



DEPARTMENT OF HEALTH & HUMAN SERVICES  
Health Care Financing Administration

Center for Medicaid and State Operations  
7500 Security Boulevard  
Baltimore, MD 21244-1850

May 17, 1999

Dear State Medicaid Director:

As part of our efforts to strengthen nursing home enforcement and improve the quality of care for residents, we also want to continue to ensure beneficiaries have alternatives to nursing home care if that is their choice. Since the early 1980's, the Home and Community Based Waiver Service (HCBWS) program and personal care options have been used successfully by States to provide beneficiaries with alternatives to nursing home care and to help people move out of nursing homes into the community. With further developments in community supports and technological advances, there is an increased opportunity for individuals at many levels of disability to be safely served in the community. In light of this, we believe a real need exists to continue to work with States to help more people become aware of choices available to them in the community and transition out of nursing homes if that is their choice.

The Health Care Financing Administration (HCFA) in association with the Assistant Secretary for Planning and Evaluation, is interested in working collaboratively with States to enhance choices available to Medicaid beneficiaries who are currently residing in nursing homes. Therefore, a new grants initiative is being sponsored to assist States in developing processes and infra-structure changes for the purpose of transitioning these individuals out of nursing homes into the community. States are encouraged to incorporate community-based attendant care services which ensure maximum control by the beneficiary to select and manage their attendant care services.

HCFA will award four to six grants under this initiative. The enclosed grants announcement provides information regarding general policy considerations, special areas of interest, application procedures, eligibility requirements, and review criteria. **As identified in the announcement, the deadline for submitting an application is July 21, 1999. Proposals must be postmarked on or before this date and received in the HCFA grants office.**

Grant funds may be used either to assist awardees in developmental activities or to fund transitional services not otherwise funded under the Medicaid program. Grant awards of up to \$500,000 will be available to applicants selected to participate in this project. These awards are intended to cover a developmental period which would generally be up to 15 months. It is important to note that the grants are special project funds which do not require State matching funds. Accordingly, States which are awarded grants will not report the grant amount on the HCFA-64 expenditure report. Rather these funds will be reported on the Financial Status Report, SF269A.

If you have any questions regarding this grant announcement, please call Mary Jean Duckett, Director, Division of Benefits, Coverage, and Payment; Disabled and Elderly Health Programs Group at (410) 786-3294.

We look forward to receiving your application.

Sincerely,

/s/

Sally K. Richardson

Director

Enclosure

cc: Federal Partners  
Constituency Partners  
All HCFA Regional Administrators  
All HCFA Associate Regional Administrators for Medicaid and State Operations  
Lee Partridge American Public Welfare Association  
Joy Wilson National Conference of State Legislatures  
Matt Salo National Governors Association

## **NURSING HOME TRANSITION INITIATIVE Sponsored By The Health Care Financing Administration**

### **I. Purpose**

The Health Care Financing Administration (HCFA) is soliciting proposals from States to assist current nursing home residents who choose to live in the community to move to home and community based settings, to safely remain there and to maximize their participation in community life. While many States have developed procedures for diverting prospective nursing home residents from institutions, far fewer States have attempted to design programs to assist nursing home residents to return to the community. The Nursing Home Transition Initiative will provide administrative and service resources to States to develop such programs. HCFA will award grants to up to six State Medicaid agencies under this initiative, executed as cooperative agreements. The Assistant Secretary for Planning and Evaluation (ASPE) intends to conduct an evaluation of successful grantees to assess effective practices and associated costs.

HCFA encourages States which are just beginning to develop their capacity to provide home and community based services to apply for this solicitation, in addition to States which have already put into place more comprehensive systems of home and community based services.

### **II. Background and Goals**

Both President Clinton and Secretary Shalala have expressed their interest in and commitment to expanding access to home and community based services for people with disabilities of all ages. Although many States have moved aggressively to expand access to home and community-based waiver services (HCBWS) as alternatives to nursing home care, the emphasis has been on deterring nursing home admissions, far fewer States have made the transition of nursing home residents to the community a major component of their long-term care program. There is evidence that this is changing. Twenty States applied for the "Date Certain" grants announcement released by HCFA in 1998 to help divert and relocate current nursing home residents into the community and four States received awards Colorado, Michigan, Rhode Island, and Texas . This solicitation builds upon the FY 1998 Date Certain Grant initiative by making up to \$2,000,000 additional dollars available to States to:

- identify nursing home residents who wish to return to the community and educate them and their families about the alternatives available to them ;
- overcome the resistance and the barriers which may be in the way of their exercising this choice; and
- develop the necessary infrastructure and supports in the community to permit former nursing home residents to live safely and with dignity in their own homes and communities.

