



Barriers and Strategies to Address Rebalancing for Dually-Eligible Individuals

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Executive Summary

Rebalancing is an important mechanism for states to contain Medicaid expenditures, while offering options for consumers who need long-term services and supports (LTSS), the majority of whom are dually-eligible for Medicare and Medicaid, to reside in the setting of their choosing.

Through a literature review and focus group of leaders representing a diverse array of states, ADvancing States identified and vetted six promising state strategies to promote rebalancing. Unfortunately, the literature does not offer an evaluation of the relative impact of implementing these strategies. It was also clear from the discussion that strategies are often overlapping, and other strategies beyond those identified may be more effective depending on state-specific characteristics.

Promising strategies for rebalancing LTSS are:

- Invest in consumer education or “No Wrong Door” (NWD) infrastructure to promote awareness of HCBS options;
- Develop pre-Medicaid and/or pre-LTSS supports to delay the need for Medicaid LTSS;
- Improve the HCBS eligibility process so HCBS is a viable option in critical moments;
- Use data to find people during transitions so they can be diverted from long-term facility stays; and
- Provide incentives for plans and/or providers to maximize access to HCBS

Promising Strategies for Rebalancing

Context

National spend on Medicaid-funded LTSS for home and community-based services (HCBS) began to surpass expenditures on institutional care in FY 2013. At the state level, success in rebalancing has varied, with some states exceeding 75 percent of Medicaid LTSS spend on HCBS and other states continuing to spend nearly two-thirds of their Medicaid LTSS dollars on institutional care (as of fiscal year (FY) 2019).¹ Numerous factors have influenced state success over time such as demographic trends, changes in service costs and cost of living, and shifts in political and cultural norms.

Some states continue to spend nearly two-thirds of Medicaid LTSS dollars on institutional care.

Promising Rebalancing Strategies

Using CMS' LTSS Rebalancing Toolkit², input from a focus group of state leaders, and other resources, ADvancing States identified six promising state strategies, including strategies that could precede Medicaid eligibility and strategies that could support Medicaid-eligible individuals.

¹ Murray, Caitlin, Alena Tourtellotte, Debra Lipson, and Andrea Wysocki. "Medicaid Long Term Services and Supports Annual Expenditures Report: Federal Fiscal Year 2019." Chicago, IL: Mathematica, December 9, 2021. Accessed at <https://www.medicaid.gov/medicaid/long-term-services-supports/reports-evaluations/index.html>

² Centers for Medicare & Medicaid Services (CMS), "Long-Term Services and Supports Rebalancing Toolkit." November 2020. Available at <https://www.medicaid.gov/medicaid/long-term-services-supports/downloads/ltss-rebalancing-toolkit.pdf>

State rebalancing strategies that could precede Medicaid eligibility

1. **Investing in consumer education and “No Wrong Door”(NWD) infrastructure** to promote awareness of HCBS options. NWD systems build on the strength of existing entities, such as Aging and Disability Resource Centers (ADRCs), Area Agencies on Aging (AAAs), and Centers for Independent Living (CILs), by providing a single, coordinated system of information and access to services for all persons seeking home and community-based services (HCBS).

Key Insights: NWD system resources and quality varies considerably by state. Significant investments in marketing are needed to change consumer perceptions. Some states (e.g., Washington, North Dakota) have found it most feasible and effective to deploy “Options Counselors” at facilities to meet with and educate families shortly following admission.

2. **Developing pre-Medicaid and/or pre-LTSS supports** to delay the need for LTSS. States can choose to offer services prior to an individual becoming financially or functionally eligible for Medicaid-funded LTSS in order to delay the need for LTSS, particularly institutional LTSS. States can strategically provide limited and/or targeted services to broad or specific population segments. This strategy can also potentially be used to prevent/delay a Medicare-eligible individual from becoming dually eligible.

