

## Centers for Medicare & Medicaid Services (CMS)

### **The New Freedom Initiative: Accomplishments**

On February 1, 2001, the President announced the *New Freedom Initiative*, aimed at promoting full access to community life through efforts to implement the Supreme Court's *Olmstead* Decision, integrating Americans with disabilities into the workforce with programs under the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIA), and creating the National Commission on Mental Health.

The President subsequently expanded this initiative through *Executive Order 13217* (June 18, 2001) by directing Federal agencies to work together to "tear down the barriers" to community living by developing a government-wide framework for helping provide elders and people with disabilities with supports necessary to learn and develop skills, engage in productive work, choose where to live and fully participate in community life.

The President announced the creation of the New Freedom Commission on Mental Health on April 29, 2002 through Executive Order 13263. CMS has been an active participant in this comprehensive study of the United States mental health service delivery system.

CMS has made important strides in identifying and eliminating barriers to community living.

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**Implementation of Deficit Reduction Act Provisions** - The Deficit Reduction Act of 2005 (Public Law 109-171) added a new subsection to Section 1915 of the Social Security Act (the Act) entitled, "Optional Choice of Self-Directed Personal Assistance Services (Cash and Counseling)". This provision permits States to provide self-directed personal assistance services (PAS) through a State Plan option instead of through the waiver or demonstration authorities. States that offer this new option may choose to make the option available in some but not all of the geographic regions of the State and may also limit the population eligible to self-direct and the number of individuals self-directing. The effective date of the provision is January 1, 2007. CMS will be providing guidance to States in the form of an SMD letter and a preprint in September 2006. A regulation is also currently being drafted and is expected to be published as an Interim Final Rule with Comment by the end of 2006.

The DRA also added a new subsection (i) to Section 1915 of the Act entitled "Expanded Access to Home and Community-based Services for the Elderly and Disabled". This new section permits States to offer certain home and community-based services, as described in the statute, to eligible persons as an optional benefit under its State Plan. The new provision does not require that the persons served under this new benefit meet an institutional level of care threshold; instead, individuals must meet the needs-based criteria established by the State, in addition to the financial eligibility criteria prescribed by the new provision. As part of the benefit, States must conduct independent eligibility determinations and assessments and provide individualized plans of care. At the State's election, eligible beneficiaries may also choose to self-direct some or all of the services covered under the State Plan option. States offering the benefit must meet all state and federal guidelines for quality assurance.

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The Money Follows the Person Rebalancing Demonstration (MFP Demo) was created by section 6071 of the DRA. This demonstration program provides \$1.75 billion in funding to the Secretary of Health and Human Services to make awards to states to increase the use of community versus institutional long-term care services. It provides for enhanced federal medical assistance percentage (FMAP) for 12 months for home and community-based services for each person transitioned from an institution to the community during the demonstration period. CMS published a Request for Proposals on July 26, 2006 and expects to make awards before January 1, 2007.

The DRA also authorized \$218 million for Community Alternatives to Psychiatric Residential Treatment Facilities Demonstration Grants. The goal of this demonstration is to test the effectiveness of improving or maintaining a child's functional level and cost effectiveness of providing coverage of home and community-based alternatives for children and youth enrolled in the Medicaid program. CMS issued a grant solicitation on August 21, 2006. Grants to up to 10 states will be awarded later in the year.

**Real Choice Systems Change Grants** – Since 2001, CMS has awarded a total of approximately \$236 million to states, the District of Columbia, and two territories to help develop programs that enable people of all ages with disabilities or long-term illnesses to live meaningful lives in the community. In 2006, CMS plans to award up to 6 additional grants totaling approximately \$20 million.

In collaboration with the Administration on Aging (AoA), CMS has awarded 43 Aging and Disability Resource Center grants of up to \$800,000 each to help States develop one-stop shopping centers for seniors and people with disabilities who need long-term care information. More information available at <http://www.adrc-tae.org>

In October 2004, CMS commissioned a 3-year research study with CNA Corporation and the University of Minnesota to examine the effects of management techniques and systems changes that States have implemented to rebalance their Medicaid long-term care and long-term support programs while protecting the health and welfare of Medicaid beneficiaries, maintaining the quality of care and services delivered, and controlling overall costs. The first year of the study has been completed and a summary description of eight (8) state's rebalancing efforts can be found at [www.hcbs.org](http://www.hcbs.org). The 8 states are included in the research are Arkansas, Florida, Minnesota, New Mexico, Pennsylvania, Texas, Vermont, and Washington. More information available at <http://www.cms.hhs.gov/RealChoice/>

**Ticket to Work and Work Incentives Act (TWWIA)** – In FY 2006, CMS awarded \$25 million in grants to 43 States and the District of Columbia to help people with disabilities find and keep work without losing their health benefits. With these awards, HHS has given a total of \$125 million in Medicaid Infrastructure Grants (MIG) to 47 States and the District of Columbia under this program. Thirty-one States have implemented Medicaid Buy-In programs that ensure health coverage for over 76,000 people enrolled in the program who work.

