



Summary of the Improved 1915i Medicaid Home and Community Based State Plan Amendment Option

Background

Evidence has shown that serving people in their communities reduces Medicaid costs and leads to better outcomes for those served. That's why, in 2005, the Deficit Reduction Act (DRA) created a new Medicaid provision—1915(i) the Home and Community Based Service (HCBS) state plan amendment option. This state option was very similar to the 1915(c) HCBS waiver with a few exceptions.

The 1915(i) state plan option:

- Does not require cost neutrality to the federal government.
- Does not require individuals to meet an institutional level of care in order to qualify for HCBS.
- Allows states to offer services and supports to individuals before they need institutional care.
- Provides a way for states to include eligibility and appropriate benefits needed by individuals with mental health and substance use disorders.

Overall, home and community-based services are meant for individuals who can live in the community but need specific services to do so. The home and community based services provisions of Medicaid also help states better serve people living with disabilities and meet obligations both under the Americans with Disabilities Act (ADA) and the *Olmstead* decision.¹

Unfortunately, the DRA provision imposed limitations that prevented most states from taking advantage of this opportunity. States could not target HCBS benefits to specific populations or serve people with incomes higher than 150% of the federal poverty level (FPL). In addition, the state plan did not include all services under HCBS waivers.

The New Medicaid HCBS 1915(i) State Plan Amendment Option

The Patient Protection and Affordable Care Act of 2010 (ACA), also known as health care reform legislation, made improvements to the 1915(i) state plan amendment option to allow more states to participate. The new program retains the provisions listed above, but goes further to include the following.

- *Targets Services Based on Population* – States can identify a specific population and craft a specific benefit package for them. For example, a state could target HCBS to people with multiple chronic conditions and create a benefits package that addresses their particular needs.
- *Eliminates Waiting Lists* -- After eligible population is determined, States cannot set a cap on the individuals enrolled or create waiting lists.
- *Creates Flexible Service Packages* –States can design one or multiple service packages for eligible individuals.

¹ Smith, Gary, et. al., *Understanding Medicaid Home and Community Based Services: a Primer*, U.S. Department of Health and Human Services, Office of the Assistant Secretary of Planning and Evaluation, October 2000. <http://aspe.hhs.gov/daltcp/reports/primer.pdf>

- *Serves Entire State* - States cannot limit eligibility based on geographical area.
- *Expands Eligibility* - States can make people up to 150% FPL eligible, without regard to whether the person needs an institutional level of care. A person can also be eligible based on the level of care they require. In addition, a separate eligible population allows states to serve those with incomes up to 300% of the Supplemental Security Income (SSI) federal benefit rate. Special rules apply to this group.
- *Provides Wide Variety of Optional Services* – Case management, personal care, adult day health, habilitation², respite care services, day treatment, other partial hospitalization services, psychosocial rehabilitation services, clinic services and other services the state decides are appropriate (excluding room and board) are all allowed.

The New Option and Supportive Housing

The Medicaid HCBS 1915(i) state plan amendment option can play a significant role in helping ensure funding stability for services in permanent supportive housing.

Population Overlap: There is significant overlap between the populations who are appropriate for supportive housing and those that qualify for HCBS, including: people with developmental/cognitive disabilities, physical disabilities, AIDS, serious mental illness or substance use addictions; the elderly; and people with frequent emergency department-use or hospital admissions.

Services Overlap: The services that states (and the federal government) can choose to reimburse are the same as those needed to make supportive housing successful. Case management, individual service plan creation, psychosocial assessment, counseling, medication monitoring, substance use treatment, transportation, life skills education and many others can be funded through 1915(i) (for a complete list click [here.](#))

Making the Case To States

This 1915(i) state plan amendment option should be seen as a way to help sustain services in permanent supportive housing. After all, it is in States' interest to strengthen the partnership between Medicaid and permanent supportive housing. Supportive housing helps Medicaid serve a very vulnerable, hard to reach and expensive population. Permanent supportive housing has been shown to reduce costs, improve health outcomes and can help Medicaid create (or facilitate the creation of) medical homes for these clients.

Advocates should engage state Medicaid directors and promote the creation of a state plan amendment that includes the services and supports needed for residents of permanent supportive housing.

On August 6, the Center for Medicare and Medicaid Services issued a 'Dear State Medicaid Director Letter' to explain the new regulations and encourage states to implement this program.³

States can begin taking advantage of the new and revised 1915(i) services as of October 1, 2010. In states that already have a 1915(i) state plan option, to make changes that can be reimbursed retroactively to October 1, they must submit a state plan amendment by December 31, 2010.

² For the definition of habilitation see – Smith, Gary, et. al., *Understanding Medicaid Home and Community Based Services: a Primer*, U.S. Department of Health and Human Services, Office of the Assistant Secretary of Planning and Evaluation, October 2000, pg. 13.

³ CMS Dear State Medicaid Director on HCBS State Plan Option <http://www.cms.gov/smdl/downloads/SMD10015.pdf>