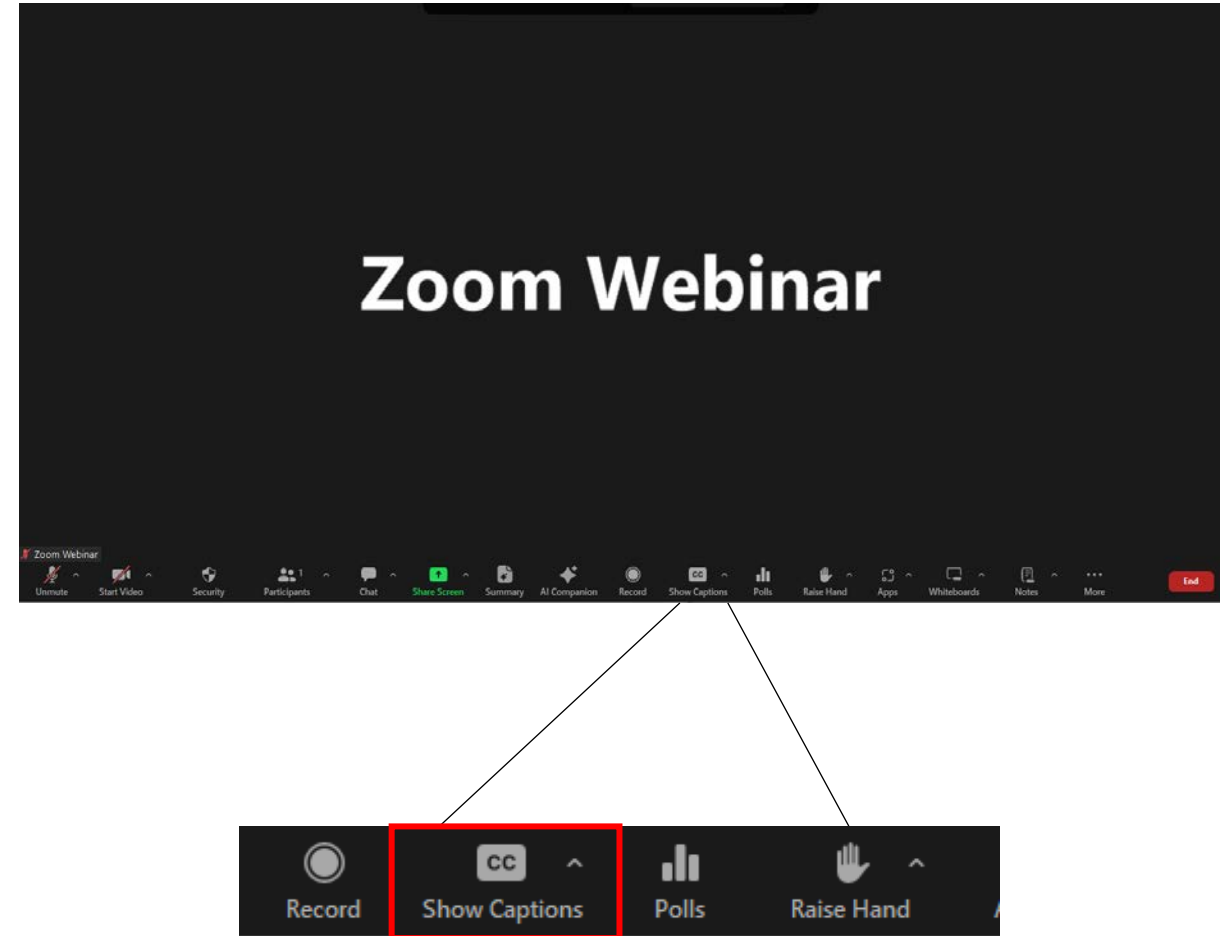


Understanding Budget Authority in Self-Directed Home and Community- Based Services

**Division of Long-Term Services and Supports
Medicaid Benefits and Health Programs Group
Centers for Medicaid and CHIP Services**

Instructions for Closed Captioning

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Presenter

Kate Murray,

Providing Support under CMS Contract with New Editions Consulting, Inc. for
HCBS TA