Since FY 2001, CMS committed a total of over \$152 million in grants to states to implement Demonstrations to Maintain Independence and Employment (DMIE). This demonstration is designed to assist states in testing the hypothesis that providing health care and other services early in the progression of a disease may help a person remain self-sufficient and prevent the onset of cash assistance. Eight states (HI, MS, TX, KS, LA, MN, DC and RI) have been awarded grants. More information available at [http://www.cms.hhs.gov/TWWIA/03\\_MIG.asp#TopOfPage](http://www.cms.hhs.gov/TWWIA/03_MIG.asp#TopOfPage)

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**Demonstration to Improve the Direct Service Community Workforce:** Since FY 2003, CMS has awarded over \$10 million in demonstration grants to 10 states and private, not-for-profit organizations aimed at helping recruit, train and retain direct service workers who provide personal assistance to people with disabilities who need help with eating, bathing, dressing and other activities of daily living. There are projects in AR, DE, ME, VA, WA and with several not-for-profits including Volunteers of America, Pathways for the Future, Seven Counties Services, and Bridges, Incorporated.

In 2005, CMS issued a contract to establish a National Program Office (NPO) for direct service worker initiatives. Under this contract, programmatic technical assistance will be provided to state and local governments, not-for-profit organizations and the Centers for Medicare and Medicaid Services (CMS) for the purpose of improving the recruitment, training, and retention of direct service workers (DSWs) for persons with disabilities and elderly individuals with long term illnesses.

In addition, in 2005, CMS issued a contract to conduct a national evaluation to gauge the effectiveness of the DSW demonstrations. The evaluation will be completed in the fall, 2008.

**Independence Plus Initiative** – Announced May 9<sup>th</sup>, 2002, this initiative expedites the ability of States to request waivers or demonstrations that offer individuals or their families greater opportunities to take charge of their own health and direct their own services. There are eleven (11) approved Independence Plus programs in ten (10) states (NH, SC, FL, LA, NC (2), CA, MD, DE, NJ, and CT). Collectively, these states permit 34,456 individuals with long term care needs to self-direct their services. Additionally, CMS awarded \$5.4 million in Real Choice Systems Change grants to twelve (12) states (CO, CT, FL, GA, ID, LA, MA, ME, MI, MO, MT, OH) to develop Independence Plus programs. Numerous other states are in the planning stage. More information available at <http://www.cms.hhs.gov/IndependencePlus/>

**Transitions from Institutions** – State Medicaid Director Letter (#02-008), issued on May 9th, 2002, clarifies methods by which HCBS waivers under section 1915(c) may aid in the transitioning of individuals from institutional settings to their own home in the community through coverage of one-time transitional expenses. The following states currently offer “transitional living” services under the HCBW program: CO, CT, IN, KS, LA, MD, MA, NE, NJ, NY, NC, ND, OK, PA, TX. More information available at <http://www.cms.hhs.gov/SMDL/SMD/list.asp#TopOfPage>

A Q&A was released clarifying that states could choose to pay for a one-time transitional expense in the form of a security deposit in an amount equal to or greater than the first month’s rent to a willing landlord. However, the security deposit is a one-time expense and is not to be considered rent.

On July 14, 2003, CMS sent a letter to State Medicaid Directors (#03-006) that outlines several methods by which states may facilitate the transition of individuals from institutional to community settings through Medicaid coverage of medical equipment costs. More information available at <http://www.cms.hhs.gov/SMDL/SMD/list.asp#TopOfPage>

A State Medicaid Director Letter issued on February 18, 2005, provides guidance on CMS disclosure of LTC/MDS data in order to assist states in their efforts to comply with the integrated care setting and reasonable accommodation requirements of Title II of the ADA. In addition, this letter provided a link to a more detailed discussion of how states might utilize LCT/MDS data entitled “In Brief...Using the Minimum Data Set to Facilitate Nursing Home Transition” located at [www.communitylivingta.info](http://www.communitylivingta.info)

Starting in 1998, each year CMS has sponsored various grant programs to support and facilitate the

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transition of individuals in institutions who are able and desire to live in the community. Since 2001, CMS has awarded over 39 grants through the Real Choice Systems Change Grant program (under the Nursing Facility Transition and Rebalancing categories) totaling over \$19 million to 26 states to invest in developing systems of care that facilitate community rather than institutional placement. We estimate that approximately 2,300 individuals have either been transitioned from institutional settings or diverted from these settings through these grants. Additionally, in 2004 CMS awarded \$6.7 million under the Real Choice Systems Change Grant program to 8 states to integrate housing with long-term supports so that more individuals can be served in the community.

