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

THE SECRETARY

June 22, 2009

Dear Executive Director:

As a joint effort between the Department of Housing and Urban Development and the Centers for Medicare & Medicaid Services (CMS), the Department of Health and Human Services (HHS), this letter is sent to share information with you about the Money Follows the Person (MFP) demonstration program and to identify how you can support this crucial effort.

The MFP program, which is administered by CMS, is the largest congressionally mandated Medicaid demonstration in the history of serving people with disabilities and the elderly. This program provides nearly $1.75 billion for home and community-based long-term care (LTC) services by supporting states to shift their Medicaid LTC spending away from institutional settings to community living. Institutional settings include hospitals, nursing homes, and intermediate care facilities for the mentally retarded (ICF/MRs, which serve people with developmental disabilities).

In 2006, CMS awarded MFP grants to 29 states and the District of Columbia, and expects approximately 37,000 individuals to transition from institutions to the community between now and 2011. A cross section of Medicaid LTC populations will make the transition, including elderly individuals with intellectual and physical disabilities, and individuals with mental illness. Many of these individuals will need housing in the community.

At this time, the Department is urging public housing authorities (PHAs) to provide a local admission preference to people making the transition from institutions into community-based settings. Some people who are transitioning may reside in one of the 29 states or in the District of Columbia, which are approved to participate in the MFP program. As you know, PHAs may limit the number of applicants that qualify for any local preference. The Public Housing and the Housing Choice Voucher (HCV) programs are examples of available community-based residential options that may benefit many currently institutionalized, low-income individuals who plan to transition into community-based living. Please be assured that program participants will receive all necessary supportive services through the CMS network.

Enclosed is a tool developed through the collaboration of the Department and CMS to assist you in providing housing to individuals transitioning from institutional to community-based settings. The tool, entitled *Money Follows the Person: A Q & A for Public Housing Authorities* explains, through the use of a question and answer format, how to get involved in this important program. It also includes a listing of contacts for the 29 states and the District of Columbia that are participating in the demonstration program.

Thank you for considering the provision of a local admission preference for people transitioning from institutional to community-based settings. This is an opportune time to initiate this preference, since CMS has provided funding to help states provide Medicaid-eligible individuals who are transitioning with appropriate, necessary long-term care services in a community setting. Further, coordinating with the MFP program to provide housing options for individuals with disabilities will help you to comply with obligations resulting from the Supreme Court's *Olmstead* decision and the Americans with Disabilities Act of 1990.

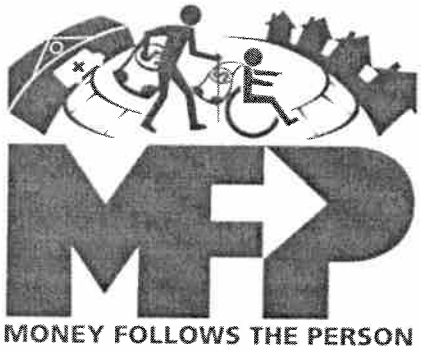
Additional information on the MFP program is available on the Internet at: http://www.cms.hhs.gov/DeficitReductionAct/20_MFP.asp. In the near future, the Department and CMS will host a conference call with PHA and MFP directors to answer any MFP questions and respond to suggestions you may have to improve the utility of this joint project.

If you have questions about the enclosed MFP tool or would like to request free technical assistance to participate in the MFP program, please contact Ms. Renee Kneppar, of HUD, at 202-402-6263. If you have questions regarding the MFP program, please contact Ms. Kate King, of CMS, at 410-786-1283.

Sincerely,

Shaun Donovan

Enclosure



Money Follows the Person Rebalancing Demonstration

A Q&A for Public Housing Authorities

Developed by the Centers for Medicare & Medicaid Services in cooperation with the Department of Housing and Urban Development

The Money Follows the Person Demonstration

Q.1. What does "Money Follows the Person" (MFP) mean?

A.1. Money Follows the Person or MFP allows Medicaid funding (services) to follow a person from an institutional setting to housing in the community. Even though these services are provided by different entities, the Medicaid funding pays for the costs of services in the community.

The Centers for Medicare & Medicaid Services (CMS) defines MFP as a system of flexible financing for long-term services and supports that enable available funds to move with the individual to the most appropriate and preferred setting as the individual's needs and preferences change. This approach has two major components. One component is a financial system that allows Medicaid funds to be spent on home and community-based services when individuals move to the community. This often involves a redistribution of State funds between the long-term services institutional and waiver programs. The second component is an institutional setting transition program that identifies individuals in institutions who wish to transition to the community and helps them to do so.

