

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Boelling</i>	DATE <i>8-18-06</i>
<b>DIRECTOR'S USE ONLY</b>	
1. LOG NUMBER <i>000159</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Kerr, Ries, Wells, Singleton</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-14-26  
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations  
Disabled and Elderly Health Programs Group (DEHPC)

August 17, 2006

Dear State Medicaid Director:

The purpose of this letter is to provide you with key information about the Money Follows the Person (MFP) Rebalancing Demonstration, and encourage you to take full advantage of this demonstration as you strive to rebalance the long-term care systems in your State.

On July 26, 2006, CMS issued a solicitation for State applications for participation in the MFP Rebalancing Demonstration. This demonstration, created by section 6071 of the Deficit Reduction Act of 2005 (P.L. 109-171), supports State efforts to "rebalance" their long-term support systems by offering \$1.75 billion over 5 years in competitive grants to States. Specifically, the demonstration will support State efforts to:

- a) Rebalance their long-term support system so that individuals have a choice of where they live and receive services.
- b) Transition individuals from institutions who want to live in the community.
- c) Promote a strategic approach to implement a system that provides person centered, needs based, quality services in both home and community-based (HCB) settings and institutions.

CMS will award Demonstration grants to States on or about January 1, 2007 and the demonstration will continue through September 30, 2011. The Single State Medicaid Agency must be the lead applicant for these grants. States must propose a demonstration period of no less than two consecutive fiscal years but no greater than five years. The State must indicate in its application the targeted group(s) and number of individuals it intends to transition. In making awards, CMS will give preference to States if they include multiple target groups and if they propose to deliver self-directed services.

The demonstration provides for enhanced Federal medical assistance percentage (FMAP) for 12 months for "qualified HCB services" for each person transitioned from an institution to the community during the demonstration period. Eligibility for transition is dependent upon residence in a qualified institution. The State must continue to provide community-based services after the 12-month period for as long as the person needs community services and is Medicaid eligible.

The MFP Demonstration can be accessed from our website at:  
[www.cms.hhs.gov/NewFreedomInitiative/downloads/MFP\\_2007\\_Announcement.pdf](http://www.cms.hhs.gov/NewFreedomInitiative/downloads/MFP_2007_Announcement.pdf)  
In addition, CMS will be hosting an Applicants Teleconference on Tuesday, August 22, 2006 from 3:00 PM until 4:30 PM (ET). To access this teleconference please call our toll-free number at 1-888-390-8568 and use the passcode "MFP Demo." Applications are due to CMS on November 1, 2007.

*Log-Bowling*  
*"We Return"*  
*cc: Kern Wells*  
*and Sam Altman*

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We look forward to working with you as you implement this landmark legislation. If you have any questions please contact Melissa Hulbert at 410-786-6568, or by e-mail at [Melissa.Hulbert@cms.hhs.gov](mailto:Melissa.Hulbert@cms.hhs.gov).

Sincerely,



Gale P. Arden  
Director

cc:

CMS Regional Administrators

CMS Associate Regional Administrators  
for Medicaid and State Operations

Martha Robery  
Director, Health Policy Unit  
American Public Human Services Association

Joy Wilson  
Director, Health Committee  
National Conference of State Legislatures

Matt Salo  
Director of Health Legislation  
National Governors Association

Jacalyn Bryan Carden  
Director of Policy and Programs  
Association of State and Territorial Health Officials

Christie Raniszewski Herrera  
Director, Health and Human Services Task Force  
American Legislative Exchange Council

Lynne Flynn  
Director for Health Policy  
Council of State Governments