

medicaid and the uninsured

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Case Study: Michigan's Money Follows the Person Demonstration

Introduction

Since 2008, Michigan's Money Follows the Person (MFP) rebalancing demonstration has served as a catalyst that enhances existing Medicaid transition services, resulting in over 6,000 Medicaid beneficiaries returning to community living. In Michigan, the MI Choice home and community-based services (HCBS) waiver program provides transition services to eligible Medicaid beneficiaries transitioning from institutions back to the community. In addition to MI Choice transition services, the MFP program funds enhanced outreach activities and individualized assistance to locate housing. MFP beneficiaries enroll in the MI Choice program with enhanced federal funding for the first year and remain in the waiver program as long as they are eligible. Funding for Michigan's MFP demonstration totals \$67.8 million and runs through 2016.¹

Michigan's Centers for Independent Living (CILs) have been active in fostering institution-to-community transitions for over twenty years. The state started transition efforts after receiving a federal Systems Change Grant in 2001.² In 2005, the state began offering transition services to Medicaid beneficiaries who qualified for the MI Choice 1915(c) HCBS waiver, and in 2007, when the Centers for Medicare & Medicaid Services (CMS) announced the availability of a new federal funding opportunity through MFP demonstration grants, Michigan was one of the first 17 states to apply and receive funding.

The **Money Follows the Person (MFP)** demonstration is a Medicaid initiative designed to reduce reliance on institutional services and expand community-based long-term services and supports options. MFP, first authorized in the Deficit Reduction Act of 2005, was extended until 2016 under the Affordable Care Act of 2010. To be eligible for participation in MFP, Medicaid beneficiaries must reside in an institution, e.g. nursing facility, intermediate care facility for individuals with intellectual disability, for at least 90 qualified days prior to the date of transition to a qualified community residence, e.g. private home owned or leased by beneficiary or his/her family member, a qualified assisted living facility. Under the MFP Program, a participant receives medical and supportive services for 365 days from the date of transition, and the state receives an enhanced federal match on those qualified services provided during an individual's participation year. Currently, 36 states, including DC, have operational MFP programs, eight more states have received funding to begin an MFP demonstration program, and two states' demonstrations are inactive.

¹ Kaiser Family Foundation, "Michigan: Money Follows the Person Grant Awardees, 2011," available at: <http://www.statehealthfacts.org/profileind.jsp?ind=914&cat=4&rgn=24&cmprgn=21>.

² "In fiscal year (FY) 2001, Congress began funding the Real Choice Systems Change grants for community living to help states change their long-term care systems to rely less on institutional services and to increase access to home and community-based services. ... Grants were typically directed at one or more aspects of a state's HCBS system rather than more comprehensive reform." CMS, "Real Choice Systems Change Grant Program (RCSC)," available at: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Support/Balancing/Real-Choice-Systems-Change-Grant-Program-RCSC/Real-Choice-Systems-Change-Grant-Program-RCSC.html>.

This brief reports on a case study of Michigan’s MFP demonstration, describing key features and highlighting recent program experiences. For this case study, we interviewed staff members within the Michigan Department of Community Health (MDCH) who were knowledgeable about the demonstration, and supplemented interview data with background information obtained from the national CMS MFP evaluation, state websites, press reports, and Kaiser Commission on Medicaid and the Uninsured MFP surveys conducted between 2008 and 2012.

Program Features

Michigan’s MFP demonstration is administered by MDCH, which includes the Medical Services Administration (the state’s Medicaid agency). Michigan does not have a consolidated long-term care system. MDCH shares responsibilities for the administration of long-term services and supports (LTSS) with the state’s Office of Services to the Aging and Department of Human Services (DHS). Michigan MFP program staff consists of a project director and five other individuals whose responsibilities include data analysis and quality assurance. Numerous field staff positions are dedicated to helping with the statewide outreach and enrollment processes including housing coordinators at each of the 20 MI Choice waiver agencies, and 27 outreach specialists employed by Michigan’s 14 locally-operated CILs throughout the state.