Today's Webinar Will Cover

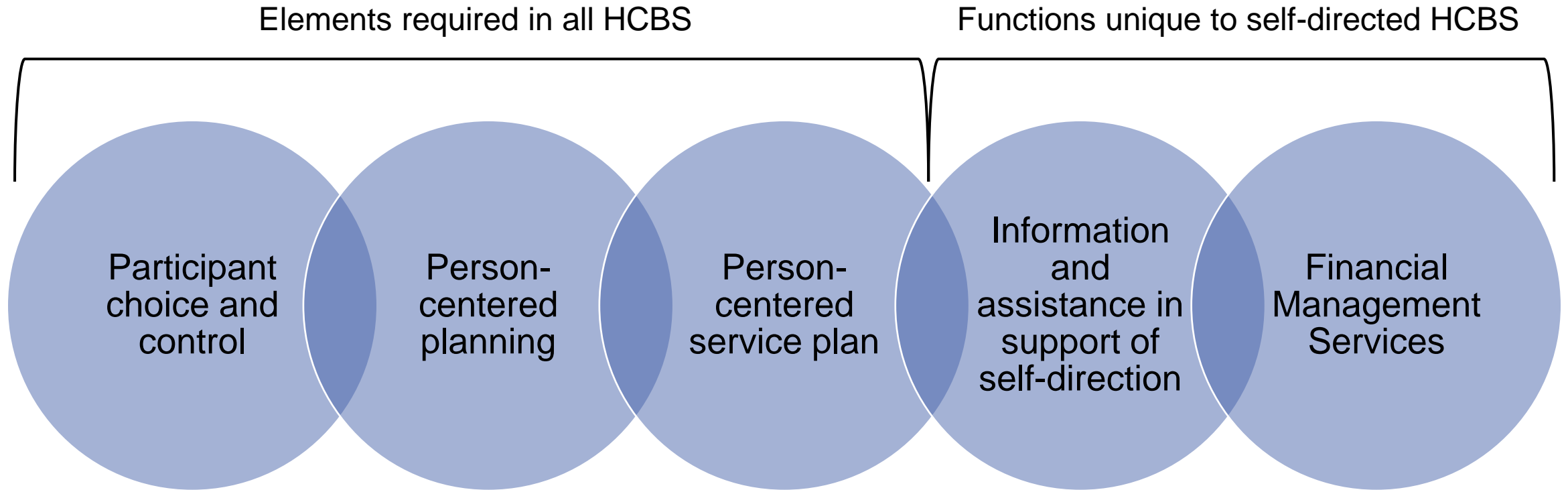
- Key components and concepts of self-directed home and community-based services (HCBS) with a focus on budget authority;
- How budget authority can expand flexibility and access;
- An overview of individual-directed goods and services - a unique opportunity only available in self-direction with budget authority;
- Examples of state methodologies for setting the amount of the budget;
- Implementing safeguards in the budget authority context;
- Adding budget authority to different Medicaid authorities; and
- Open Q&A.

What Are Self-Directed Services?

- Self-directed Medicaid services means that participants, or their representatives if applicable, have decision-making authority over certain services and take direct responsibility to manage their services with the assistance of a system of available supports.
- The self-directed service delivery model is an alternative to traditionally delivered and managed services, such as an agency delivery model. Self-direction of services allows participants to have the responsibility for managing all aspects of service delivery in a person-centered planning process.
- Self-direction promotes personal choice and control over the delivery of waiver and state plan services, including who provides the services and how services are provided.

Source: <https://www.medicaid.gov/medicaid/long-term-services-supports/self-directed-services/index.html>

Key Components of Self-Direction



Which Medicaid Authorities Allow for Self-Direction?

- Section 1915(c) HCBS Waiver
- Section 1915(i) State Plan Benefit
- Section 1915(j) Self-Directed Personal Assistance State Plan Option
- Section 1915(k) Community First Choice State Plan Option
- Section 1115 Demonstration

*Note that while 1915(j) and 1915(k) allow budget authority, there may be some differences with specific requirements and states that are interested in using these options should familiarize themselves with the regulations for those authorities. For more information on comparing requirements across the Medicaid HCBS authorities, see this DLTSS training on self-direction:

[Preparing to Unwind from the Pandemic: Expanding Self-Direction.](#)

Employer Authority

Employer Authority: *Under employer authority, the participant is supported to recruit, hire, supervise, and direct the workers who furnish supports. The participant functions as the common law employer or the co-employer of these workers. When the employer authority is utilized, the participant rather than a waiver provider agency carries out employer responsibilities for workers.*

Source: Section 1915(c) Home and Community-Based Waiver Technical Guide

Budget Authority

Budget Authority: *Under budget authority, the participant has the authority and accepts the responsibility to manage a participant-directed budget. Depending on the dimensions of the budget authority that are specified in the waiver or state plan amendment/benefit, this authority permits the participant to make decisions about the acquisition of waiver/benefit goods and services that are authorized in the waiver/benefit service plan and to manage the dollars included in a participant-directed budget.*

What Advantages Does Budget Authority Offer?

