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March 23, 2018

Hon. Orrin Hatch
Chairman
Senate Committee on Finance

Hon. Ron Wyden
Ranking Member
Senate Committee on Finance

Hon. Rob Portman
Member
Senate Committee on Finance

Hon. Maria Cantwell
Member
Senate Committee on Finance

Dear Senators Hatch, Wyden, Portman, and Cantwell:

On behalf of the National Association of Medicaid Directors, the National Association of State Directors of Developmental Disabilities Services, and the National Association of States United for Aging and Disabilities, we are writing to you in support of efforts to reauthorize and extend the Money Follows the Person Demonstration Program (MFP). Collectively, our organizations represent the full array of state agencies responsible for delivering long-term services and supports to older adults and individuals with disabilities.

We strongly support the reauthorization and extension of MFP for the following key reasons:

- MFP has enabled categorically high need, high cost older adults and people with disabilities to transition from costly institutional settings to the community, which enables choice, self-direction, and integration in civic life;
- MFP has been a leading means of shifting the proportion of Medicaid long-term services and supports (LTSS) spending from expensive nursing homes and chronic disease hospitals to less costly home and community-based waivers, resulting in billions of dollars of savings;
- MFP has represented the leading edge of Medicaid's efforts to address social determinants of health, including housing access and stability;
- MFP's success in systems transformation has been documented longitudinally through years of rigorous data collection and analysis through third-party evaluators; and
- States that are participating in MFP are currently exhausting their allotted funding, and will not have the means of ensuring that all those who seek transition will be served.

MFP provides states with flexible funding that allows programs to establish innovative and person-centered approaches to transition individuals from institutional to community-based settings. Although significant progress and success has been made regarding rebalancing to HCBS, almost 60 percent of all Medicaid expenditures for long-term services and supports (LTSS) delivered to older adults and people with physical disabilities are for institutional care.[1] We recognize that there is much more progress to be made for these vulnerable consumers; however, we would like to stress that MFP has provided essential supports that have led to overall improvement on this issue. For example, the recently-released MFP evaluation found that 71 percent of the individuals transitioned through the program

[1] https://www.medicaid.gov/medicaid/ltss/downloads/reports-and-evaluations/ltssexpendituresffy2015final.pdf

were older adults or people with physical disabilities.[2] The evaluation also indicated that the aggregate number of transitions is growing. This is likely due to examination of and strategies to address barriers to community living that have been a hallmark of MFP's research orientation. Increasing incidence of transitions is also demonstrably related to partnerships with community-based organizations that facilitate community living. For example, state MFP grantees have reported that partnerships with housing entities are essential due to the lack of affordable, accessible living arrangements for many LTSS participants across the country.[3]

The national evaluation also found that MFP deinstitutionalization efforts result in significant cost savings. According to the report, average annual per person spending during the first year following transition declined by over $20,000 for older adults and people with disabilities, and by over $48,000 for individuals with intellectual/developmental disabilities.. All told, this resulted in over $1 billion in savings during the first year of transitions for these individuals alone.[4] The evaluation also estimated that, within 17 states evaluated, roughly one quarter of older adults and one half of individuals with ID/DD would not have transitioned without support from MFP. This substantiates that MFP results in hundreds of millions of dollars in savings during the first year after participants' transitions, and substantial additional savings during subsequent years.

Our experience working with a wide range of LTSS demonstrates that there will continue to be barriers that result in Medicaid-funded individuals living in institutional settings. In many cases, these barriers are beyond the Medicaid program's control. A leading example is that it remains typical for individuals who enter a facility for a Medicare post-acute rehabilitative stay, as well as people who privately pay for nursing home care until they have spent down to Medicaid eligibility, to remain in the nursing home without meaningful consideration of their interest and capacity to move back to the community. Oftentimes, these individuals have lost access to housing and community-based support systems by the time they become Medicaid participants. MFP provides important funding and programmatic flexibility that enables states to move these individuals back into the community. This results in increased participant satisfaction and quality of life with lower overall program expenditures. For example, Connecticut, like all MFP states, administers a quality of life survey to individuals who are able to leave a nursing home and move to a community setting. Across the board, compared to their experiences while living in a nursing home, individuals report higher levels of satisfaction, engagement with their communities and better health status.[5]

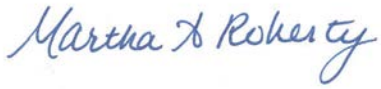
We appreciate the bipartisan efforts that have been made to reauthorize MFP, and strongly encourage Congress to quickly pass a bill that maintains this crucial program for the next three years. MFP authorization expired over a year ago, and states have been operating through no-cost extensions. Eight states have already run out of MFP grant funds, and the remaining participants will use up their funds by the end of 2018. As a result, these states already are currently scaling back their programs and reducing dedicated staff and resources. We believe Congress should reauthorize and extend this

[2] https://www.medicaid.gov/medicaid/ltss/downloads/money-follows-the-person/mfp-rtc.pdf
[3] https://www.medicaid.gov/medicaid/ltss/downloads/money-follows-the-person/mfp-2015-annual-report.pdf
[4] Ibid
[5] https://health.uconn.edu/aging/wp-content/uploads/sites/6/2017/02/2016_Q4-QOL-Dashboard.pdf

program as soon as possible so that no individuals who could be helped by MFP are instead forced to remain in an institution.

Sincerely,

Mary Lee Fay
Executive Director
National Association of State Directors of Developmental Disabilities Services



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