Funds made available under this new grant program can be used for a broad range of purposes identified by program officials, the nursing home resident and their families to permit a successful transition to the community. For example, grant funds may be used to cover "transitional costs" which are traditionally not covered under the HCBWS program or are not included in the state plan such as temporary rent payments, furniture and clothing, special equipment or direct cash payments to the individual with a disability and or their families to insure that necessary services are available. States are encouraged to develop mechanisms which would make it easier for beneficiaries to select and supervise their community-based attendant care, if in the judgment of program officials they (or their surrogate) are able to direct their own care.

We also note that although the focus and funding under this new grant initiative is solely for supporting the transition of current nursing home residents to the community, States are encouraged to continue to independently explore and develop single point of entry/pre-admission screening processes for the purpose of diverting beneficiaries from nursing homes.

### **III. The Initiative**

The purpose of the Nursing Home Transition Initiative is to provide States with administrative or services resources to enhance opportunities for nursing home residents to move into the community. Grant awards of up to \$500,000 will be available to States selected to participate in this project. Grant funds can be used for administrative tasks such as program development or consulting or for reimbursement of direct services not otherwise reimbursed by Medicaid under the State plan. Since the type and extent of barriers to community placement varies among the States, grant funds are intended to provide for as much flexibility as possible. States may propose whatever combinations of direct service and administrative funds that meet their needs.

There is no limitation on the age of an individual who may be served nor a restriction on the medical condition of the individual as long as his/her health and welfare in the community can be safeguarded. There is no restriction on the number of persons to be served provided that, if a waiver of federal statutory requirements is needed, all applicable cost-effectiveness, cost-neutrality, or budget neutrality demonstrations are met. The following are areas which have been identified as particularly critical in the successful transition of nursing home residents to home and community based settings. Successful applicants are expected in their proposal to address many or all of these areas.

### **Identification of Nursing Home Residents who are Potential Candidates for Transition to the Community**

With the advent of many innovative technologies and assistive devices and the availability of funding for services not otherwise traditionally covered under Medicaid, successful community support systems can be developed for a wide range of individuals. A major challenge facing States in developing a successful nursing home transition program is designing and implementing feasible and effective processes for identifying individuals in nursing homes who look like good candidates for community living. The use of statewide data sources such as minimum data set (MDS) or other assessments to help States in identifying potential candidates is encouraged. Nursing home ombudsmen, independent living centers, protection and advocacy organizations and other local groups and programs may also be of assistance in many States..

### **Communications**

An important element of a nursing home transition program is educating individuals residing in nursing homes about their options. These individuals, their families, and legal guardians may not be an easy population to reach. States should consider how they will gain access to nursing facilities to contact these individuals. They should also consider the importance of educating families and surrogates about community placement options including the safeguards to be employed by the State to ensure health and safety of their family members and the State's commitment beyond the life of the initiative to support community living options. Of central importance is the role played by the state in promoting the program, including working with nursing homes so that they understand project goals and cooperate with the project, developing mechanisms for gaining access to nursing homes and talking to potential candidates for the project and their families about their options, and ensuring informed choice.

### **Development of Community-Based Services/Supports for Institutionalized**

One of the primary goals of this grant initiative is to establish viable community support systems and a comprehensive set of choices for beneficiaries currently residing in nursing facilities so that they can live safely, maintain and improve their health status, and participate in community life to the extent they desire and are able. States need to consider the range of services and supports that will enable people with all levels of disability, including significant disability, to meet the above goals and identify and eliminate barriers which may impede success. Of particular importance is ensuring the availability of appropriate housing options.

Sometimes barriers to effective transition may be found in State regulations and policies or in the organization of the provider network. For example, there may be no provision for nighttime services, assistive technology may be difficult to obtain or there may be no training available in how to use it. Alternatively, there may be gaps in the supply of quality providers such as attendants or transportation services or a lack of opportunities for people with disabilities to direct their own services. As part of the solicitation, States are encouraged to explore ways of developing a network of community-based providers, fostering informal supports, and creating housing opportunities for those nursing home residents who will participate in the nursing home transition program.

### **Coordinating Efforts with Nursing Facilities**

States may also need to consider the effect of transitioning persons out of a nursing facility on the nursing facility's operation so that this does not become a barrier to an individual's transition to the community. States may want to explore alternative ways in which nursing facilities can utilize their facility to support community based programs.