- Participants who self-direct hire and manage their own providers (employer authority), and the addition of budget authority generally means participants can determine within an individualized budget amount the rate of pay for each of their self-directed providers.
- This can help with provider recruitment and retention
 - Participants may be able to offer higher pay rates for shifts that are more difficult to fill, such as overnight shifts.
- This can also create an opportunity to give providers pay raises over time, or to pay higher rates to more experienced providers.

What Flexibilities Does Budget Authority Offer? (1 of 2)

- In a budget authority context, participants have greater control over their providers' pay rates and may choose to receive fewer hours at a higher rate of pay, or more hours at a lower rate.
- States have broad discretion in how they set the amount of individual budgets for self-directed services.

What Flexibilities Does Budget Authority Offer? (2 of 2)

- Allows for the option to purchase individual-directed goods and services, at state's discretion.
- The addition of budget authority can reduce unmet need and increase flexibility in worker recruiting, in response to workforce shortages.
- Some self-directed services may have a fixed rate, while others are included in budget authority with a flexible rate.

Individual-Directed Goods and Services: Service Definition (1 of 2)

- *Services, equipment or supplies not otherwise provided through this waiver/benefit or through the Medicaid state plan that address an identified need in the service plan (including improving and maintaining the participant's opportunities for full membership in the community) and meet the following requirements:*
 - *the item or service would decrease the need for other Medicaid services;*
 - *AND/OR promote inclusion in the community;*
 - *AND/OR increase the participant's safety in the home environment;*
 - *AND, the participant does not have the funds to purchase the item or service or the item or service is not available through another source.*

Individual-Directed Goods and Services: Service Definition (2 of 2)

- *Individual directed goods and services are purchased from the participant-directed budget. Experimental or prohibited treatments are excluded. Individual directed goods and services must be documented in the service plan.*

Source: Section 1915(c) Home and Community-Based Waiver Technical Guide

Individual-Directed Goods and Services: Benefits

- Allow a pathway for participants to address unmet needs, enhance community integration, and/or decrease reliance on human assistance or other Medicaid services in an individualized and cost-effective way.
- Can encourage efficiency and creativity in spending.
- Can help participants achieve their preferred outcomes.
- Purchases must align with documented needs, goals, and outcomes specified in the participant's person-centered service plan.
- Payment for goods and services must be done through an FMS, participants cannot receive direct reimbursement for purchases.

Structuring Individual-Directed Goods and Services

- Should be “in addition to” and NOT duplicate other services that are offered, or can be offered through, e.g., a waiver or the state plan.
- States can, at their discretion, include a “not allowed” list as part of their service definition, and/or cap the amount of budget dollars that can be spent on IDGS.

What Must Be Included With Budget Authority?

- *The use of budget authority requires that the participant have a budget in hand to manage.*
- *The participant-directed budget (sometimes termed the individual budget) may encompass all the services included in a participant's service plan **or** only include the services that may be participant-directed and that the participant decides to direct.*
- *In the case of the latter, services that fall outside the participant-directed budget are controlled by the authorizations in the service plan.*
- *The description of the budget methodology should clearly spell out the scope of the participant-directed budget.*

Source: Section 1915(c) Home and Community-Based Waiver Technical Guide

How Can Budget Amounts Be Determined?

- *The amount of the participant-directed budget may be determined in a variety of ways.*
- *If prospective budget amounts are uniquely assigned to each participant or by level of support, then the participant-directed budget may be based on the methods that are used to determine those budget amounts.*
- *Alternatively, the amount of the individual budget may be based on the amounts that are authorized in the service plan for the services that the participant has elected to direct.*

Source: Section 1915(c) Home and Community-Based Waiver Technical Guide

Other Requirements for Setting the Budget Amount

- Other methods can be employed so long as they are based on reliable cost-estimating methodology that is described in detail.
- Whatever method is employed, the waiver or State Plan Amendment must describe how it is applied consistently to each participant who elects to direct a budget.
- In addition, the waiver or State Plan Amendment must make information about how the budget is set publicly available.