Key Insights: Many states have implemented this strategy to go further “upstream,” with our focus group ranking it as high impact and relatively feasible. Services for individuals on Medicaid who are “at-risk” of meeting institutional level of care are often provided through 1115 Demonstration Waivers (e.g., Delaware, Hawaii, Rhode Island, Tennessee), and sometimes through state-funded programs (e.g., Indiana, Kentucky, Maine).

3. **Improving the HCBS eligibility process** so that HCBS is a viable option during critical moments. States can make operational and policy changes to accelerate the eligibility process to support quicker access to HCBS for individuals at risk of institutionalization.

Key Insights: Although difficult to implement, state leaders believe that improving eligibility processes could significantly improve rebalancing. Difficulty updating eligibility categories and corresponding state systems is a significant operational barrier. Additionally, states vary in their interpretation of the Centers for Medicare & Medicaid Services (CMS) requirement for a “plan of care” to be in place in order to establish

waiver eligibility; additional guidance from CMS is needed. Indiana is currently piloting an expedited eligibility process, with the goal of starting HCBS within 10 days of approval.

State rebalancing strategies that often support Medicaid-eligible individuals

- 4. Using data to find people during transitions in care/setting** so they can be diverted from long-term facility stays. States can support data integration and data sharing to assist with timely identification of individuals who are at high risk of a facility admission (e.g., discharged from a hospital to a short stay) or want to transition to a less restrictive setting. States can also promote data sharing and integration across various agencies, such as human services programs, housing programs, employment agencies, transportation agencies, AAAs and ADRCs. For dually eligible individuals who are not in integrated programs, data sharing is of even higher importance to enable coordination of care across Medicaid and Medicare entities.

Key Insights: State leaders agree this is the most feasible of the strategies, as there is opportunity to improve data sharing and make better use of available data sources (e.g., MDS assessment data, D-SNP admission/discharge/transfer data). The impact of this strategy may be limited, unless coupled with other strategies (e.g., providing data as part of an incentive program for plans or providers).

- 5. Providing incentives for plans and providers** to maximize access to HCBS. States can leverage managed care plans through payment arrangements, RFP processes, contract requirements, training programs, quality initiatives, partnerships, and other means. Managed LTSS (MLTSS) plans can additionally incentivize providers in their network to support rebalancing initiatives (e.g., through value-based models). States can also offer direct incentives to facilities to reduce capacity and diversify their service offerings.

Key Insights: This strategy was ranked as high impact and high feasibility. It's important to emphasize that incentives can be non-monetary (e.g., contract requirements). Fee-for-service (FFS) program leaders note the importance of provider rate structures in maintaining access to an array of HCBS options. State leaders may be skeptical that facility incentives and service diversification opportunities are sufficient to overcome institutional providers' significant political influence.

- 6. Investing in caregiver support and workforce development** to ensure paid and unpaid support persons have the necessary skills to meet consumer needs in the community (especially in being able to address mental health needs and cognitive impairments).

Key Insights: While state leaders agreed that supporting caregivers and workers is critical to keeping individuals in the community, there is no consensus about the best way to address this. In the current economy, significant pay raises for workers can still fall short of what other industries are able to pay. State leaders would like to see more research on the return-on-investment and the most promising interventions to improve caregiver support and prevent workforce gaps.

Limited state capacity and lack of funding are limiting factors across all the identified strategies. Some states are using matching funds from the American Rescue Plan Act (ARPA) to implement HCBS system changes which could improve rebalancing, and others are using funds from Money Follows the Person (MFP).

Rebalancing strategies can interact with eligibility pathways, influencing options for individuals who are dually eligible or deferring dual eligibility. Available literature supports that integrated models for duals have the potential to delay institutionalization and support transitions to the community for those who are currently in institutions. However, only approximately seven percent of the over 12 million dually eligible individuals are enrolled in integrated programs. As the majority of dually eligible individuals do not receive coordinated support across Medicare and Medicaid, data sharing strategies are particularly important to enable rebalancing across the population.

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