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# Self-Direction for Home- and Community-Based Services

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# Overview

- Background
- Statutory framework
- State flexibility in program design
- Program administration
- Evaluations
- Next steps

# Background

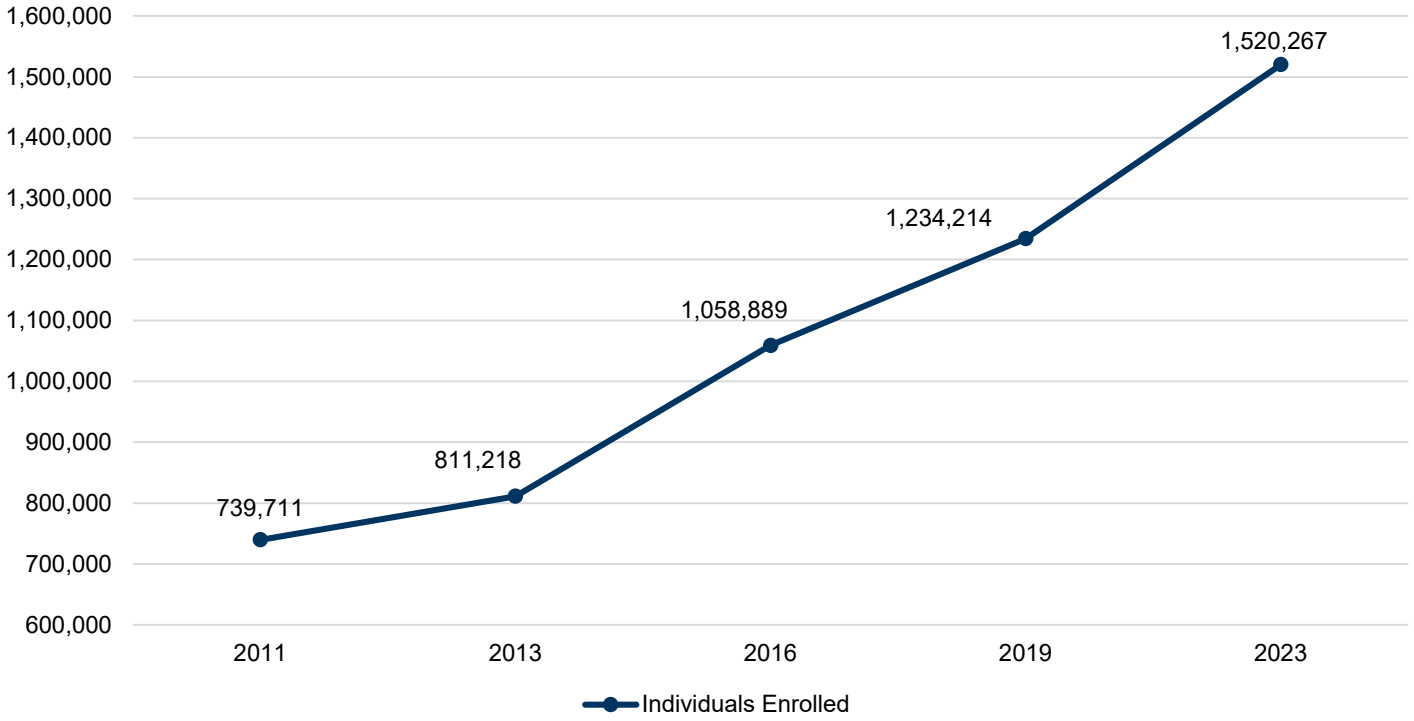
# Defining Self-Direction

- Medicaid home- and community-based services (HCBS) are designed to allow people with long-term services and supports (LTSS) needs to live in their homes or a home-like setting in the community
- Self-direction is a consumer-controlled HCBS delivery model
  - Participants, or their representatives, can hire, oversee, and terminate paid caregivers, which are often family members, friends, or other acquaintances
- Self-direction affords participants greater autonomy to choose and control their care compared to traditional, agency-delivered HCBS

# Requirements for Self-Direction

- A guiding tenet of self-direction is that participants are capable of determining the types of assistance they need to independently reside in their communities
- Centers for Medicare & Medicaid Services (CMS) requires that states include the following in their self-directed service delivery models:
  - Person-centered planning process
  - Service plan
  - Information and assistance services and supports
  - Financial management services (FMS)
  - Quality assurance and continuous improvement system
  - Individualized budget (if applicable)

# Nationwide Enrollment in Self-Directed Models, 2011-2023




**Note:** Enrollment is not exclusive to Medicaid-funded self-direction programs. While Medicaid is the primary payer of self-direction, multiple states use other funding authorities such as general revenue funds, the Veterans Health Administration, and the Older Americans Act.

**Source:** Murray, K., M. Morris, M. Edwards-Orr, et al. 2024, *National inventory of self-directed long-term services and supports programs for the 2023 AARP LTSS state scorecard,* Washington, DC: AARP Public Policy Institute.

