

## **Note to MFP Recipients: Announcement of Certain Changes to Supplemental Services under the MFP Demonstration**

### **Purpose**

The purpose of this announcement is to inform Money Follows the Person (MFP) demonstration recipients about certain programmatic changes affecting MFP supplemental services. These changes take effect on January 1, 2022.

### **MFP Statutory Authorization**

The MFP demonstration was originally authorized in section 6071 of the Deficit Reduction Act of 2005 (DRA) and was amended by section 2403 of Patient Protection and Affordable Care Act, the Medicaid Extenders Act of 2019, the Medicaid Services Investment and Accountability Act of 2019, the Sustaining Excellence in Medicaid Act of 2019, the Further Consolidated Appropriations Act of 2020, the Coronavirus Aid, Relief, and Economic Security Act, 2020, and the Consolidated Appropriations Act, 2021 (CAA).

The CAA reauthorized funding for the MFP program through federal fiscal year (FY) 2023<sup>1</sup> and made other statutory changes to the program. In particular, the CAA authorized CMS to provide an opportunity for additional states to participate in the program, allows participating states to provide community transition services earlier in an eligible individual's inpatient stay leading to an increased number of MFP-funded transitions to the community, and provides programmatic support to improve MFP performance under technical assistance and evaluation contracts.

### **Changes to MFP Supplemental Services**

Under the MFP demonstration, supplemental services are one-time services to support an MFP participant's transition that are otherwise not allowable under the Medicaid program. In light of the funding reauthorization and the statutory changes to the program, CMS is increasing the reimbursement rate and clarifying the scope of MFP supplemental services to address barriers to community transition for eligible individuals in institutions, increase community transition rates, and increase the effectiveness of the MFP demonstration. These changes, which are described below, support the following objectives of the MFP program, as specified by section 6071(a) of the DRA:

- (1) Rebalancing - Increase the use of home and community-based, rather than institutional, long-term care services.
- (2) MFP - Eliminate barriers or mechanisms, whether in the State law, the State Medicaid plan, the State budget, or otherwise, that prevent or restrict the flexible use of Medicaid funds to enable Medicaid-eligible individuals to receive support for appropriate and necessary long-term services in the settings of their choice.

**Increased federal funding for supplemental services:** Since the inception of the MFP demonstration, states participating in the MFP demonstration have received federal

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<sup>1</sup> All funding must be awarded to grantees by September 30, 2023. MFP funding is available to grantees for the fiscal year in which it is awarded plus four additional fiscal years.

reimbursement for supplemental services at the state's federal medical assistance percentage (FMAP) rate. Effective January 1, 2022, supplemental services will be fully covered by MFP grant funds at a federal reimbursement rate of 100 percent. This change to the reimbursement rate is expected to increase the availability and use of supplemental services in the MFP program and, in turn, reduce barriers to community transition for MFP participants (DRA sections 6071(a)(1) and (2)).

**Scope of Supplemental Services:** Effective January 1, 2022, the definition of supplemental services is modified from one-time services to short-term services to support an MFP participant's transition that are otherwise not allowable under the Medicaid program. Further, the definition is expanded to address critical barriers to transition for MFP participants, including the lack of affordable and accessible housing, food insecurity, and financial and administrative barriers to transitions (DRA section 6071(a)(2)). The expanded definition of supplemental services includes the following:

1. **Short-term housing assistance:** MFP recipients may cover up to 6-months of short-term rental assistance and associated utility expenses to bridge the gap between when an MFP participant transitions to the community and when federal, state, or local housing assistance is secured. The recipient must develop a CMS-approved housing plan with which the recipient will be required to comply in order to receive reimbursement for short-term housing assistance. The housing plan must be documented in the MFP Operational Protocol (OP) and must contain the following components:
  - a. Coverage of a comprehensive set of housing-related services and supports, including pre-tenancy services, tenancy sustaining services, and home modifications;
  - b. Strategies for developing, strengthening, and maintaining partnerships with state and local housing agencies;
  - c. Plan for building local outreach and referral networks;
  - d. Assurance and description of how the state will ensure access to housing assistance once the housing coverage under the demonstration funding is no longer available, including for any individuals who do not qualify for federal, state, or local housing assistance;
  - e. Description of how the state will oversee and monitor any participating managed care plans that are responsible for implementing any component of the housing-related supports; and
  - f. Assurance that any short-term rental assistance that is grant-funded is being administered by a state or local housing agency, rather than by the Medicaid agency or a Medicaid managed care plan.

CMS will review the recipient's housing plan in accordance with the OP review process. Once approved by CMS, the housing plan becomes part of the state's MFP OP and is subject to any MFP OP-related programmatic terms and conditions.

2. **Food security:** MFP recipients may cover food pantry stocking for up to a 30-day period for MFP participants. In the OP, if the MFP recipient intends to cover food pantry stocking, the recipient must:

- a. Document the maximum amount of food assistance available per recipient through MFP-funded supplemental services;
  - b. Describe strategies for developing, strengthening, and maintaining partnerships with food assistance programs;
  - c. Describe the recipient's plan for building local outreach and referral networks;
  - d. Provide assurance and describe how the state will ensure access to food assistance for MFP participants once the food assistance under the demonstration funding is no longer available; and
  - e. Describe how the state will oversee and monitor any participating managed care plans that are responsible for implementing any component of the food assistance supports.
3. **Payment for activities prior to transitioning from an MFP-qualified inpatient facility:** MFP recipients may cover payment for services and activities such as home accessibility modifications, vehicle adaptations, pre-tenancy supports, community transition services, and case management prior to an individual transitioning from an institutional setting. If necessary to facilitate an eligible individual's transition to the community, recipients may also cover these services for more than 180 days prior to transition.
4. **Payment for securing a community-based home:** MFP recipients may cover costs associated with securing a community-based home that are not coverable under Medicaid. These costs may include apartment application and administrative fees.

Recipients are encouraged to propose other uses of MFP supplemental funding for CMS review and approval that will address barriers to and facilitate community transition and will increase the effectiveness of the recipients' MFP transition program.

### **Implementation of the Changes to Supplemental Services**

#### **Amending the MFP Operational Protocol (OP)**

The recipient must document through the OP and receive CMS approval to cover additional MFP supplemental services or implement other changes to its supplemental services prior to implementation. Recipients should comply with the OP amendment process as stated in the MFP programmatic terms and conditions. The recipient is not eligible to receive MFP demonstration grant funding for supplemental service expenditures prior to CMS approval of the expenditures through the OP. Once approved by CMS, MFP supplemental services are subject to any MFP OP-related programmatic terms and conditions.

As described earlier in this notice, the addition of short-term housing assistance supplemental services requires an approved CMS housing plan. Once approved by CMS, the housing plan becomes part of the state MFP OP and is subject to any MFP OP-related programmatic terms and conditions.

#### **Reporting Supplemental Services on MFP Financial Forms:**

MFP programs must comply with the financial reporting requirements as stated in the MFP programmatic terms and conditions and should follow MFP programmatic instructions for completing financial forms. MFP programs should update the following financial forms when adding supplemental services:

### **Budget Submissions**

Recipients should document the costs of any changes to MFP supplemental services in their annual budget submissions, including the Worksheet for Proposed Budget.

### **ABCD Forms**

Recipients should document any changes to MFP supplemental services on the ABCD forms by using the appropriate column in Form B marked "Other" Services, Demo & Supplemental Services.

CMS looks forward to its continued work with recipients on the implementation of the MFP demonstration. CMS project officers are available to answer questions regarding the information in this announcement.