Q.2. What is the purpose of MFP?

A.2. MFP provides states with new resources to help them make changes to their long-term care services and programs. In addition, MFP assists with State efforts to reduce their reliance on institutions while developing community long-term care services and programs. Money Follows the Person focuses on assuring that older adults and people with disabilities receive the assistance they need to fully participate in the communities in which they live.

Q.3. How is "Institution" being defined?

A.3. For the MFP Demonstration, an institution is defined as a hospital, a nursing home, an intermediate care facility for the mentally retarded and, in limited instances, psychiatric facilities.

Q.4. What is a "Waiver" service or program?

A.4. When you hear the term Waiver service or program, this usually refers to a service or program that is funded by a Medicaid program called home and community based services (HCBS) waivers. Every state has HCBS programs or services. Home and community-based waiver services help individuals who are eligible for Medicaid who otherwise qualify to be admitted to an institution to live independently in the community. Federal regulations allow States to cover services that are not typically covered under the regular Medicaid program. Subject to approval by CMS, each state chooses which services they will offer.

Q.5. Why is it so difficult to have Medicaid funding (services) follow a person from an institution to housing in the community?

A.5. Medicaid beneficiaries have an entitlement to services in an institution. Medicaid will pay for all eligible beneficiaries to live in an approved institution. Most of the Medicaid

longterm services, supports, programs, and waivers that help people live in the *community* are *not* entitlements.

Q.6. What does "Rebalance" mean?

A.6. Most Medicaid long-term care spending pays for services in institutions. In FY 2006, over 71% of Medicaid long-term care spending for individuals with disabilities and older adults paid for nursing home care. While spending on home and community based services has grown significantly over the past ten years, the structure of the Medicaid program is biased toward institutional care. "Rebalance" means creating the flexibility to allow Medicaid payment for services in the settings that are preferred by older adults and people with disabilities. By offering a full array of services in the community, the percentage of Medicaid funds spent on home and community-based services will increase, thereby rebalancing Medicaid long-term care spending.

Q.7. What benefits do States receive for participating in the demonstration?

A.7. States receive additional federal Medicaid funds for up to one year for home and community based services provided to each person who moves to the community.

Q.8. What happens after the one-year period ends?

A.8. States are required to continue to provide services using home and community based services waivers or regular Medicaid services for as long as the person lives the in the community and is eligible for Medicaid services. States that have waiting lists for waiver services are required to expand or reserve funding to continue serving people who transition.

Q.9. Why is housing such an important piece of the Demonstration?

A.9. After an individual enters a nursing home or other institution, he or she soon loses their home or apartment in the community. Individuals who are interested in moving out of institutions and returning to the community find a limited selection or lack of affordable, accessible, and integrated housing in their communities. Therefore, it is often difficult or impossible for people to transition out of nursing homes without having housing options available.

Q.10. Which States are a part of MFP and will additional States be added?

A.10. Awards were made to 30 States and the District of Columbia. South Carolina has since ended its participation in the program.

Q.11. How many people in each state will be transitioning out of institutions?

A.11. Initial proposals projected that over 38,000 Medicaid beneficiaries would transition over a five-year period. The actual number of transitions may vary from the initial estimates as States develop the infrastructure, including working with PHAs and other housing agencies, to support older adults and people with disabilities participating in MFP in the community.

About 44% of the individuals who transition will be older adults, 29% will be individuals with physical disabilities; 20% will be individuals with intellectual/developmental disabilities and about 7% will have a mental illness.

* States and the number of individuals expected to transition *

State	Number	State	Number	State	Number
Arkansas	305	Kentucky	546	North Dakota	110
California	2,000	Louisiana	760	Ohio	2,231
Connecticut	700	Maryland	2,413	Oklahoma	2,075
District of		Michigan	3,100	Oregon	780
Columbia	1,110	Missouri	250	Pennsylvania	2,490
Delaware	100	Nebraska	900	Texas	2,616
Georgia	1,312	New Hampshire	370	Virginia	1,011
Hawaii	415	New Jersey	590	Washington	660
Illinois	3,357	New York	2,800	Wisconsin	1,262
Indiana	1,031	North Carolina	1,045		
Iowa	518				
Kansas	934				

Q.12. Who is eligible for MFP?

A.12. States will assist older adults (age 65 and older), individuals with physical disabilities, individuals with intellectual/developmental disabilities and individuals with psychiatric disabilities. Participants must have lived in an institution for at least six months prior to transitioning.