# Origins of Self-Direction: Cash and Counseling

- The Office of the Assistant Secretary for Planning and Evaluation (ASPE) launched the Cash and Counseling Demonstration in the late 1990's as a Section 1115 demonstration
- Medicaid beneficiaries eligible for personal assistance services (PAS) and HCBS in Arkansas, Florida, and New Jersey volunteered to receive a cash allowance with counseling services in lieu of traditional, agency-directed services and supports
  - Participants hired their own workers, managed budgets, and designated representatives
- Beneficiaries reported higher satisfaction with their care and quality of life compared with those receiving agency-directed services

# Statutory Framework

# Medicaid Authorities for Self-Direction

- States can use several Medicaid waiver or state plan authorities concurrently to offer self-direction
- Each authority has different requirements which may dictate features of a state's self-direction program, such as eligibility, contracting, family providers, and payment structures

| Type of authority | Medicaid authority | States using this authority, 2023 |
|---|---|---|
| Waiver | Section 1915(c) | 46 |
| | Section 1915(b) (used with 1915(c)) | 21 |
| | Section 1115 demonstration authority | 14 |
| State plan option | Section 1915(i) | 4 |
| | Section 1915(j) self-directed PAS | 7 |
| | Section 1915(k) Community First Choice | 8 |
| | Section 1905(a)(24) | 17 |

**Notes:** PAS is personal assistance services.
**Source:** Murray, K., M. Morris, M. Edwards-Orr, et al. 2024, *National inventory of self-directed long-term services and supports programs for the 2023 AARP LTSS state scorecard,* Washington, DC: AARP Public Policy Institute.

# Recent Rulemaking

- In May 2024, CMS issued a final rule on ensuring access to Medicaid services, which mandates that at least 80 percent of all Medicaid payments must be spent on compensation to direct care workers for homemaker services, home health aide services, and personal care services, which applies to self-directed services offered under Sections 1915(c) and 1115 waivers and Sections 1915(i), (j), and (k) state plan options

# State Flexibility in Program Design

# Enrollee Authority

## Employer authority

- The power to recruit, identify, hire or terminate, train, schedule, supervise, and evaluate the HCBS provider (42 CFR 441.450)

## Budget authority

- The power to purchase services and supports; determine the amount paid for a service, support, or item; and review, as well as approve, invoices (42 CFR 441.450)

# Representatives and Caregivers

- Representatives can self-direct services for, or in coordination with, a self-directing Medicaid beneficiary
  - Permitted in most states
  - Representatives generally cannot serve as a paid HCBS worker
- States have the authority to determine limitations and requirements for who can provide HCBS under self-direction programs
  - States must establish qualifications for HCBS workers in self-direction models
  - Many states allow family caregivers, which has grown since the COVID-19 pandemic
  - Over 50 percent of self-directing individuals hire a relative or someone they know when they have the opportunity

# Quality Assurance and Continuous Improvement Systems

- These systems ensure quality, identify potential risks to participants, and employ mechanisms to mitigate these risks such as:
  - Criminal and background checks for HCBS workers
  - Checks to support financial accountability
- States vary in how they design their quality assurance and continuous improvement systems to manage risks
  - One state disallows payments for PAS while a beneficiary is hospitalized by comparing PAS and hospital claims
  - Another requires its managed care entities to monitor for fraud and abuse and report utilization anomalies
- Some states engage in more stringent monitoring of services provided by relatives

# Populations Served

- States may design self-direction programs to serve specific populations
  - All states offer the self-direction HCBS delivery model for adults over age 65 and adults with physical disabilities
  - Over 90 percent of states offer self-direction for adults with intellectual or developmental disabilities (I/DD) and adults with a traumatic brain injury
  - Approximately 86 percent of states offer self-direction for children with I/DD
  - Less than half of states offer self-direction for adults with serious mental illness (SMI)

# HCBS Available for Self-Direction

- States have considerable flexibility to identify services to self-direct and vary in the quantity and type of services they allow to be self-directed
  - The most commonly self-directed services include personal care, transportation, and respite services
- According to a 2024 MACPAC analysis of Section 1915(c) waivers
  - 40 states offered self-direction for home-based services
  - 22 states offered self-directed day services

# Program Administration

# State Operating Agencies

- Some states administer self-directed HCBS exclusively under their Medicaid agency, while others may delegate administration to separate state operating agencies
- According to CMS, state operationalization of self-directed HCBS should consider
  - Monitoring in a managed long-term services and supports (MLTSS) environment
  - Identifying back-up supports
  - Maintaining workforce registries
  - Ensuring workforce training and certification

# Third-Party Supports Systems

## FMS entities

- FMS perform employer-related and tax responsibilities or support beneficiaries in managing budget-related tasks independently
- Beneficiaries are not required to use an FMS entity

## Information and assistance supports

- Generally include support brokers and case managers, among others
- Support beneficiary access to services
- Develop a service budget
- Monitor service and budget management

# Evaluations

# Evaluations

- An evaluation of the three pilot Cash and Counseling demonstration states associated the demonstration with favorable impacts on beneficiaries and their caregivers
  - Relative to individuals receiving agency-directed services, Cash and Counseling beneficiaries were more satisfied with their care and quality of life
  - Caregivers were about 20 percentage points more likely to be “very satisfied” with their care recipients’ service arrangements relative to those providing services in an agency-directed service delivery model
- The demonstration was associated with adverse effects on costs
- There are limited empirical analyses beyond Cash and Counseling, but recent studies have assessed the effectiveness of self-direction for populations with behavioral health needs

# Next Steps

# Next Steps

- For this session, staff welcome Commissioner questions and feedback related to these elements of self-direction for HCBS:
  - State design in a self-direction program
  - Commissioner insight into program administration
  - Opportunities and challenges for states and stakeholders in self-direction models
- We will return at the February 2025 meeting with findings from state and stakeholder interviews

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