



**Disabled and Elderly Health Programs Group**

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September 23, 2020

Dear MFP Grantees:

High rates of COVID-19 infection and death among persons residing in nursing facilities and other medical institutions have led to an increased interest in promoting the use of home and community-based services (HCBS) over institutional services in many states. As the primary funder of long-term services and supports (LTSS) nationally, Medicaid can play an important role in supporting states' efforts with LTSS rebalancing, which is commonly defined as achieving a more equitable balance between the share of spending and use of services delivered in home and community-based settings relative to institutional care, where the majority of LTSS had been provided historically.

The Centers for Medicare & Medicaid Services (CMS) is issuing this letter to describe a supplemental funding opportunity available to Money Follows the Person (MFP) demonstration states that are currently operating MFP funded transition programs.

**Supplemental Funding Opportunity under the Money Follows the Person Demonstration**

For more than a decade, the MFP demonstration has played a key role in many states' LTSS rebalancing efforts. Established by Congress through section 6071 of the 2005 Deficit Reduction Act, MFP provides state Medicaid programs the opportunity to help Medicaid beneficiaries who live in institutions to transition into the community and gives people with disabilities and older adults more choice in deciding where to live and receive LTSS.<sup>1</sup> MFP was designed with four goals:

- Increase the use of HCBS and reduce the use of institutionally based services;
- Eliminate barriers in state law, state Medicaid plans, and state budgets that restrict the use of Medicaid funds to enable Medicaid-eligible individuals to receive support for appropriate and necessary LTSS in the settings of their choice;
- Strengthen the ability of Medicaid programs to provide HCBS to people who choose to transition out of institutions; and
- Put procedures in place to provide quality assurance and improve HCBS.

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<sup>1</sup> More information on the MFP program can be found here:  
<https://www.medicaid.gov/medicaid/long-term-services-supports/money-follows-person/index.html>

Under this supplemental funding opportunity, MFP grant funds are being made available to state MFP demonstrations that are currently operating MFP funded transition programs, for planning and capacity building activities to accelerate LTSS system transformation design and implementation and to expand HCBS capacity. This funding is expected to strengthen focus and attention on LTSS rebalancing among states participating in the MFP demonstration and to support MFP grantees with making meaningful progress with LTSS rebalancing.

Examples of activities for which supplemental funding would be available include (but may not be limited to):

- Assessing HCBS system capacity and determining the extent to which additional providers and/or services might be needed;
- Assessing institutional capacity and determining the extent to which the state could reduce this capacity;
- Developing and implementing strategies to reduce institutional bed capacity and transition impacted individuals to more integrated settings;
- Engaging stakeholders in system planning, development, and implementation activities;
- Provider/direct service worker recruitment, education, training, and technical assistance (including training people with disabilities to become direct service workers);
- Caregiver training and education;
- Assessing and implementing changes to reimbursement rates and payment methodologies to expand HCBS provider capacity and/or improve HCBS and/or institutional service quality;
- Provider quality improvement activities;
- Developing and implementing improvements to HCBS eligibility and assessment process (to expedite HCBS eligibility, streamline processes, etc.);
- Building Medicaid-housing partnerships; and
- Pre-admission diversion strategies.

The award may be used to cover costs necessary to implement the activities described above or other activities consistent with the objectives of this funding opportunity. Grant awards under this funding opportunity must comply with grant regulations and program requirements.

The supplemental budget request under this funding opportunity is expected to include the following:

- Description of how this proposed HCBS capacity building initiative will support the goals of the MFP demonstration;
- Milestones and timeframes for implementing the activities set forth in the initiative;
- Description of how this HCBS capacity building initiative aligns with current MFP sustainability planning activities; and
- Outline for MFP stakeholder engagement relevant to this proposal, as identified in the state's operational protocol.

CMS will not require any new reporting processes for grantees under this funding opportunity. However, CMS may make minor adjustments to the current reporting processes to capture

information related to the goals and objectives of this funding opportunity. For example, grantees will need to report on the activities and milestones funded through this opportunity in the semi-annual report currently required of state MFP programs.

Supplemental budget requests under this funding opportunity will be accepted on a rolling basis through June 30, 2021. Eligible states can request up to \$5 million dollars. Funds will be available for the federal fiscal year in which it was awarded and four additional fiscal years.

Please direct questions on this funding opportunity to: [mfpdemo@cms.hhs.gov](mailto:mfpdemo@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Bowdoin', with a long horizontal flourish extending to the right.

Jennifer Bowdoin  
Director, Division of Community Systems Transformation