



Progress on Rebalancing: Lessons from States

—
Medicaid and CHIP Payment and Access Commission

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Overview

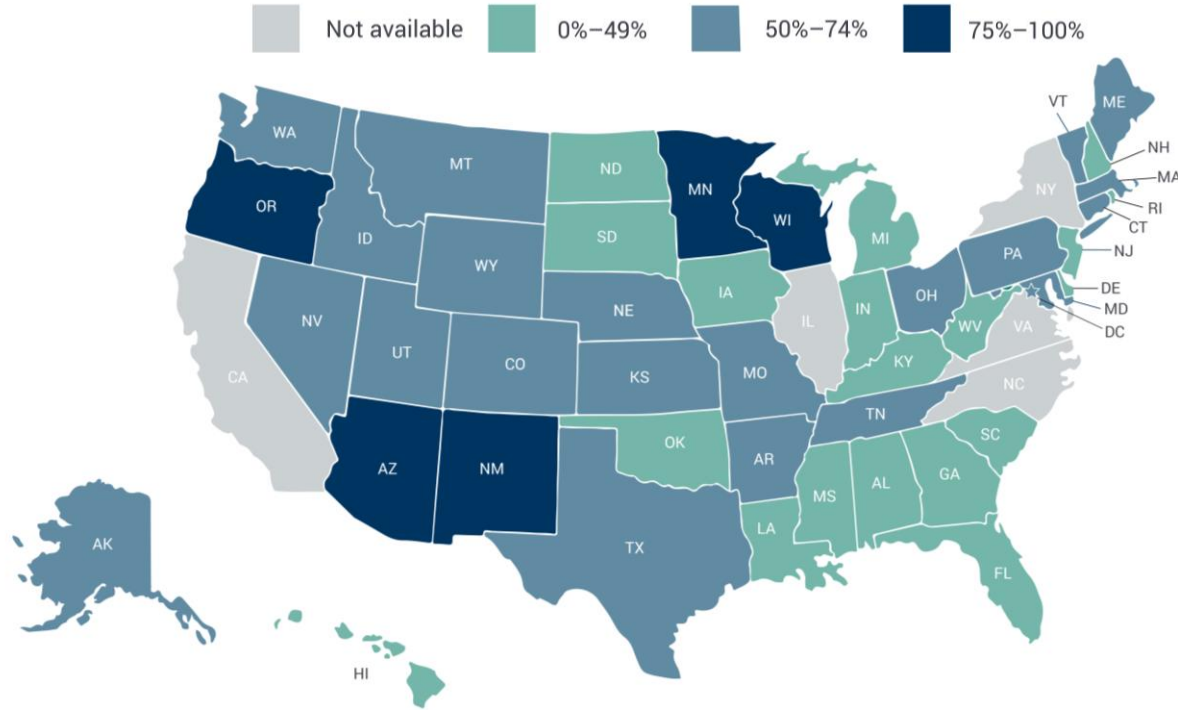
- Background
- Findings from contracted research on barriers to rebalancing
- Policy considerations and future work

Background

Rebalancing

- Rebalancing long-term services and supports (LTSS) away from institutional care and toward home-and community-based services (HCBS) has been a federal and state goal for decades
- One common measure of rebalancing is the proportion of LTSS spending that is for HCBS
- Medicaid programs have spent more on HCBS than institutional services since fiscal year (FY) 2013

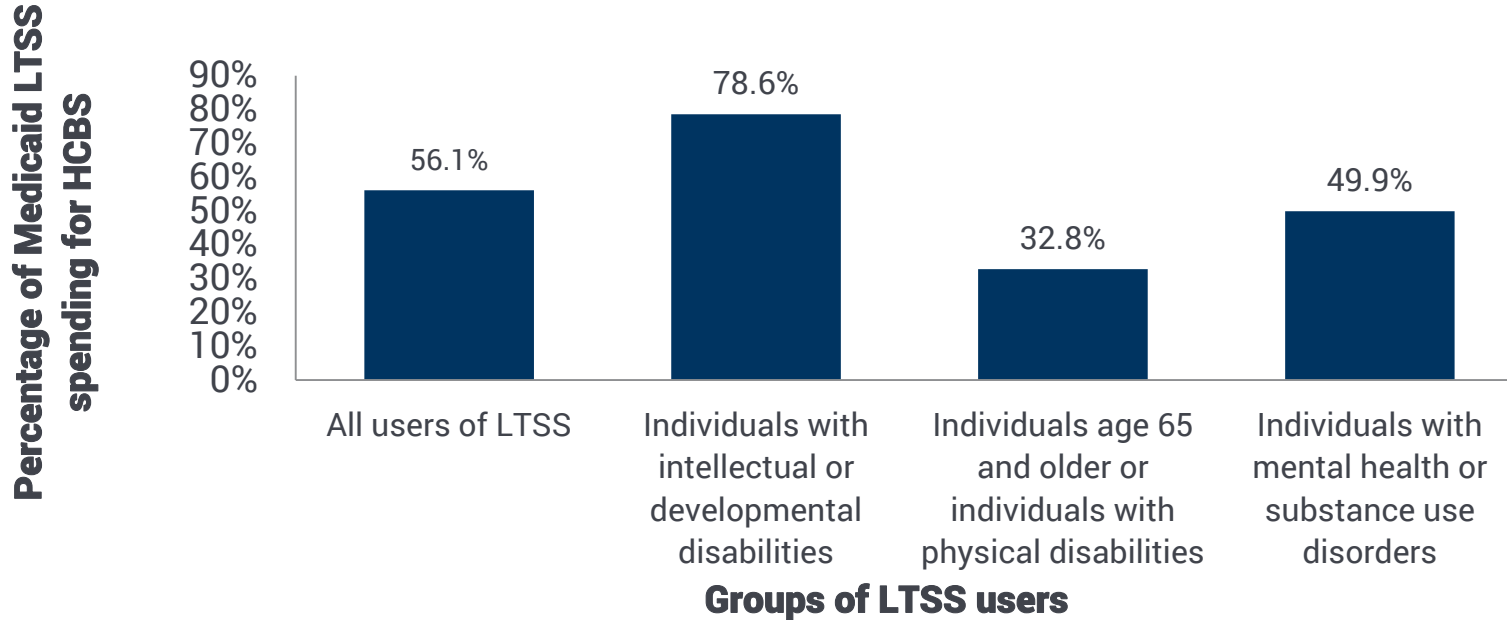
Percentage of Medicaid LTSS Spending for HCBS by State, FY 2018