Examples of Setting Budget Amounts

- Examples of ways states have chosen to set budgets include but are not limited to:
 - Multiplying authorized hours by the reimbursement rate for comparable traditional services, then deducting the costs for financial management services (FMS) and support brokerage.
 - Using an algorithm that calculates a “not-to-exceed” budget amount based on historical costs for people with similar care needs.
 - Using a levels-based method in which “tiers” are assigned to participants with similar assessed levels of support needs, and each tier is associated with a budget amount.

Examples - Converting Authorized Hours to a Budget Amount

- *“The consumer directed budget, developed by the individual or Legally Authorized Representative, with assistance from the financial management services provider, is based on the cost of the self-directed services in the approved service plan. The cost of self-directed services is defined as the number of hours authorized for the service multiplied by adopted consumer directed services reimbursement rate for the service.”*
- *“The number of hours authorized is converted to a dollar amount using the reimbursement rate with a standard administrative deduction to cover support brokerage and FMS.”*

Examples - Retrospective Approach

- *“A participant’s budget estimate relies on data from the state’s Long-Term Care Functional Screen (LTCFS). Specifically, the LTCFS looks at a person’s ability to complete both Activities of Daily Living (ADLs) and Instrumental Activities of Daily Living (IADLs). It also looks at a person’s cognition, behavior(s), diagnoses, medically-oriented tasks and employment; as well as indicators for mental health issues, substance use issues and other conditions that put a person at risk of institutionalization.”*
- *“The state contracted actuaries to develop a model that predicts the total cost of a participant’s needed long-term supports and services as determined by the participant’s LTCFS results. The model was developed using past, corresponding services and supports expenditures and LTCFS data.”*
- *“After a participant goes through the LTCFS, that individual’s information is inputted into the model and results in the participant’s individual budget estimate. This budget estimate is what is used to allocate supports, services, and goods in the participant’s plan during the self-directed planning process.”*

Example - Levels-Based Approach

- *“The initial funding range provided by operating agency staff is based on the Level of Need Assessment. Funding is assigned based on the Level of Need score. Each level has a specific dollar amount assigned. Within that allocation, individuals design an Individual Budget to support the outcomes identified in the Individual Plan. The resource allocation ranges derived from analysis of past utilization and costs for services used by like individuals is based on assessed level of need as described in Appendix B of this application.”*

Budget Authority: State's Role (1 of 2)

- States can set parameters around budget authority, including the minimum and maximum allowable rates of pay for each self-directed service.
 - Ideally, the range between minimum and maximum will be broad enough so that the participant has real discretion.
 - Minimum rates are usually the federal or state minimum wage (whichever is higher).
- States choose whether budgets are set monthly, annually, or some other periodicity.

Budget Authority: State's Role (2 of 2)

- States decide whether unused budget funds “roll over,” or if funds are “use it or lose it.”
- States choose whether individual-directed goods and services are offered.
- States design the methodology of how budgets are set.
- States choose whether some or all self-directed services will include budget authority.

Budget Authority: Information and Assistance Role

- Depending on the state, the entity responsible for providing information and assistance (I&A) to participants might be a case manager, supports broker, or other entity.
- The I&A entity should be adequately trained on what budget authority is and all associated rules and requirements.
- Adjustments to caseloads may be required if budget authority is implemented, since more time will be needed to explain the budget, develop a plan on how the budget will be spent, and other related tasks.
- Providing training and standardized materials can help ensure I&A providers are ready to educate participants about this option.

Budget Authority: Safeguards (1 of 2)

- Regular monitoring and reporting of expenditures is essential in a budget authority framework.
- The FMS entity is responsible for verifying that all purchased goods and services are approved in the participant's person-centered plan prior to issuing payment and that rates of pay are in accordance with the participant's spending plan.
- The FMS entity is also responsible for tracking expenditures and notifying the participant and others (e.g., case manager) if over- or under-utilization is occurring, so that action can be taken to address the issue.

Budget Authority: Safeguards (2 of 2)

- Depending on the situation, actions taken may include but are not limited to:
 - A reassessment, if the participant's support needs have recently changed and alternate or additional services may be required;
 - Education around utilizing the budget, if over-utilization is occurring;
 - Education around recruiting staff, if the participant has been unable to hire staff;
 - Appointing a new representative to manage the budget; and/or
 - Termination from self-direction, if utilization issues cannot otherwise be resolved.