Michigan offers transition services to two target Medicaid beneficiary populations: (1) seniors and (2) adults with physical disabilities. Individuals who transition as MFP-eligible participants have access to a broad array of services through the MI Choice HCBS waiver as well as Housing Coordinator services, which are provided as a MFP demonstration service. The transition services provided through the MI Choice waiver program include transition planning and supports coordination and a variety of one-time expenditures necessary to resolve barriers to discharge from the nursing facility. These barriers may include the need for funds for a security deposit, home modifications to enhance accessibility, basic household supplies, moving expenses, utility set-up fees, etc.

Roughly three quarters of all transition participants enroll in the MI Choice waiver, while the remainder transition into a State Plan personal care program or transition to the community with no Medicaid-funded long-term care services. While individuals who do not transition into the MI Choice waiver are not eligible for MFP status, the MFP program has been instrumental in building the overall transition program. The MFP program supports housing coordinators, outreach specialists, training and mentoring for transition staff, quality reviews, and data collection, analyses, and dissemination. MFP funds are also used to cover the costs of unsuccessful transitions. This allows transition specialists to work with nursing facility residents who may be unsure about moving or who have complex and extensive care needs. Some of these individuals successfully transition and the ability to fund, through different sources, all outreach and transition services, whether successful or not, ensures the maximum opportunities for nursing facility residents to reside in the setting of their choice.

MFP participants who transition into the MI Choice waiver may receive the following services:

- Community living supports
- Homemaker services

- Respite services
- Adult day care
- Environmental modifications
- Non-medical transportation
- Specialized medical equipment and supplies
- Chore services
- Fiscal intermediary services for individuals who choose self-determination
- Personal emergency response systems
- Private duty nursing
- Counseling
- Home delivered meals
- Training in a variety of independent living skills
- Personal care
- Residential services
- Nursing facility transition

Nearly all MFP programs nationwide promote self-direction (or self-determination) of services. MDCH promotes the self-directed service delivery model, which gives beneficiaries control over where, when, and how they receive LTSS. Under Michigan MFP, no cash is exchanged, but MFP participants have access to a fiscal intermediary, the flexibility to design their care plan, and are responsible for selecting and supervising workers, including the option of hiring family members as caregivers. About 14 percent of MFP participants self-direct at least some of the services in their care plan. Michigan is one of eight states to report an increase in the number of MFP participants who self-direct services over the past year.³ Individuals over age 80 are the population most likely to choose self-direction in Michigan.

Outreach and Enrollment

Michigan MFP outreach and enrollment is accomplished through a local approach and with a particular focus on housing. Prior experience with transition programs identified a lack of affordable, accessible housing options to be the main barrier to transitioning individuals to the community. Given this concern, the state chose to focus resources on increasing access to community housing. This included the hiring of 20 housing coordinators whose responsibility is to work locally with housing authorities to identify housing options for MFP participants and to contribute to community planning for the development of new housing options.

Outreach specialists operate locally out of 14 CILs. Their role is not to target specific applicants or nursing facilities, but to work alongside MI Choice waiver agencies to inform residents, families, and nursing facility administrators and staff of the services available and respond to requests for information. When the standard nursing facility discharge planning is unable to resolve barriers to community living, 20 MI Choice waiver agencies are available to provide

