

CMS BACKGROUNDER

January 11, 2007

CMS AWARDS DEMONSTRATION GRANTS TO 17 STATES FOR ALTERNATIVES TO INSTITUTIONAL CARE

Seventeen states will receive more than \$23 million in grants for FY 07 and up to \$900 million over 5 years for demonstration programs that will help build Medicaid long-term care programs to keep people in the community and out of institutions.

The states receiving Money Follows the Person Rebalancing Demonstration Project grants during the first allocation of funding are: Arkansas, California, Connecticut, Indiana, Iowa, Maryland, Michigan, Missouri, Nebraska, New Hampshire, New York, Ohio, Oklahoma, South Carolina, Texas, Washington and Wisconsin. The FY 2007 award amounts are as follows:

State	FY 2007 Award Amount
AR	\$139,519
CA	\$90,000
CT	\$1,313,823
IA	\$307,933
IN	\$860,514
MD	\$1,000,000
MI	\$2,034,732
MO	\$3,398,225
NE	\$202,500
NH	\$297,671
NY	\$192,981
OH	\$2,079,488
OK	\$3,526,428
SC	\$34,789
TX	\$143,401
WA	\$108,500
WI	\$8,020,388
Total	\$23,750,892

Today's awards are the first round of grants that will total \$1.75 billion over five years (2007-2011) to help states shift Medicaid's traditional emphasis on institutional care to a system offering greater choices for individuals and a full range of home- and community-based services. This Money Follows the Person (MFP) "rebalancing" initiative was included in the Deficit Reduction Act of 2005 (DRA) currently being implemented by CMS.

The Medicaid program traditionally pays for care for elderly and disabled individuals living in institutions who need help with activities of daily living. Previously, in order to fund home and community-based services, states had to establish a "waiver program" apart from the approved State Medicaid plan.

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To assist states in offering greater choices, the DRA made changes in Medicaid that will allow states to add home- and community-based services to their permanent array of benefits without having to go through a waiver program. Under a DRA provision separate from the MFP initiative, states now have the option to provide home and community-based services without a waiver program.

States receiving grants today under the MFP initiative (see list below) will design programs with four major objectives:

- Increase the use of home and community-based, rather than institutional, long-term care services;
- Eliminate barriers or mechanisms that prevent Medicaid-eligible individuals from receiving support for appropriate and necessary long-term services in the settings of their choice;
- Increase the ability of the state Medicaid program to assure continued provision of home and community based long-term care services to eligible individuals who choose to move from an institutional to a community setting; and
- Ensure that procedures are in place to provide quality assurance for individuals receiving Medicaid home and community-based long-term care services and to provide for continuous quality improvement in such services.

All states were eligible to apply for participation in the five-year demonstration that requires a commitment to participate in the demonstration services for at least two consecutive years. A second round of state grants may be announced later this year using 2007 grant money.

States receiving grant funds may be eligible to receive a higher percentage of federal matching dollars to help cover the costs for people moving out of institutions and into community settings. The higher matching rate will be applied to certain services provided to an individual for a one-year period after the individual moves out of an institution and into the community. The state must continue to provide community services after that period as long as the person needs community services and is Medicaid eligible.

For more details about the New Freedom Initiative, of which this demonstration is part, visit the CMS web site at: <http://www.cms.hhs.gov/newfreedom/>.