



## Client Alert

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### **Medicaid Agencies Encouraging Nursing Home Residents to Return Home**

A growing number of state Medicaid agencies are encouraging nursing facility residents to return to their communities and receive many of the nursing facility services at home. While it has been said the effort is aimed at disproving the notion that once people settle into a nursing facility they stay forever, the primary focus for states and the federal government seems to be on saving Medicaid money.

The catalyst to this effort is the demonstration project known as Money Follows the Person ("MFP"), enacted by Congress in 2005 and administered by the Centers for Medicare & Medicaid Services. It is claimed to be the largest demonstration project of its kind in the history of the Medicaid program. It will run for five years, and is set to end in 2011.

The MFP project has two goals in mind: 1) transitioning Medicaid beneficiaries from long term care to home and community based settings; and 2) instituting other rebalancing initiatives for state Medicaid programs so that states rely less on institutional care, which is considered more costly than home-based services. In recent years, Medicaid spending on home and community based services has grown significantly, but not much is known about how this alternative affects overall long-term care costs. There is one recent study of state spending data from 1995 to 2005 that claims spending growth has been greater for states offering limited non-institutional settings than for states with large, well-established non-institutional programs.

The MFP project targets Medicaid beneficiaries who have been in long term care institutions for at least six months. As of the earlier part of 2009, twenty-nine states and the District of Columbia had initiated MFP programs to allow for low-income or disabled residents to leave institutional settings and return home. Each state has designed its own program, and they are financed largely by \$1.75 billion from Medicaid. CMS has contracted with Mathematica Policy Research, Inc. to evaluate the MFP demonstration project and study the costs of the project in the first five years.

While some experts are questioning whether the MFP programs will actually save money and whether they simply shift costs to an individual's family members/relatives, they have definitely caught the attention of Congress and will likely remain a topic at the federal level for some time. In fact, these state



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efforts and the demonstration project were recently highlighted in *The New York Times* and will likely remain in the forefront of policy discussions and decisions.

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