### **Develop Innovative Funding Arrangements**

Another barrier to the use of home and community-based services is the fragmentation of home and community based funds to several different State agencies. Thus, even when home and community-based services are less expensive than nursing home care, it is often difficult for an individual to choose community-based care or to transition to community-based care because of a lack of coordinated funding. States are encouraged to explore and develop flexible funding arrangements which would allow funding to shift from institutional care to home and community-based care, thereby enabling adequate funding to follow the individual.

## **Monitoring and Safeguarding the Transition Population**

Once an individual is settled in the community, States need to consider how to ensure that needs continue to be met, problems are resolved and that as circumstances change, there is a life line for the individual to call upon. States should consider the variety of safeguards that ought to be in place, particularly in the first year of the person's return to the community, to ensure that his or her progress is monitored and appropriate intervention is available as is warranted by the person's individual circumstance. The state may wish to call upon advocacy groups and consumers to help monitor or develop the mechanisms to monitor the quality of the State's program and provide a feedback loop to the State on issues which need to be addressed and on how to improve the program.

**The Use of Partnerships with Beneficiaries, Families, Advocacy Groups, and Providers** The success of the nursing home transition program will be enhanced by the development of partnerships. Partnerships can be with the consumer, the consumer's family and significant others, advocacy groups, Centers for Independent Living, the State Housing Authority, other State agencies, and the State legislature. These partners can join with the State Medicaid agency to develop the State's demonstration program, identify needed infrastructure, and design the care system. Advocacy groups and consumers can be used to educate case managers about the consumer's needs/desires. States are encouraged to address the use of partnerships in their proposals.

## **IV. General Provisions**

Although applicants have considerable flexibility in developing demonstration projects under this solicitation, the project must comply with the following:

**Duration of Proposed Program** States applying for a grant should plan to expend grant budgets in a period of no more than fifteen months from the date of the award.

**Waiver Authority** There are a variety of benefit combinations, utilizing for example any one of the waiver authorities at section 1915(b), 1915(c), 1915(d) or 1115 of the Social Security Act, that a State could put together as part of its proposal under this grant initiative. A State, however, is not required to submit an application for any of these waiver programs as part of its grant proposal; but may choose to do so if it is necessary to waive a Federal statutory requirement which prevents the State from, for example, developing innovative funding arrangements or eliminating barriers to the use of community-based care. Waivers will be granted after the appropriate review if they are determined necessary by the Department. Moreover, all applicable required demonstrations of cost-effectiveness, cost-neutrality, or budget neutrality remain in effect should any of the above noted waiver authorities be sought under this grant initiative.

**Budget Neutrality** Budget neutrality requirements differ depending on the Medicaid waiver authority necessary to conduct the demonstration. The budget neutrality standard for a Medicaid 1115 demonstration waiver is the most stringent one, but states must comply with the cost-effectiveness or cost-neutrality requirements for any other type of waiver they are granted. The Medicaid 1115 waiver requires that federal Medicaid expenditures must not be higher than they would have been in the absence of the waiver. If waivers are necessary, the Departmental review team will provide assistance to State grantees to explain and assist with the budget neutrality, cost-effectiveness or cost-neutrality requirements, whichever is applicable, for the various waivers.

**Independent Evaluation** All grantees receiving awards under this grant program must agree to participate in an independent evaluation of the program's effectiveness. Grantees agree to provide health status, expenditure, utilization, outcome and additional data as appropriate to support the evaluation. States may be required to submit case studies of persons participating in the transition project.

**Choice of Services** Election of home and community-based alternatives must be at the choice of the consumer (or the legal guardian acting on the consumer's behalf).

**Civil Rights** All grantees receiving awards under this grant program must meet the requirements of Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; Hill-Burton Community Service nondiscrimination provisions; and Title II, Subtitle A, of the Americans with Disabilities Act of 1990.

States are encouraged to contact the Office of Civil Rights, DHHS at (202) 619-0403 for technical assistance in developing a grant proposal that meets all the requirements of the civil rights and disability laws.

## **V. Applying For A Grant**

**Eligible Applicants** Applicants eligible to apply for grant funding must be State Medicaid agencies. State Medicaid agencies are encouraged to work with consumers and their families, other State agencies, community organizations, providers, and other entities in developing applications.

**Proposal Format** Appendix One contains a format for submitting a proposal.

**Deadline for Submission** The closing date for proposals submitted under this solicitation is July 21 , 1999. A proposal will be considered on time if it is postmarked on or before this date and received in HCFA grant's office. Proposals must be mailed through the U.S. Postal Service or a commercial delivery service. A proposal postmarked after the closing date will be considered late. Late proposals will not be considered for an award.