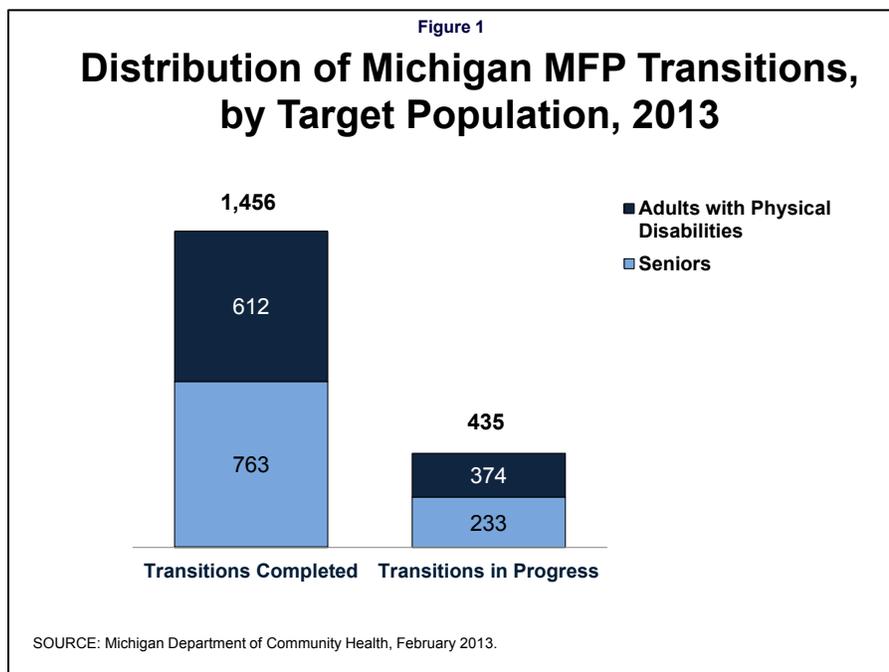
³ M. O'Malley Watts, "Money Follows the Person: A 2012 Survey of Transitions, Services and Costs," Kaiser Family Foundation's Commission on Medicaid and the Uninsured, February 2013, available at: <http://www.kff.org/medicaid/8142.cfm>.

transition services. In addition to meeting the MFP eligibility criteria, MFP participants are subject to the same HCBS waiver eligibility criteria and assessment process as other MI Choice participants. The functional assessment and level-of-care determination are conducted by the MI Choice waiver agencies. Local DHS offices are responsible for determining financial eligibility for Medicaid.

In 2011, Michigan reported receiving 1,200 referrals based on responses to Section Q: Participation in Assessment and Goal Setting of the federal Minimal Data Set (MDS) Assessment – the section that allows individuals living in nursing facilities to express interest in learning more about services and supports for in the community. Michigan reported the highest number of MDS Section Q referrals compared to all other MFP demonstration programs.⁴ Of the reported 1,200 referrals, 17 individuals eventually enrolled in MFP.

Transition Progress

As of February 2013, 1,456 Medicaid beneficiaries in Michigan transitioned back to the community in 2012 with the help of MFP funding, and another 435 transitions were in progress (Figure 1). Michigan’s cumulative enrollment ranks the state fifth out of 46 MFP demonstrations nationally. Michigan MFP participants are roughly evenly split adults with physical disabilities and seniors.