Accessing Services

Q.13. Who helps individuals during and after the transition and what is their role?

A.13. Each participant will be paired with a person who assists them during the transition process. States use different terms to describe the person who helps with the transition process such as transition coordinator, relocation specialist or care manager. We will use the term transition coordinator to refer to this person.

The transition coordinator is usually involved during the pre-transition planning, the actual transition, and for a period following the transition. The transition coordinator provides information about community services, programs, and housing to individuals living in institutions who are interested in moving. The transition coordinator assesses what services and supports will be needed to help the person move and live successfully in the community. Transition coordinators will work with housing agencies to locate housing if necessary, and coordinate or arrange services as needed.

Once the person is settled in the community, they will be assisted with service coordination by a service coordinator or case manager.

Q. 14. What services will be available to help tenants live independently?

A.14. Each state program submits to CMS a description of the services that are available during and following MFP participation. The services must be sufficient to enable a person to live independently in the community. States will offer beneficiaries who transition a range of home and community based waiver services and other services traditionally covered by Medicaid. Waiver services typically include care management services, personal emergency response systems, home modifications and accessibility adaptations, personal care assistance services, homemaker/home health aide services, adult day health services, habilitation services, psychosocial rehabilitation services, clinic services for individuals with chronic mental illness, home delivered meals, and other services developed by the state that are required to keep a person from being institutionalized. Additional services are available to help with daily activities such as bathing, dressing, using the toilet, preparing meals and eating, housekeeping, shopping, and making appointments with health care providers if needed.

Q.15. Who will arrange and coordinate services that are needed by tenants?

A.15. MFP participants will work with the transition coordinator to assess their needs and develop a plan to meet those needs. The coordinator will assist with the move and arrange services that are needed during and following the move.

Q.16. Who will monitor the services that are provided?

A.16. Transition coordinators make regular visits and phone calls to participants to ensure that all necessary services are being provided. Over time, the contact will shift to the service coordinator affiliated with the home and community based services program. A back up plan will be prepared for each participant in the event that a scheduled service is not provided as planned. The execution of this plan is the responsibility of the individual's service coordinator.

Q.17. Will the services provided change if the tenant's needs change and how will this be done?

A.17. The transition coordinator or service coordinator and the participant will have contact on a regular basis. As the person's service needs change, the transition coordinator or the service coordinator will work with the person to adjust their plan to assure all of the individual's needs are met.

Q.18.What happens if a person's health declines?

A.18. The transition coordinator or the service coordinator will monitor the participant's health status and make referrals to home health agencies or arrange appointments with medical professionals as needed. Should someone address the potential health situation when/if a person needs to return to a nursing home setting?

Housing

Q.19. How will MFP help participants maintain their apartment?

A.19. Services arranged by the transition coordinator will include housekeeping, laundry, periodic heavy cleaning, assistance with meal planning and preparation, and other assistance needed to maintain the unit.

Q.20. Are funds available to retrofit a unit? How do housing managers access those funds?

A.20. Yes, the transition coordinator will coordinate with the property manager and the prospective tenant to determine what, if any, modifications to an apartment unit may be needed for the individual to live independently. Each state program has guidelines for the type of retrofitting that may be approved, the maximum cost of the changes, and the process for approving the work.

Q.21. How will the cost of furniture, supplies and equipment needed to set up an apartment be paid?

A.21. The MFP demonstration utilizes Medicaid funds to cover the costs of setting up an apartment and related one-time transition expenses. The items that may be purchased and the amount of available funds varies by state. MFP demonstration funding may be used for such items as utility deposits, essential furnishings (a bed, a table, chairs, window blinds, eating utensils, and food preparation items), moving expenses, pest eradication, allergen control, one-time cleaning prior to occupancy or other items specified by the individual State of residency.

Q.22. In view of the large scope of MFP, why aren't additional funds available for rent subsidies?

A. 22. Medicaid law prohibits the use of funds to pay for rent, utilities or food (room and board) outside of an institution. Note, previous sentence contradicts Answer 14 that states home delivered meals are covered. The Congressional Committees with jurisdiction over Medicaid do not have jurisdiction over HUD programs. The Congressional committees who drafted the Deficit Reduction Act (DRA) did not include additional funding for housing when it drafted the Money Follows the Person Demonstration section of the DRA. However, as a "Supplemental Service" under MFP things such as rental deposits and utility turn-on expenses (one time costs) can be paid.