Source: MACPAC, 2021, analysis of Murray, C., Tourtellotte, A., Lipson, D., and A. Wysocki. 2021. *Medicaid long term services and supports annual expenditures report: Federal fiscal years 2017 and 2018*. Chicago, IL: Mathematica.

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Level of Rebalancing Varies Among Different Groups of LTSS Users



Source: Murray, C., Tourtellotte, A., Lipson, D., and A. Wysocki. 2021. *Medicaid long term services and supports annual expenditures report: Federal fiscal years 2017 and 2018*. Chicago, IL: Mathematica.

Federal Support for Rebalancing

- Enhanced funding
 - Balancing Incentive Program (BIP)
 - Money Follows the Person (MFP) demonstration program
 - COVID-19 relief funding
- Guidance and technical assistance
 - Managed long-term services and supports (MLTSS) guidance
 - Innovation Accelerator Program Promoting Community Integration through Long-Term Services and Supports technical support
 - Rebalancing toolkit

Lessons from States

Contract Work on Rebalancing

- We contracted with RTI International (RTI) and the Center for Healthcare Strategies (CHCS) to explore:
 - What factors have limited rebalancing in the states where HCBS spending remains under 50 percent of total LTSS spending?
 - How can the federal government promote further rebalancing in these states?
 - Do any of the flexibilities introduced by states to respond to the COVID-19 pandemic help expand access to HCBS in states with less developed HCBS systems?

Methodology

- The project team identified five study states (Louisiana, Mississippi, New Jersey, North Dakota, and West Virginia)
 - All states had HCBS spending below 50 percent as proportion of total LTSS spending in FY 2016
 - A variety of HCBS state plan and waiver options were represented
 - All states participated in MFP, three in BIP, and one has MLTSS
- Work included 28 structured interviews with state-level and national stakeholders including state and federal officials, beneficiary advocacy organizations, provider organizations, and other experts

Key Themes: State and Federal Investments in Rebalancing

- Despite relatively low spending on HCBS, each case study state reported engaging in rebalancing efforts
- MFP and BIP have provided valuable support for infrastructure
- Capitation incentivizes MLTSS plans to transition beneficiaries from institutions to the community or divert institutionalization

Key Themes: Common Barriers to Rebalancing

- Medicaid has a structural bias toward institutions
- Constrained state capacity for HCBS program administration
- Lack of affordable and accessible housing
- Persistent and growing LTSS workforce shortages

Key Themes: Barriers in States with Low Levels of Rebalancing

- States with relatively low levels of rebalancing face challenges that are common to all states
- Two examples stood out as particularly influential in some states
 - A lack of executive and legislative champions
 - Strong political clout of the nursing home industry

Key Themes: Opportunities to Support Rebalancing

- Interviewees identified several potential opportunities
 - Presumptive Medicaid eligibility for HCBS
 - Making MFP and BIP permanent
 - Assisting nursing facilities in diversifying their services
 - Alternative housing settings
 - Supporting HCBS workforce development

Key Themes: Lessons Learned during COVID-19 Pandemic

- COVID-19 has created additional challenges
 - Exacerbated workforce shortages in some cases
 - Social isolation
- States found value in federal flexibilities
- The pandemic has highlighted potential HCBS innovations such as assistive technologies
- Virtual service delivery has limitations

Looking Ahead

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Policy Questions

- How can state efforts to rebalance be further encouraged and supported?
- Should there be fundamental changes in Medicaid LTSS policies?
- How can nursing facility diversification be supported?
- What have been the effects of COVID on rebalancing LTSS efforts thus far?

Policy Considerations

- What changes to policy would address the following?
 - LTSS workforce shortages
 - Lack of affordable and accessible housing
 - Low levels of rebalancing for people with behavioral health conditions
 - Nursing facility diversification

Next Steps

- MACPAC mandated report on aligning MFP qualified residential settings with the HCBS settings rule
- Explore how Medicaid policy can support development of the HCBS direct care workforce
- Examine barriers to designing HCBS benefits for enrollees with behavioral health care needs

Next Steps

- Explore design issues and costs of making HCBS benefits more readily available
- Examine issues related to LTSS eligibility policies
 - Presumptive eligibility
 - Financial eligibility criteria
- Monitor guidance on the HCBS settings rule, as well as results of CMS and state compliance assessments
 - Compliance deadline extended to March 17, 2023



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