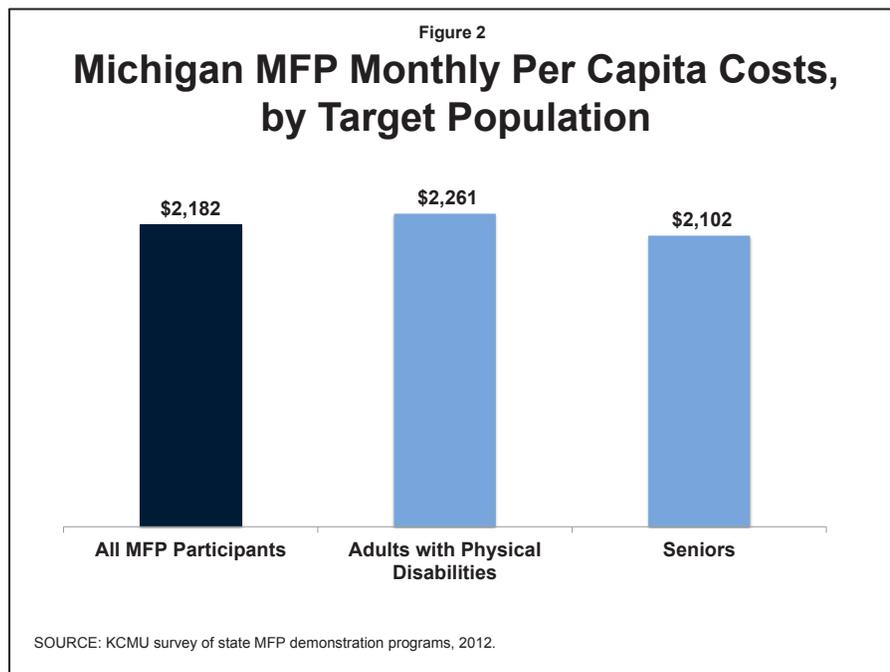


The average age of a Michigan MFP participant is 65.5 years old. Over the past year, Michigan’s MFP enrollment increased by 400 individuals. State officials attribute the increase to MFP outreach specialists helping to identify and enroll eligible nursing facility residents. Over time, the state has developed its organizational capacity to better provide timely and efficient transition services. On average, Michigan MFP participants took 46.5 days to transition home, which is below the national average of 105 days. Adults with physical disabilities took longer to transition than seniors (58 versus 35 days).

⁴ S. Williams et al., “Money Follows the Person Demonstration: Overview of State Grantee Progress, July to December 2011,” Mathematica Policy Research, June 2012, available at: http://www.mathematica-mpr.com/publications/PDFs/health/mfp_jul-dec2011_progress.pdf.

The unavailability of accessible, affordable housing is the biggest barrier to transitioning to the community among MFP states. MFP participants transition to different living arrangements depending on their preferences and the options available. Seniors most often return to their own homes or a relative’s home, and adults with physical disabilities most often move to their own apartments with the help of housing rent vouchers or other public housing support. In Michigan, one’s own home or apartment is the most popular housing option among all MFP participants.

In Michigan, it costs \$2,182 per month to serve a MFP participant in the community (Figure 2). Michigan officials noted that this cost is comparable to the cost of serving a non-MFP Medicaid beneficiary in the community and less than serving a Medicaid beneficiary in an institutional setting. Nationally, Medicaid services for MFP participants average \$4,432 per month, but expenditures vary



widely across states and across target populations. Differences in per capita costs may be attributable to differences in MFP covered services and the needs of the target populations across states. In Michigan, MFP participants with physical disabilities have a higher monthly per capita cost (\$2,261, or \$27,132 per year) compared to senior MFP participants whose cost average \$2,102 per month (\$25,224 annually). These average costs are on par with national cost estimates reported by Mathematica Policy Research for CMS. Mathematica found annual per person HCBS costs for MFP participants to be \$20,000 for seniors and \$28,000 for those with physical disabilities.⁵

Key Partnerships

Key partnerships that help support the Michigan MFP program include:

- Michigan State Housing Development Authority (MSHDA).** Established in 1966, the MSHDA provides technical assistance through public and private partnerships to provide safe and affordable housing and engage in community economic development activities. MSHDA's loans and operating expenses are financed through the sale of tax-exempt and taxable bonds and notes to private investors, not from state tax revenues. Proceeds from

⁵ C. Irvin et al., “Post-Institutional Services of MFP Participants: Use and Costs of Community Services and Supports,” Mathematica Policy Research, No. 9, February 2012, available at: <http://www.mathematica-mpr.com/publications/PDFs/health/mfpfieldrpt9.pdf>.

bonds and notes are loaned at below-market interest rates to developers of rental housing and also fund home mortgages and home improvement loans. MSHDA also administers various federal housing programs. MSHDA and the MDCH have a joint affordable assisted living project that has resulted in new housing development for individuals who need MI Choice services, many of whom transition from nursing facilities.