Q.23. What role are property managers and other housing professionals expected to have?

A.23. Property managers and other housing professionals' roles will not change as a result of having a MFP participant lease one of their units or receive the housing assistance offered. Services will be arranged by staff that supports the participant during and after the transition. Property managers may want to have the contact information for the transition coordinator or service coordinator in the event the property manager becomes aware of a concern or need of the tenant.

Q.24. What sources of funding for housing might be used to support MFP demonstration participants?

A.24. Funding sources that may be used to support MFP demonstration participants include, but are not limited to, most types of housing choice vouchers (HCV); low income housing tax credits (LIHTC); community development block grant funds (CDBG); HOME investment partnership program (HOME) funds (predominantly tenant-based rental assistance (TBRA); federal rural housing services funding (RHS); housing finance agency (HFA) bond funds; community housing development organization funds (CHDO); state and local housing trusts; section 811 supportive housing for persons with disabilities program, Public Housing, and a variety of homeownership funding sources. Some states have been successful in establishing a source of bridge funding to make rental housing more affordable while individuals are on waiting lists for housing choice vouchers.

Q.25. What types of housing will be needed by MFP participants?

A.25. Many participants will prefer and need units that are affordable, accessible, and integrated in housing developments in the community. It is expected that participants will want a variety of living arrangements and types of housing, such as public housing units, apartments in senior communities, sharing a house or apartment with roommate(s), living with a family, living alone, etc. The DRA describes three types of "qualified" housing:

- A home owned or leased by the individual or the individual's family member;
- An apartment with an individual lease, with lockable access and egress, and which includes living, sleeping, bathing, and cooking areas over which the individual or the individual's family has domain and control; or
- A group or shared residence for no more than 4 unrelated individuals.

Q.26. What, if any, new or special requirements or guidance are made on the PHAs or housing professionals due to HUD and Congressional support of the MFP demonstration?

A.26. There are no new or special requirements of PHAs or housing professionals due to HUD and Congressional support of the MFP demonstration. In October 2006, in a letter to PHA executive directors, Secretary Jackson stated, "*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 their existing authority to set local preferences, to use Public Housing units, Housing Choice Vouchers, 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.*"

Q.27. Will the PHA property manager or other housing professionals be expected to respond to emergencies and if so, with whom should they contract?

A.27. There are no additional or special requirements for property managers or other housing professionals for MFP participants related to emergencies. Each state MFP demonstration is required to have an emergency response and back-up system that can be accessed by the property managers and other housing professionals who become aware of any situation that requires an immediate or urgent level of response.

Q.28. How will a PHA, property manager, or other housing professionals know that an applicant is participating in the MFP Demonstration?

A.28. Since a transition coordinator will be providing assistance to each MFP participant, the PHA, a property manager, or other housing professionals will be informed that an applicant is participating in the MFP demonstration.

Q.29. What should a housing professional expect from a MFP participant?

A.29. A housing professional should expect a participant in the MFP demonstration to be moving from a nursing home or other institution. They should expect the individual or a legal representative to sign a lease (if it is required) as any other tenant would. In addition, as has been discussed at length in this document, each MFP participant will have access to a variety of services and supports depending upon their needs including 24 hr. care if the individual requires it. Lastly, as was mentioned in Q.27, each participant in the MFP demonstration will have access to an emergency and backup response team or system.

Q.30. How does having a MFP participant as a tenant affect common or public areas of a building?

A.30. There are no specific MFP requirements that will affect common or public areas of a building. Tenants who are MFP participants will access and use public or common areas in the same way any other tenant would.

Appendix

Sample MFP Preference Language

Define: Local preferences (24 CFR 960.206) must be based on local housing needs and priorities determined by the PHA. PHAs may limit the number of applicants that qualify for any local preference. PHAs that choose to establish local preferences are permitted to rank the preferences in a hierarchical order for admission purposes.

Persons Transitioning from Institutional Settings: Under the category of local preferences, a PHA may choose to provide a preference to people transitioning from institutional settings into independent, community-based living. Institutional settings include hospitals, nursing homes, and institutions for individuals with developmental disabilities. Some people transitioning may reside in one of the 29 States or the District of Columbia that have received specific funding for transitioning persons from institutions through a demonstration called Money Follows the Person (MFP). MFP is administered by the Centers for Medicare & Medicaid Services (http://www.cms.hhs.gov/RealChoice/downloads/MFP.pdf). The demonstration provides the necessary health and social services that people will require upon transitioning from an institution and thereafter to live independently in the community.

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