

Health and Human Services Commission
Medicaid Reform Strategies for Texas

Strategy	Money Follows the Person for Intermediate Care Facilities for Persons with Mental Retardation
Background:	<p>The Centers for Medicare and Medicaid Services’ (CMS) <i>New Freedom Initiatives</i> (2001) began a formalized national movement to “rebalance” states’ long term services and supports programs from an institutionally based system to one that is community-based. The federal government allocated \$240 million dollars to help states pilot innovative practices to develop more community-based options since 2001 through 2006.</p> <p>Texas’ efforts predate the federal <i>New Freedom Initiatives</i> with then-Governor’s George W. Bush’s Executive Order GWB 99-2 (September 1999) and the creation of the Promoting Independence Initiative and the implementation of Money Follows Person (MFP) in September 2001.</p> <p>The State of Texas was one of the originators of the MFP concept. This policy allows for individuals residing in nursing facilities to relocate back into a community setting and to utilize their entitlement dollars to receive community-based services, primarily through the Community-Based Alternatives (CBA) waiver program. The 77th Texas Legislative Session’s 2002-2003 General Appropriations Act of 2001 included Rider 37 to appropriations for legacy Texas Department of Human Services (DHS). DHS implemented the program September 1, 2001. The 79th Legislature codified the policy rider into law as Texas Government Code, section 531.082. This policy has been highly successful in the relocation of individuals in nursing facilities to the most integrated setting. As of December 31, 2007, 12,461 individuals had transitioned from nursing facilities.</p> <p>MFP has become a very popular concept and the federal government incorporated major aspects of Texas’ program in the <i>Deficit Reduction Act of 2005 (DRA): Section 6071; Money Follows the Person Rebalancing Demonstration Grant</i>. Texas successfully submitted an application which gives the state an opportunity to enhance its current policy, expand its efforts for individuals with intellectual and developmental disabilities, and obtain a temporary enhanced federal funds participation rate of 80 percent (compared to the regular Medicaid rate of 60.77 percent).</p> <p>Texas’ grant application proposed to continue rebalancing its long-term services and support system so individuals have more choices in determining where they live and the services they receive. Texas plans to enhance its current MFP and Promoting Independence Priority Population initiatives by assisting individuals living in institutions to live in places of their choice.</p> <p>For individuals in nursing facilities, Texas: 1) will build upon its current MFP Initiative and use the enhanced match to finance home and community-based services and improve outreach efforts; and 2) will target for transition individuals with complex support needs in general and through a new pilot focused on</p>

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	<p>individuals with co-occurring behavioral health conditions.</p> <p>For individuals in institutions serving individuals with intellectual and developmental disabilities, Texas: 1) will build upon its current initiative and use the enhanced match to transition individuals out of 14-plus bed community-operated intermediate care facilities and State Mental Retardation Facilities through expedited access to Home and Community-based Services (HCS) 1915 (c) waiver slots; and 2) will implement a new initiative based on the voluntary closure of nine-plus bed community-operated intermediate care facilities and transition residents to other settings of their choice, including the HCS waiver program.</p> <p>Texas will use grant funds for enhanced match to provide home and community-based services to more individuals and to invest more funds in transition processes. Texas will use this grant to help transition 2,616 Texans over the next five years, of which 1,400 will transition from nursing facilities and 1,216 will transition from facilities serving persons with intellectual and developmental disabilities. The total budget for this project is \$179,464,601 over a five-year period, which includes General Revenue, existing Medicaid funds, and \$17,846,249 in enhanced federal matching funds.</p>							
Other States:	Seventeen states were awarded the DRA MFP Grant. Texas is the leading state in this effort.							
Application to Texas – Advantages & Disadvantages:	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> • Supports individual choice and the principles of self-determination; • Supports the Supreme Court’s <i>Olmstead</i> decision and the Texas Promoting Independence Plan; • Allows individual to “own” funding for waiver services and use it anywhere in the state; and • Helps draw down additional federal dollars to promote the state’s rebalancing efforts. 							
Meets Medicaid Reform Goal(s):	Cost Reduction or Avoidance		Maximizes federal funds	X	Improves Program Sustainability		Consumer Choice/Responsibility	X
	Reduces Number of Uninsured		Supports Private Market Coverage		Improves Quality	X	Improves Access	X
	Benefit Options							
Populations Affected:	Individuals residing in nursing facilities, community ICFs/MR and state schools.							
General Revenue Impact:	The nursing facility MFP policy is considered to be cost-neutral, although it is believed that it actually saves money by serving individuals in the community. The							

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	<p>MFP Grant will bring \$17 million additional federal dollars to the state.</p> <p>As part of the Department of Aging and Disability Services (DADS) development of the MFP grant solicitation, DADS estimated that for 400 individuals to leave ICF/MRs via voluntary closures over a five-year period, the General Revenue cost to the state would be \$3,136,465.</p>					
Other Considerations	Stand Alone Option	X	This Option should be considered in conjunction with other Medicaid Reform Strategy(ies)			
State and Federal Approval(s) Required:	Federal	1115 Waiver		State	Rules	
		Other Waiver(s), [LIST]			Legislation	X
		State Plan Amendment				
Implementation Considerations & Timeframes:	<p><u>Affected Stakeholders:</u></p> <ul style="list-style-type: none"> • Individuals with intellectual and developmental disabilities. • Providers of ICFs/MR. • Providers of Home and Community-based Services (HCS) waiver program services. • State schools. • Mental Retardation Authorities (MRAs). • Medical eligibility (ME) specialists. • Advocacy Inc. • Parent Association for the Retarded of Texas. • ARC of Texas. • Private Providers' Association of Texas. 					
	<p><u>Systems and Resource Considerations</u></p> <ul style="list-style-type: none"> • Resources will be needed to enhance existing automated data tracking system. • State will need to develop policies and procedures. • Rule promulgation will be required. <p><u>Other Considerations</u></p> <p><u>MFP Demonstration Grant</u></p> <ul style="list-style-type: none"> • Training is required for MRAs, individuals residing in ICFs/MR and providers of ICF/MR and HCS waiver program services. 					

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- State may have to develop an infrastructure similar to the one used for nursing facility MFP, including relocation specialists; community integration teams; and transition assistance services.
- The state will develop a downsizing/closure initiative. This would provide incentives for providers to voluntarily downsize larger facilities to smaller community models or for facilities to close and transition beds to waiver slots.

MFP for Individuals Residing in ICFs/MR

Advocates for individuals with intellectual and developmental disabilities have asked for an MFP process for individuals residing in ICFs/MR. Individuals in large ICFs/MR and in state mental retardation facilities currently have expedited access to HCS slots.

Texas does not have a similar program (MFP) for individuals residing in ICFs/MR as it does in NFs for several reasons. MFP “rebalancing” requires that the institutional bed be taken “off line,” and not used to provide services for another individual. When the money follows the person, the bed is no longer available. For nursing facilities the inability to use “off line” beds is less of an issue. However, ICFs/MR have a high occupancy rate compared to nursing facilities and the loss of a filled bed is an issue for those providers. For small ICFs/MR (0-8 beds), the loss of a filled bed could impact the financial viability of the facility. Also, nursing facilities have a high turnover rate allowing for more budget flexibility versus the very low turnover rate in ICFs/MR which does not allow for a margin of error.

Implementation Timeframes (in months)

The MFP Rebalancing Demonstration Grant will be implemented through December 31, 2011.