U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0001

THE SECRETARY

October 5, 2006

Dear Executive Director:

As you know, the Centers for Medicare & Medicaid Services (CMS) will give states a total of $1.75 billion over 5 years to help shift Medicaid from its historical emphasis on institutional long-term care services to those that encourage more consumer choice. The intended use for these funds is to establish a system that offers more choices for seniors and persons with disabilities from all age groups, including home and community-based services. This Money Follows the Person Rebalancing Initiative was included in the Deficit Reduction Act of 2005 (DRA) currently being implemented by CMS. This endeavor is also a part of President Bush's New Freedom Initiative.

The Department strongly supports expanding accessible, affordable, and integrated housing options to promote the transition of people with disabilities and seniors out of institutional settings and into the community. The Money Follows the Person Rebalancing Initiative offers a great opportunity for public housing authorities (PHAs), state housing finance agencies, CMS, and local disability organizations to work together to provide such housing options.

I encourage all PHAs, under existing authority to set local preferences, to use Public Housing units, Housing Choice Vouchers, and Mainstream Vouchers to join with state Medicaid offices and aging and disability agencies administering Medicaid programs in promoting the Money Follows the Person Rebalancing Initiative. Such promotion would allow both the Department and PHAs, as recipients of federal financial assistance, to meet, in part, our obligations under the Supreme Court *Olmstead* decision, to allow services to be provided in the most integrated settings.

HUD appreciates your cooperation and looks forward to seeing strong results.

Sincerely,

Alphonso Jackson