



The Money Follows the Person Act of 2005

S 528 and HR 3063

A bill to authorize the Secretary of Health and Human Services to provide grants to States to conduct demonstration projects that are designed to enable Medicaid-eligible individuals to receive support for appropriate and necessary long-term services in the settings of their choice.

Money Follows the Person Act of 2005 - Authorizes the Secretary of Health and Human Services to award grants to states for demonstration projects (MFP demonstration projects) designed to: (1) increase the use of home and community-based, rather than institutional, long-term care services (rebalancing) under state Medicaid programs; (2) eliminate barriers or mechanisms that prevent or restrict

the flexible use of Medicaid funds to enable Medicaid-eligible individuals to receive support for appropriate and necessary long-term care services in the settings of their choice; (3) increase the ability of state Medicaid programs to assure continued provision of home and community-based long term care services to eligible individuals who choose to transition from an institutional to a community setting; and (4) ensure that procedures are in place to provide quality assurance for eligible individuals receiving Medicaid home and community-based long-term care services and to provide for continuous quality improvement in such services.





MONEY FOLLOWS THE PERSON: A Win Win Proposal

States are facing major budget shortfalls. Major Medicaid cuts are being proposed at the federal level and are in the cards for most, if not all, states. One of the major barriers to Freeing Our People and complying with the Supreme Court's Olmstead decision is funding. As states look to deal with their budget crises and restrict their spending, they are limited by funds that must be spent. Since nursing homes are entitlement, states must fund these services - and with scarce dollars states will look to community services to remain at the same funding level if not take all the cuts.

The President's New Freedom Initiatives proposals for this year included a Money Follows the Person demonstration project, to try and get states to try the idea of letting the money follow the person. Discussions of the President's FY 2005 Budget and New Freedom initiatives sometimes confuse the

Medicaid reforms that involve grants to the states and the Money Following the Individual proposal. They are separate ideas. The Money Following the Individual is not a block grant, it is a means of making existing funds more flexible.

Highlights:

- The Money Follows the Person is an initiative that is part of the President Bush's proposal for a Money Follows the Person Program. It is included in the President 2005 budget request as a major component of the President's New Freedom Initiative to integrate people with disabilities into the community.
- Gives people the freedom to choose where they want to live. It would allow us to take advantage of opportunities that other Americans take for granted – to take a walk when we want to, to choose what we want to eat,

when we want to go to bed, to have a job, visit family and friends and be part of our communities.

preme Court said in Olmstead that needless institutionalization was discrimination under the Americans With Disabilities Act.

- It is a win-win. People with disabilities get the choice to live in the community and states get the needed resources to rebalance their long term service systems to increase the availability of community based services.
- The Administration's proposal provides 350 million dollars to states per year for five years for a total of 1.75 billion dollars. It provides 100% of the cost for the first year that a person moves from an institutional setting into the community. After that, the federal government pays its regular Medicaid rate.
- This initiative will help states comply with the ADA and the Olmstead decision. The Su-

MFP has many benefits:

- Cost in community is 2/3 on average cost of nursing homes or other equivalent institution. (compares nursing home costs to their waivers, and ICF-MR costs to their waivers.)
- There won't be backfill or woodwork because nursing homes are an entitlement and there are no waiting lists for nursing homes. ICFs-MR can close the beds when people leave.
- Doesn't bump people on waiting lists because uses funds paying for person in the nursing home or other institution, not waiver funds.



Money Follows the Person Introduced March 2005

In order to work or live in their own homes, Americans with disabilities need access to community-based services and supports. Unfortunately, under current Federal Medicaid policy, the deck is stacked in favor of living in an institution. The purpose of this bill is to level the playing field and give eligible individuals equal access to community-based services and supports.

Under our legislation, the Medicaid money paid by states and the Federal government would follow the person with a disability from an institution into the community. This legislation provides 100 percent Federal reimbursement for the community services that an individual needs during the first year that they move out of an institution or nursing home. By fully reimbursing the states, it gives them some additional resources to allow people with disabilities to choose to live in the community.

President Bush first proposed the Money Follows the Person Rebalancing Initiative in his FY '04 budget and indicated that the demonstration project would provide full Federal reimbursement for community ser-

vices for the first year that an individual moves out of an institution or nursing home. Senator SMITH and I have worked with the disability community and others in drafting this legislation, and we look forward to working with the Administration and our colleagues to enact the Money Follows the Person concept into law.

We have a Medicaid system in this country that is spending

approximately two-thirds of its dollars on institutional care and approximately one-third on community services. This bill is an important step toward switching those numbers around.

It is shameful that our federal dollars are being spent to segregate people, not integrate them. It has been 15 years since we passed the Americans with Disabilities Act, which said "no" to segregation. But our Medicaid program says "yes" and we need

to change it. This is the next civil rights battle. If we really meant what we said in the ADA in 1990, we should enact this legislation.

The civil right of a person with a disability to be integrated into his or her community should not depend on his or her address. In *Olmstead v. L.C.*, the Supreme Court recognized that needless institutionalization is a form of discrimination under the Americans with Disabilities Act. We in Congress have a responsibility to help States meet their obligations under *Olmstead*. An individual should not be asked to move to another state in order to avoid needless segregation. They also should not be moved away from family and friends because their only choice is an institution.

- **Senator Tom Harkin**
March 3, 2005
Introduction of MFP



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