An original proposal should be sent with **fifteen copies** to:

Attn: Ms. Marilyn Lewis-Taylor Health Care Financing Administration OICS, AGG, Grants Management Staff C2-21-15 7500 Security Boulevard Baltimore, Maryland 21244-1850 Phone : (410) 786-5701

## **VI. Application Review**

An independent review will be conducted by panels of experts. The panelists' recommendations will contain numerical ratings (based on the criteria specified in Appendix Two ), the ranking of all applicants, and a written assessment for each proposal. The recommendations of the panel will be reviewed by HCFA and ASPE. HCFA reserves the right to conduct site visits to those States receiving the highest ratings from the technical review panel. The number of States who may receive site visits will be determined based on the number of submissions and the number of proposals scored as technically acceptable by the technical review panel.

Final award decisions will be made by the HCFA Administrator after consideration of the comments and recommendations of the technical review panelists, comments and recommendations of the site visit teams (if conducted), and availability of funds.

Awards will be made by September 30, 1999. States will receive written notification of the final award decision. We expect to announce award decisions in September 1999.

## **VII. Additional Information**

For additional information regarding this solicitation, please contact:

Mary Jean Duckett Director, Division of Benefits, Coverage and Payment Disabled and Elderly Health Programs Group Center for Medicaid and State Operations S2-11-07 7500 Security Boulevard Baltimore, Maryland 21244-1850 (410) 786-3294

## Appendix One

### Application Guidelines

The following guidelines are intended to assist States in preparing application for funding under the Nursing Home Transition Initiative.

- The narrative portion of the proposal should not exceed 40 double-spaced typewritten pages.
- Additional documentation may be appended; however, material should be limited to information relevant to the specific scope and purpose of the grant. Please do not include critical details in an Appendix.

### Recommended Proposal Format

A complete proposal consists of a narrative application plus the required material noted below. Application materials should be organized as follows:

1. **Governor's Designation Letter** A letter from the Governor identifying the lead organization and affirming that it is responsible for overseeing the planning and development of the state's proposed initiative. The letter should indicate that the lead organization has clear authority to oversee and coordinate the proposed activities and is either a representative of, or, is charged with convening a suitable interagency working group of all relevant state agencies.
2. **Cover Letter From Medicaid Director** A cover letter signed by an authorized individual on behalf of the lead organization. The letter should indicate the title of the project, the name of the lead organization and principal contact person, the amount of funding requested, the amount of state matching funds committed for the planning phase, and the names of all organizations collaborating in the effort.
3. **Project Abstract** A project abstract limited to one page. The abstract should serve as a succinct description of the proposed project and should include:
  - A. The overall goals of the project.
  - B. A description of the proposed target population, covered benefits, and reimbursement methodology.
4. **Narrative Application** The narrative application should provide a concise and complete description of the proposed project. The narrative or body of the application must not exceed 40 double-spaced pages plus the one page abstract noted above. Please do not rely on appendices to describe key details. This narrative should contain the information necessary for reviewers to understand fully the project being proposed and should be organized as follows:
  - A. Provide a description of the state's current home and community based care systems for Medicaid clients and the status of Medicaid pre-admission screening and nursing home reimbursement systems. Please include the following:
    - The number and kinds of Medicaid clients already enrolled in Medicaid home and community care program (waivers and personal care). The plans for expansion and the status of pending waiver applications.
    - The availability of data (especially functional status) on nursing home residents and persons in home and community based waivers.
    - An overall assessment of the strengths and weaknesses of the state's home and community based care infrastructure.
    - Expected results and system reforms.
  - B. Provide a description of the nursing home transition program that the state is planning to develop. While planning for many of the areas may be incomplete, please include as much detail about the following proposed components as possible:
  - C. **Target Population** Identify the target population for the nursing home transition program. The estimated number of persons to be moved from nursing homes to the community must be included accompanied by an explanation of how this figure was reached. **APPLICATIONS NOT INCLUDING AN ESTIMATE OF THE NUMBER OF PERSONS TO BE OFFERED THE CHOICE OF COMMUNITY LIVING UNDER THIS ANNOUNCEMENT WILL BE CONSIDERED NON-RESPONSIVE AND WILL**

**NOT BE CONSIDERED FOR FUNDING..** The discussion of the target population should include the following: - potential data sources to be used to identify program candidates. - geographic location of target population; and, - estimated number of nursing homes from which program candidates will be drawn.

