

Centers for Medicare and Medicaid Services (CMS)

The New Freedom Initiative: President's FY 2005 Budget and CMS Accomplishments

On February 1, 2001, the President announced the *New Freedom Initiative*, aimed at promoting full access to community life through efforts to implement the Supreme Court's *Olmstead* Decision, integrating Americans with disabilities into the workforce with programs under the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA), and creating the National Commission on Mental Health.

The President subsequently expanded this initiative through *Executive Order 13217* (June 18, 2001) by directing Federal agencies to work together to "tear down the barriers" to community living by developing a government-wide framework for helping provide elders and people with disabilities with supports necessary to learn and develop skills, engage in productive work, choose where to live and fully participate in community life.

The President announced the creation of the New Freedom Commission on Mental Health on April 29, 2002 through Executive Order 13263. CMS has been an active participant in this comprehensive study of the United States mental health service delivery system.

CMS has made important strides in identifying and eliminating barriers to community living. Most recently, the President announced his FY 2005 budget that includes new initiatives aimed at enhancing opportunities for people to live meaningful lives in the community.

President's FY 2005 Budget in Support of the *New Freedom Initiative*

The President demonstrates continued commitment to the *New Freedom Initiative* by proposing approximately \$428 million in FY 2005 and approximately \$2.2 billion over 5 years including:

LIFE (Living with Independence, Freedom and Equality) Accounts

- Allows individuals who self-direct their services to accumulate savings and still retain Medicaid eligibility.
- No cost to the Federal government.

Money Follows the Individual Rebalancing Initiative

- Demonstration finances home and community-based Medicaid services for individuals who transition from institutions to the community and supports States in rebalancing their long-term support system.
- Proposed budget authorizes \$350 million in FY 2005 and \$1.75 billion over 5 years.

New Freedom Demonstrations

- Respite services to caregivers of adults with disabilities
- Respite service to caregivers of children with severe disabilities.
- Community-based services for children residing in psychiatric residential treatment facilities.
- Proposed budget authorizes a total of \$18 million in FY 2005 and \$327 million over 5 years.

Spousal Exemption

- Protects Medicaid coverage of eligible spouses of individuals who participate in 1619(b), a Social Security work incentive program.
- Currently, if you are Medicaid eligible and your spouse participates in 1619(b), his or her earnings can cause you to lose your Medicaid.
- Proposed budget authorizes \$17 million in FY 2005 and \$102 million over 5 years.

Presumptive Eligibility for Home and Community-based Care Services

- Establishes a State option of allowing Medicaid presumption eligibility for individuals being discharged from the hospital to the community.
- No cost to the Federal government.

Demonstration to Improve the Direct Service Community Workforce

- Demonstration focuses on increasing recruitment and retention of direct care service workers including an emphasis on the provision of a health care benefit.
- Proposed budget authorizes \$2.9 million in FY 2005 (in CMS's Research, Demonstrations, and Evaluation budget).

Additional Real Choice Systems Change Grants

- Assists States in developing systems that support community-based care alternatives for people of all ages with disabilities.
- Proposed budget authorizes an additional \$40 million in FY 2005 (in CMS's Research, Demonstrations, and Evaluation budget).

CMS Accomplishments Under the *New Freedom Initiative*

Real Choice Systems Change Grants – Since 2001, CMS has awarded a total of approximately \$158 million (2001- 2003) to 49 States, District of Columbia, and two territories to help States develop programs that enable people of all ages with disabilities or long-term illnesses to live meaningful lives in the community.

Included were “Money Follows the Person” research and demonstration grants totaling approximately \$6.5 million to CA, ID, ME, MI, NV, PA, TX, WA, and WI. Similar to the proposals included in the President’s FY 2005 budget, these grants focused on helping States rebalance their long-term support systems (institutional and community-based options) and permitting funding to follow the individual to the most appropriate and preferred setting.

In FY 2004, CMS also funded feasibility study grants that laid the ground work for larger initiatives included in the President’s FY 2005 budget:

- Respite for Adults: Approximately \$348,000 in total to CA, NY, RI, and OH.
- Respite for Children: Approximately \$574,000 in total to AL, AR, MD, MI, OR, and RI.
- Community-Based Treatment Alternatives for Children: Approximately \$593,000 total to IL, MD, MA, MS, MO, and TX.