Incorporating Budget Authority in a Section 1915(c) Waiver

Appendix E: Participant Direction of Services

E-1: Overview (2 of 13)

b. Participant Direction Opportunities. Specify the participant direction opportunities that are available in the waiver.
Select one:

- ☐ **Participant: Employer Authority.** As specified in *Appendix E-2, Item a*, the participant (or the participant's representative) has decision-making authority over workers who provide waiver services. The participant may function as the common law employer or the co-employer of workers. Supports and protections are available for participants who exercise this authority.
- ☐ **Participant: Budget Authority.** As specified in *Appendix E-2, Item b*, the participant (or the participant's representative) has decision-making authority over a budget for waiver services. Supports and protections are available for participants who have authority over a budget.
- ☒ **Both Authorities.** The waiver provides for both participant direction opportunities as specified in *Appendix E-2*. Supports and protections are available for participants who exercise these authorities.

Incorporating Budget Authority in a Section 1915(i) State Plan Amendment (SPA)

b. **Participant–Budget Authority** (individual directs a budget that does not result in payment for medical assistance to the individual). (*Select one*):

<input type="radio"/>	The state does not offer opportunity for participants to direct a budget.
<input checked="" type="radio"/>	Participants may elect Participant–Budget Authority. Participant-Directed Budget. (<i>Describe in detail the method(s) that are used to establish the amount of the budget over which the participant has authority, including the method for calculating the dollar values in the budget based on reliable costs and service utilization, is applied consistently to each participant, and is adjusted to reflect changes in individual assessments and service plans. Information about these method(s) must be made publicly available and included in the person-centered service plan.</i>):

Budget Authority and Section 1915(j) Self-Directed Personal Assistance State Plan Option

- Budget authority is an integral part of the section 1915(j) SPA.
- Services provided under a section 1915(j) SPA always incorporate budget authority, by definition.
- The section 1915(j) authority is a service delivery option and must be used in conjunction with a section 1915(c) waiver, state plan personal care, or both.

Incorporating Budget Authority in State Plan Personal Care

- Section 1905(a)(24) state plan personal care does not allow for budget authority on its own, but it is possible with a section 1915(j) SPA.
- A section 1915(j) SPA can be overlaid on existing state plan personal care to create a pathway for flexible self-direction with budget authority, as seen in the image below from the section 1915(j) pre-print
 - States can also limit section 1915(j) enrollment by geographic area and/or by total number of participants served.




— Election of Self-Directed Personal Assistance Services: By virtue of this submittal, the State elects Self-Directed Personal Assistance Services as a State Plan service delivery option.

Incorporating Budget Authority in a Section 1915(k) Community First Choice (CFC) SPA

CFC Service Models

Indicate which service models are used in the state's CFC program to provide consumer-directed home and community-based attendant services and supports (Select all that apply):

- ☐ Agency-Provider Model
-  ☒ Self-Directed Model with Service Budget
- ☐ Other Service Model. Describe:

Summary

- Budget authority in self-directed services can support states' efforts to recruit and retain a quality HCBS workforce;
- It can be implemented in different ways at states' discretion, depending on the state's needs and the needs of the populations the state is serving;
- Individual-directed goods and services can offer flexible and cost-effective options not otherwise accessible to participants via other Medicaid services;
- States use a wide variety of methodologies to set the amount of the budget, but many of these methodologies ensure budget authority options are cost-neutral relative to other service delivery methods; and
- Budget authority can be offered through section 1115 and section 1915(c), (i), (j), and (k) Medicaid authorities.

Resources

- CMS Baltimore Office Contact—Division of Long-Term Services and Supports:
 - HCBS@cms.hhs.gov
- To request Technical Assistance:
 - <http://hcbs-ta.org>
- Find more information about self-directed services at:
 - <https://www.medicaid.gov/medicaid/long-term-services-supports/self-directed-services/index.html>
 - [Preparing to Unwind from the Pandemic: Expanding Self Direction](#) (February 2022 DLTSS Training)

Questions?

Feedback

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Please use the survey link: <https://www.surveymonkey.com/r/May82024>

WE WELCOME YOUR FEEDBACK!