

**For Immediate  
Release:**

Friday, January 12, 2007

**Contact:**

CMS Office of Public Affairs  
202-690-6145

## **CMS AWARDS DEMONSTRATION GRANTS TO 17 STATES FOR ALTERNATIVES TO INSTITUTIONAL CARE**

Seventeen states will receive more than \$23 million in grants for FY 07 and up to \$900 million over 5 years for demonstration programs that will help build Medicaid long-term care programs to keep people in the community and out of institutions.

Today's awards, announced by Leslie Norwalk, acting administrator for the Centers for Medicare and Medicaid Services (CMS), are the first round of grants that will total \$1.75 billion over five years (2007-2011) to help states shift Medicaid's traditional emphasis on institutional care to a system offering greater choices for individuals and a full range of home- and community-based services. This Money Follows the Person (MFP) "rebalancing" initiative was included in the Deficit Reduction Act of 2005 (DRA) currently being implemented by CMS.

"There is more evidence than ever that people who need long-term care prefer to remain in their own homes and communities whenever possible," Acting Administrator Norwalk said. "States will also get more for their money by giving the elderly and people with disabilities more control over how and where they get the Medicaid services they need. With these grants, the states propose to transition over 20,000 individuals from institutions and into community settings.

"Because experience shows that money following the person's own preferences improves satisfaction and can reduce Medicaid costs too, we intend to continue taking steps, such as those taken through these grants, to remove barriers, real or perceived, that prevent them from participating fully in community life."

The Medicaid program traditionally pays for care for elderly and disabled individuals living in institutions who need help with activities of daily living. Previously, in order to fund home and community-based services, states had to establish a "waiver program" apart from the approved State Medicaid plan.

To assist states in offering greater choices, the DRA made changes in Medicaid that will allow states to add home- and community-based services to their permanent array of benefits without having to go through a waiver program. Under a DRA provision separate from the MFP initiative, states now have the option to provide home and community-based services without a waiver program.

States receiving grants today under the MFP initiative (see list below) will design programs with four major objectives:

1. ? Eliminate barriers or mechanisms that prevent Medicaid-eligible individuals from receiving support for appropriate and necessary long-term services in the settings of their choice;
2. ? Increase the ability of the state Medicaid program to assure continued provision of home and community based long-term care services to eligible individuals who choose to move from an institutional to a community setting; and
3. ? Ensure that procedures are in place to provide quality assurance for individuals receiving Medicaid home and community-based long-term care services and to provide for continuous quality improvement in such services.

All states were eligible to apply for participation in the five-year demonstration that requires a commitment to participate in the demonstration services for at least two consecutive years. A second round of state grants may be announced later this year using 2007 grant money.

States receiving grant funds may be eligible to receive a higher percentage of federal matching dollars to help cover the costs for people moving out of institutions and into community settings. The higher matching rate will be applied to certain services provided to an individual for a one-year period after the individual moves out of an institution and into the community. The state must continue to provide community services after that period as long as the person needs community services and is Medicaid eligible.

"These demonstration grants are a clear sign of our continued commitment to expand choice to all individuals wanting to live meaningful lives in the community," acting administrator Norwalk said. "These grants will help give them the independence to live at home and be an active part of their communities."

For more details about the New Freedom Initiative, of which this demonstration is part, visit the CMS web site at: <http://www.cms.hhs.gov/newfreedom/>.

**2007 MONEY FOLLOWS THE PERSON  
REBALANCING DEMONSTRATION AWARDS**

<b>State</b>	<b>FY 2007 Award Amount</b>
WI	\$8,020,388
NY	\$192,981
WA	\$108,500
CT	\$1,313,823
MI	\$2,034,732
OK	\$3,526,428
AR	\$139,519
MD	\$1,000,000
NE	\$202,500
NH	\$297,671
CA	\$90,000
IN	\$860,514
TX	\$143,401
SC	\$34,789
MO	\$3,398,225
IA	\$307,933
OH	\$2,079,488
<b>Total</b>	<b>\$23,750,892</b>