More information available at <http://www.cms.hhs.gov/systemschange/>

Aging and Disability Resource Centers - In collaboration with the Administration on Aging (AoA), CMS awarded 12 grants (LA, ME, MD, MA, MN, MT, NH, NJ, PA, RI, SC, and WV) of up to \$800,000 each to help States develop one-stop shopping centers for seniors and people with disabilities who need long-term care information.

More information available at <http://www.adrc-tae.org>

Ticket to Work and Work Incentives Act (TWWIA)- This year, CMS awarded \$15.7 million in grants to 28 States and the District of Columbia to help people with disabilities find and keep work without losing their health benefits. With these awards, HHS has given a total of \$57 million in Medicaid Infrastructure grants to 42 States and the District of Columbia under this program. Twenty-nine States have enacted legislation for Medicaid Buy-In programs while twenty-six of those States have implemented the program. These programs ensure health coverage for over 56,000 people enrolled in the program who work.

More information available at <http://www.cms.hhs.gov/twwia/infrastr.asp>

Demonstration to Improve the Direct Service Community Workforce – CMS funded approximately \$6 million in grants to support States and community-based providers for improving the recruitment, training, support, and retention of direct service workers with an emphasis on the provision of a health care benefit for direct service workers.

More information available at <http://www.cms.hhs.gov/newfreedom/2003bgrrcs.asp>

Independence Plus Initiative – Announced May 9th, 2002, this initiative expedites the ability of States to request waivers or demonstrations that offer families or individuals greater opportunities to take charge of their own health and direct their own services. In addition to the three original Cash and Counseling Demonstration States (AR, NJ, and FL) and two other self-direction demonstrations (OR and CO), five States (NH, SC, FL, LA, and NC) have approved *Independence Plus* waivers and two additional States are in the planning stage.

More information available at <http://www.cms.hhs.gov/independenceplus/>

CMS Accomplishments Under the *New Freedom Initiative*

Transitions from Institutions – State Medicaid Director Letter (#02-008), issued on May 9th, 2002, clarifies methods by which HCBS waivers under section 1915(c) may aid in the transitioning of individuals from institutional settings to their own home in the community through coverage of one-time transitional expenses.

More information available at <http://www.cms.hhs.gov/states/letters/smd50902.pdf>

Promising Practices – An on-line repository of approximately 60 State activities published on the CMS website. These reports, including in-depth case studies on “money follows the person,” person-centered planning and single-entry points are a valuable resource for States trying to strengthen their community long-term support systems.

More information available at <http://www.cms.hhs.gov/promisingpractices/>

Money Follows the Person – Two State Medicaid Director Letters (August 13, 2002 and September 17, 2003) were issued that highlighted and encouraged methods some States have used to retool their community-support systems to both offer citizens an effective balance of both community and institutional services and enable money to follow the person across long-term settings and providers.

More information available at <http://www.cms.hhs.gov/newfreedom/nfi12303pr.asp>

CMS Action Plan for Quality — Multi-pronged strategy to address quality of care issues in home and community-based services (HCBS) including several actions CMS will take to assure and improve quality and strengthen State and federal oversight of quality:

- Developed the *Quality Framework* to provide a uniform national format that enables States to describe the key components of their quality assurance/quality improvement program.
- In collaboration with key stakeholders, completed the first national inventory of State quality assurance and improvement strategies. A summary report of the inventory findings will be distributed shortly.
- Contracted with national organizations to provide on-site technical assistance to more than 25 States to help them redesign their quality management systems and remedy identified problems.
- Developed and disseminated tools, such as the Participant Experience Survey and the HCBS Quality Workbook for States to use in quality management.
- Posted 8 “promising practices” on the CMS website on State efforts to ensure and improve quality.

More information available at <http://www.cms.hhs.gov/medicaid/waivers/quality.asp>

New Freedom Open Door Forums – On-going monthly teleconferences to address the commitment made in the *HHS New Freedom Report* to the President for a task force process focused on Medicaid reform actions that could help remove barriers to community living and participation on the part of people with a disability. These extremely well-attended forums have been particularly useful in obtaining input from a broad array of stakeholders, including those who might not otherwise be able to travel to a meeting. CMS received input from countless individuals and organizations occupying almost 1,600 phone lines during the 9 forums held in 2003.

More information available at <http://www.cms.hhs.gov/opendoor/>

National Technical Assistance Strategy – A national strategy to provide assistance to States, local organizations, and consumer groups involving two technical assistance organizations that actively work with States to improve community-based service systems. In addition, CMS has enlisted two technical assistance organizations to work with States to further employment of persons with disabilities. More information available at <http://www.cms.hhs.gov/newfreedom/techasst.asp>