occurred without the program.

MACPAC comments

The Commission recognizes the importance of efforts to encourage states to provide supports for individuals seeking to transition from institutions back to the community. The report to Congress indicates that most states participating in the MFP demonstration met or came close to meeting HCBS spending and transition targets, but notes that it is difficult to evaluate the extent to which MFP facilitated transitions that would not have occurred in the program's absence. Below, the Commission provides comments on the final report and urges HHS to issue a supplemental report offering a more detailed analysis of the achievements and limitations of the MFP program.

Demonstration program spending

The MFP demonstration awarded \$3.7 billion in funding to Medicaid programs to strengthen states' ability to provide HCBS. Final grant awards were made in 2016; however, states may transition beneficiaries until December 31, 2018 and earn the enhanced match for services provided through December 31, 2019. States must complete claiming MFP funds by the end of FY 2020.

In addition to funding services received by transitioning beneficiaries, MFP-participating states use grant funds to support rebalancing efforts. The final report discusses how states used rebalancing funds to a limited degree, but does not provide a full accounting of the use of funds. For example, the report notes that states typically used rebalancing funds to increase the capacity of their Section 1915(c) waiver programs and to increase access to affordable housing for individuals in need of long-term services and supports (LTSS). But it does not include the amounts spent on these or other types of services.



Because states continue to have access to MFP funds, the Commission urges HHS to issue a supplement to the final report that includes a detailed description of MFP program spending. Such a report should include state-by-state data on the amounts expended for services both within and outside of waiver programs, staffing and other structural changes necessary for initial MFP program development and implementation. To the extent possible, the Secretary should distinguish between initial costs associated with implementing transition programs and ongoing costs. In addition, the Secretary's report to Congress notes that as of December 2014, states had spent \$240 million in MFP rebalancing funds on initiatives to improve access to HCBS. It would be helpful to have finer detail on the initiatives this funded than is available in existing reports. This information would help the Congress better understand the extent to which states can maintain these activities following the end of the demonstration.

Administrative data limitations

The Commission continues to be concerned that limitations in the availability of Medicaid data from federal sources affect the Secretary's ability to appropriately monitor and evaluate programs and impede state and researcher efforts to examine the impact of programs such as MFP. Up to \$1.1 million in MFP program evaluation funding was available per year from FY 2008 to FY 2016. This funding supported a contract to produce annual evaluation reports and other documents such as progress reports and descriptions of state activities (e.g., how states with managed long-term services and supports programs implemented MFP). Data delays in federal sources, however, limited the timeframe that evaluators could use to estimate savings attributable to MFP. While states and the Centers for Medicare & Medicaid Services (CMS) have made significant progress in implementing the Transformed Medicaid Statistical Information System (T-MSIS), delays in its availability limited the evaluators to using claims data that were only available through 2013. This makes it difficult to interpret the estimated savings related to the MFP demonstration, given that states transitioned a combined 22,664 beneficiaries in 2014 and 2015. Given reporting delays, the Commission urges HHS to issue a supplemental report to provide program evaluation information for later years of the demonstration, including updated savings estimates.

Ensuring the sustainability of transitions after the MFP demonstration

States participating in the MFP program were required to submit a sustainability plan to receive supplemental grant awards for FY 2016. These plans outlined state plans to sustain staffing, transition services, and structural changes after the demonstration ends on December 31, 2019. While the final report acknowledges that the program allowed states to set up transition programs that otherwise would not have existed, it does not discuss state plans to sustain these programs. The Secretary was not required to compile or analyze these plans in the final report although some states have made their transition plans publicly available.



These sustainability reports, and other program information HHS has collected from states, would provide insight into likely state action following the end of the MFP program and help inform discussion in Congress regarding whether or not to continue the program. It would be helpful for the Secretary to make state sustainability plans readily available to encourage outside analysis and assist state and federal policymakers as they consider future work in this area. For example, an analysis of the sustainability plans may help identify specific barriers states may encounter in sustaining transitions, such as funding gaps or limits in what can be provided under existing Medicaid authorities.

While the final report does not address sustainability of transitions after the MFP demonstration ends, the Commission's review of sustainability plans published on state websites and conversations with several MFP-participating states have provided some insights into approaches states are likely to take. For states with well-established transition programs, in which transition services have either long been part of waiver programs or have become an integral feature of waivers during the course of the demonstration, the MFP demonstration's end will primarily result in a loss of enhanced funding. These states are likely to continue providing transition services, although they may scale back on additional services that enhanced funding made possible. Per the sustainability reports, states will discontinue providing services that were tested during the demonstration that were either unpopular or ineffective.

Other states reported more uncertainty regarding the end of the MFP. For example, some states have transition services built into waiver programs serving certain populations but not others. For these states, MFP was an umbrella program that enabled them to offer transition services across waivers, even if they had not previously been providing such services. If these states do not revise their waiver benefits, it is possible that state offerings will simply revert to the way things were before, and fewer transition services will be available to institutionalized Medicaid beneficiaries. In our review of sustainability plans, several states noted a need to incorporate transition services into certain HCBS waivers, but did not identify any obstacles that would prevent them from making these changes. One state, however, indicated that budget constraints could be a barrier to incorporating transition services into some of its HCBS waivers after the end of the MFP.

Solutions for states that will be unable to sustain transition services at the level provided during the demonstration might include permanent enhanced funding for transitions or an extension of the MFP demonstration. In a supplemental report, the Secretary could make note of those services that states may not be able to sustain. Such a report could also summarize key findings of other reports published by HHS's contractor, such as factors associated with unsuccessful transitions from institutions to the community. While the final report focused on the results of the evaluation, summarizing findings of the supplemental reports would add additional insight on states' experience with the demonstration. Such a report would be beneficial as Congress considers potential next steps.

MACPAC intends to continue monitoring the MFP demonstrations as states bring their programs to conclusion. Additional detailed reporting on state spending, key success factors, and sustainability efforts would contribute to more rigorous program evaluation and enable more informed decision-making by both



state and federal policymakers. We appreciate the opportunity to provide comments on the final MFP report to Congress and the policy issues it raises.

Sincerely,



Penny Thompson
Chair

Cc: Seema Verma, Administrator, Centers for Medicare & Medicaid Services
Tim Hill, Acting Director, Center for Medicaid and CHIP Services, Centers for Medicare & Medicaid Services