**Promising Practices** – An on-line repository of approximately 75 State activities published on the CMS website. These reports, including in-depth case studies on “money follows the person,” person-centered planning and single-entry points are a valuable resource for States trying to strengthen their community long-term support systems. More information available at <http://www.cms.hhs.gov/promisingpractices/>

**Money Follows the Person** – Two State Medicaid Director Letters (August 13, 2002 and September 17, 2003) were issued that highlighted and encouraged methods some States have used to retool their community-support systems to both offer citizens an effective balance of both community and institutional services and enable money to follow the person across long-term settings and providers. More information available at <http://www.cms.hhs.gov/SMDL/SMD/list.asp#TopOfPage>

A third State Medicaid Director Letter (SMDL #04-005), issued on August 17, 2004, expressed continued commitment to assisting states in implementing the principles of Money Follows the Person under existing authority and addressed areas of confusion that may be impeding efforts to rebalance long-term support systems. More information available at <http://www.cms.hhs.gov/SMDL/SMD/list.asp#TopOfPage>

**CMS Action Plan for Quality** — Multi-pronged strategy to address quality of care issues in home and community-based services (HCBS) including several actions CMS will take to assure and improve quality and strengthen State and federal oversight of quality:

- Developed the *Quality Framework* to provide a uniform national format that enables States to describe the key components of their quality assurance/quality improvement program.
- In collaboration with key stakeholders, completed the first *National Quality Inventory Survey of HCBS Waiver Programs*, cataloguing state quality assurance and improvement strategies. The report was published and posted on the CMS website Feb. 2004.
- Completed a third draft revision to the 1915(c) HCBS waiver application incorporating design requirements for self – direction and expectations for on-going quality management – and released this version to the states in Fall 2005 for their voluntary use. The application incorporated comments from state associations including NASMD, NASUA, NASIA and NASDDDS. The waiver application is being converted to an electronic, web-based application; completion on the web-based version is expected in Fall 2006.
- Contracted with national organizations to provide on-site technical assistance to more than 37 States and 85 waiver programs to help them redesign their quality management systems and remedy identified problems.
- Issued a series of 11 Quality Communications that disseminate tools to assist states in managing and improving quality in waiver programs. These tools include the Quality Framework (Aug. 2002); HCBS Quality Workbook (Oct. 2003); National Quality Inventory Survey (Feb. 2004); The Participant Experience Survey, for Aged and Disabled and for MR/DD and users guides;(May, 2004); and a technical assistance paper on *Risk Management and Quality in HCBS.*(Feb. 2005)
- Posted 8 “promising practices” on the CMS website on State efforts to ensure and improve quality.
- Implemented a redesigned CMS protocol for conducting quality reviews of each state’s

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management of waiver programs and adherence to the waiver assurances. The new protocol is based on a review of evidence generated from each state's oversight systems. CMS provides its findings, conclusions and recommendations to the state through a standard, written report. Where inadequacies are identified, states are advised to incorporate remedies or changes to the program into their waiver renewal application.

More information available at <http://www.cms.hhs.gov/HCBS>

**New Freedom Open Door Forums** – On-going teleconferences to address the commitment made in the *HHS New Freedom Report* to the President for a task force process focused on Medicaid reform actions that could help remove barriers to community living and participation on the part of people with a disability. These extremely well-attended forums have been particularly useful in obtaining input from a broad array of stakeholders, including those who might not otherwise be able to travel to a meeting. In FY 2006, CMS received input from a total of approximately 1500 individuals participating in 4 different forums held throughout the year. More information available at <http://www.cms.hhs.gov/opendoor/>

**National Technical Assistance Strategy** – A national strategy to provide assistance to States, local organizations, and consumer groups involving multiple technical assistance organizations that actively work with States to improve community-based service systems. These activities include initiatives related to Real Choice Systems Change grants, employment of persons with disabilities, and direct workforce activities.