



**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
**Health Care Financing Administration**

**Center for Medicaid and State Operations**  
**7500 Security Boulevard**  
**Baltimore, MD 21244-1850**

June 25, 1997

Dear State Medicaid Director:

As you know, HCFA has actively promoted the use of Medicaid Home and Community-Based Services (HCBS) Waivers to allow individuals to take control over their own lives while receiving supportive services in the most integrated setting. I am pleased to note the number of waivers which now seek to promote active consumer participation in all areas of the program, including needs assessment, service planning, provider recruitment and choice, and in the oversight of the quality of services furnished. The purpose of this letter is to strongly urge you to continue this effort to involve consumers in the decisions which affect their lives.

It is particularly crucial to make available appropriate HCBS options to all persons who are currently institutionalized, or at risk of institutionalization. We believe it is essential to enable and support individuals to make informed choices in the arena of long term care, and to the extent possible, select either institutional placement or HCBS. This will allow you to use scarce dollars to provide services in as non-medical, consumer-driven mode as possible. It will also enable you to target resources in a manner which responds to the needs of the individuals who use them, and to develop cost-effective methods of providing services to program participants.

We believe that an individual has the right to assume risk, commensurate with that person's ability and willingness to assume responsibility for the consequences of that risk. This, of course, does not abrogate a State's statutory duty to ensure the health and welfare of individuals served under HCBS waivers. To that end, I urge you to work with the legislative authorities in your State, as well as other State regulators, consumers and providers to craft programs which will enable consumers to exercise their freedom of choice.

As I write this letter, HCFA is in the process of reorganization to focus the activities of the agency on the needs of our beneficiaries. As this transition progresses, we pledge to continue to work with you to continuously review rules and regulations to conform to principles on which we agree and which have been enunciated by Secretary Shalala. We rely on your continuing efforts to provide Medicaid services to beneficiaries in the best way possible, and we appreciate these efforts.

Sincerely,

/s/

Sally K. Richardson

Director

Center for Medicaid and State Operations

cc: All HCFA Regional Administrators

All HCFA Associate Regional Administrators Division of Medicaid

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