- **Michigan's CILs:** Michigan MFP has partnered with the CILs throughout the state to provide a variety of support services to MFP participants. Fourteen CILs provide outreach to nursing facility residents and staff and assist with transition services. CILs also provide advocacy, referrals for other community services, and independent living skills training.
- **The Long-Term Care Ombudsman program:** The Long-Term Care Ombudsman program was created to help address the quality of care and quality of life experienced by residents who reside in licensed long-term care facilities such as nursing facilities, homes for the aged, and adult foster care facilities. The Long-Term Care Ombudsman program is available as a resource for residents and relatives to investigate complaints, suggest remedies, and assist with resident rights, payments, issues, guardianship, and nursing facility placement. Michigan's Ombudsman program is knowledgeable about transition services and HCBS and often works with the CILs and MI Choice waiver agents on outreach activities.
- **Advocacy Support:** Advocacy groups that help support MFP include: the Michigan Olmstead Coalition, Michigan Disability Rights Coalition, Michigan Protection and Advocacy Service, AARP of Michigan, the ARC of Michigan, and others. The Michigan Olmstead Coalition is a non-partisan, non-profit group working to make community-based long-term care available to all who need it. Coalition members include: The Arc Michigan, United Cerebral Palsy (UPC) Michigan, Disability Network/Michigan, Area Agencies On Aging Association of Michigan, Michigan Campaign for Quality Care, Michigan Protection and Advocacy Service, Michigan Statewide Independent Living Council, Michigan Developmental Disabilities Council, Michigan Paralyzed Veterans of America, ADAPT of Michigan, Community Housing Network, National Multiple Sclerosis Society-Michigan Chapter, Developmental Disabilities Institute, PHI National, UCP of Metropolitan Detroit, Washtenaw Association for Community Advocacy, Disability Network/Lakeshore, Capital Area CIL, Disability Advocates of Kent County, Ann Arbor Center for Independent Living, Disability Network/Mid-Michigan, Disability Connections, Disability Network/Southwest, Michigan Alliance of Direct Support Professionals, the Disability Network, and the State LTC Ombudsman. These groups have advocated for increased funding for transition services and policy changes that support transition efforts.

Data and Evaluation

CMS requires all states with operational MFP programs to file quarterly enrollment and expenditure reports. CMS contracted with Mathematica Policy Research to analyze the MFP program. Mathematica's national evaluation is designed to assess the effects of the transition program moving individuals back to the community as well as states' progress in rebalancing

their long-term care delivery systems using the federal MFP enhanced matching funds generated by these transitions.⁶ In addition to the national level evaluation, Michigan performs clinical and administrative quality assurance reviews of the MI Choice waiver program. The MFP grant has been instrumental in developing web-based reporting for transition services and critical incidents.

Outlook

Michigan's MFP demonstration program enabled the state to accelerate existing transition activities and increase access to HCBS by providing enhanced federal funds for each MFP participant's 365-day enrollment period. Through MFP, Michigan is able to provide a comprehensive set of demonstration services in addition to existing HCBS waiver services so that each MFP participant receives the services necessary to transition home and to maintain a community residence.

Looking ahead, securing qualified community-based housing remains the greatest ongoing challenge facing Michigan MFP, although the state took steps to address this challenge with its hiring of 20 housing coordinators throughout the state. The state will continue to focus efforts on building and supporting the infrastructure to sustain Medicaid HCBS. Additionally, Michigan was awarded federal funding to design and has submitted a proposal to CMS to test a capitated integrated care model for people who are dually eligible for Medicare and Medicaid.⁷ The goal of this model is to improve the efficiency and quality of care for people who are dually eligible and possibly reduce costs over the long-term. With the extension of the national MFP demonstration through 2016, and additional financial incentives included in the Affordable Care Act for states to expand Medicaid HCBS, there will be opportunities for Michigan and other states to increase the number of Medicaid beneficiaries who transition back to the community, particularly those with more complex health and LTSS needs. There will also be continued focus on the improvement of the integration and coordination of services across both health and LTSS settings so that dually eligible beneficiaries receive quality LTSS in the most appropriate setting.

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⁶ Mathematica Policy Research, "Money Follows the Person: Expanding Options for Long-Term Care," 2013, available at: <http://www.mathematica-mpr.com/Health/moneyfollowsperson.asp>.

⁷ MaryBeth Musumeci, "State Demonstrations to Integrate Care and Align Financing for Dual Eligible Beneficiaries: A Review of the 26 Proposals Submitted to CMS," Kaiser Family Foundation's Commission on Medicaid and the Uninsured, October 2012, available at: <http://www.kff.org/medicaid/8369.cfm>.

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