- D. **Services to be Made Available** Describe the continuum of services including consumer-directed services that are expected to be made available to the transition population. The use of direct services grant funding and or other innovative financing or housing programs should also be discussed. The application should make clear the services that are currently available, proposed additional services funded by Medicaid, and proposed additional services funded by the direct services portion of the grant. Also included in this section are services from other agencies that are part of the continuum of services necessary to support disabled persons in the community. For example, States may want to consider advocacy services to ensure that the interests of the transition population are protected during and after a move back into the community, and strategies for working collaboratively with nursing homes.
- E. **Communication / Access Plan** Discuss the States thinking with respect to how they will inform residents and their families and care givers about the program. State should also describe how they will gain entrance to nursing homes to discuss the program with residents.
- F. **Removal of Barriers** Discuss the major barriers to transitioning nursing home residents to the community and maintaining them there along with the proposed plan for removing these barriers. Included in this section will be use of the direct services funding plus services available through partnership with housing or other state agencies.
- G. **Waivers** The application should contain an initial assessment of the waivers, if any, that the state feels are necessary to implement the program. States may need to request Medicaid waivers to provide services not currently covered under the Medicaid program. To the extent that a State plans to amend an existing home and community based services waiver to add services not currently available under the waiver or to request a new home and community-based services waiver under section 1915(c) to accommodate individuals served under the demonstration and provide needed services and supports, the State must describe its plans for doing so and meet all applicable cost-neutrality requirements.
- H. **Partnerships** Describe any partnership with other federal, state or local agencies whose services are part of the continuum of care required to sustain nursing home residents in the community. Also, describe any partnership that will be undertaken with the community-based agencies, and/or endorsements you have received from long-term care advocacy groups in your state.
- I. **Monitoring Plan** Describe plans for safeguarding the transition population through and after the transition process. Persons moving to the community may require both initial assistance in re-acquiring the skills necessary to function independently as well as ongoing assistance to maintain community residence. State should describe how they will monitor the safety of the transition process including how they will involve disabled individuals and their families in this monitoring process.
- J. **Housing** Describe plans for working with the U.S. Department of Housing and Urban Development, the State housing authority, independent living center and similar consumer directed organizations, other organization and individuals, and Medicaid beneficiaries to locate and design affordable community-based housing. It is important that housing resources be integrated within the community; and that affordable and accessible housing, whether for rent or sale, be made available to individuals regardless of their disability.
- K. Describe milestones and work products to be accomplished during the grant period. The purpose of this section is outline clearly what the state hopes to achieve in the allotted two year grant period.
- L. Examples of work products include a completed waiver application, an analysis of current nursing home resident functional characteristics.
- M. Timetable for accomplishing the major tasks to be undertaken as described above. Please include key dates relevant to the proposed project (e.g. state budget cycles and legislative sessions).
- N. Expected system reforms.
- O. Describe the project organization and staffing including.

- Proposed management structure and how key project staff will relate to the proposed project director, the lead organization, and, the interagency working group.
  - Brief biographical sketches of the project director and key project personnel indicating their qualifications, and prior experience for the project. Resumes for the key project personnel should be provided as an attachment.
- P. Provide a set of endorsements of the support and commitments that have been pledged for the proposed project (e.g. cooperation from other state agencies, the executive branch, the legislative branch, insurers, business groups, disability and aging communities, nursing home associations, etc.). Individual letters of support should be included as attachments.
5. **Program Budget** The proposed budget for the program should distinguish the administrative portion of the grant from the direct services portion of the grant.

## Appendix Two

### Review Criteria

#### 1. Technical Approach (40 points)

The State must define how it will design and implement its project, addressing the following areas:

- characteristics and estimated number of the target population to be offered the opportunity to transition to the community, and the geographic location of nursing homes from which they will be drawn;
- approach for identifying beneficiaries, gaining access to them and educating them about their choices;
- partnerships with consumer and provider agencies at the local, state and federal level;
- process for identifying and remedying barriers to community-based care;
- benefits and services, including consumer-directed attendant care;
- quality assurance/ monitoring strategies; and

#### 2. Level of Commitment to the Project (25 points)

States must demonstrate their commitment to this initiative. States are encouraged to provide any documentation which would provide evidence that it is committed to providing community based options to nursing home residents. Additional points will be awarded to applications from States that provide greater support for the proposed transition program. Such support can be demonstrated by the extent to which States use their own resources in combination with grant funds, and by the extent of agency coordination and cooperation in creating a true continuum of care for supporting disabled persons in the community.

#### 3. Project Scope (20 points)

Applications will be judged based on the scope of the proposed program in relation to the size of the nursing home population in the state. Additional points will be given to applications in which the proposed program has the potential to provide transition options to a larger number of nursing home residents. Additional points will also be given to applications from States for whom the proposed program represents a major improvement to infrastructure for supporting disabled persons with home and community based care.

#### 4. Staff (15 points)

Identification of key program staff and evidence that key staff (including the project director) are qualified and possess the experience and skills to implement and conduct the program within the available time frames.