States Should Use the Money Follows the Person Program More to Improve Access to Home and Community-Based Services and Outcomes

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What is Money Follows the Person?

The Money Follows the Person (MFP) program is one of the longest and most successful Medicaid demonstrations. MFP supports states to transition people residing in nursing homes and other institutional settings back to the community. It assists states with "rebalancing" their Long-Term Services and Supports (LTSS) systems by advancing access to Home and Community-Based Services (HCBS) and improving community living outcomes.

The first MFP transitions occurred in late 2007. By the end of 2021, 112,883 institutional residents had transitioned in 44 states and the District of Columbia.[1]

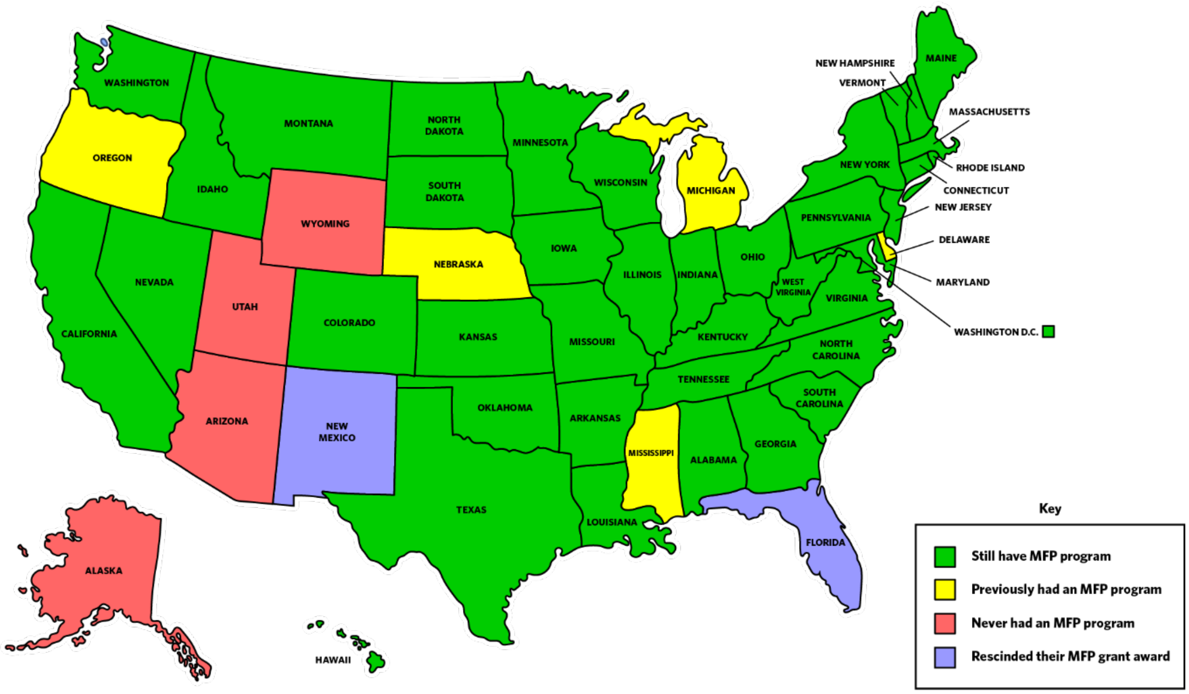
Over the years, the MFP program has undergone multiple extensions with strong bi-partisan support. It was first authorized through the Deficit Reduction Act of 2005. The program was extended in the Affordable Care Act through September 2016, with flexibility to use funding through 2018. From 2019-2020, five short-term extensions kept the program afloat. Since then, Congress has provided additional funding twice, most recently extending the MFP demonstration through September 30, 2027.[2,3]

What States Participate in Money Follows the Person?

A total of 46 states and the District of Columbia have received MFP grants.[3,4] Due to inconsistent funding and short-term extensions, the number of states using MFP has fluctuated with 39 states and the District of Columbia currently operating MFP programs.[1]

In 2022, after additional funding was provided by Congress, CMS formally announced an opportunity to rejoin. However, some states that had programs have not reinstated them and other states have never participated. **Even though there was a formal call for states to apply for MFP in 2022, states can still contact CMS and apply at any time.**

State Participation in Money Follows the Person Program, 2025



How Many Individuals are Transitioning Through Money Follows the Person?

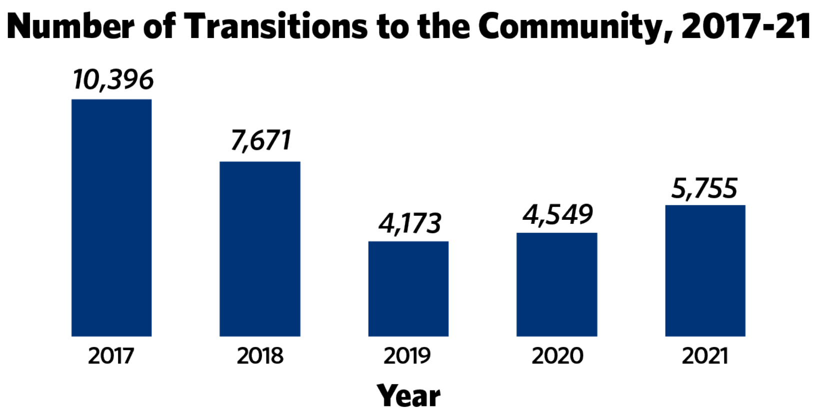
The most recent CMS data on MFP transitions is from 2021. While the number of individuals returning to the community did increase from 2020 to 2021, the data shows the number of transitions remains far below the peak number of transitions prior to the series of short-term extensions.[1] In 2020, 4,549 individuals transitioned from institutional settings to home and community-based services across 34 states compared to 2017 when 10,396 individuals transitioned across 44 states.[1]

Moreover, the majority of transitions are occurring in a handful of states. In 2021, of the 35 states with MFP, 15 MFP programs accounted for 85 percent of all transitions and the top five states (Pennsylvania, Ohio, Washington, New York, and California) accounted for 44 percent of all transitions that year.[1] **Many states that have MFP programs are not using the program to its fullest potential to transition individuals.**

In 2013, The Money Follows the Person Tribal Initiative (MFP-TI) awarded grants to five states (Minnesota, Oklahoma, North Dakota, Washington, and Wisconsin) to improve and expand access to culturally response HCBS.[22]

In 2022, the Centers for Medicare & Medicaid Services (CMS) awarded up to five million each to Illinois, Kansas, and New Hampshire, as well as for America Samoa and Puerto Rico, the first time MFP grants have been made available to territories.[30]

In 2011, New Mexico and Florida received MFP grants but withdrew in 2012 and 2013 respectively before serving any beneficiaries.[31,32]



Money Follows the Person Grant Recipient Graph Source: Murray et al., 2024

Why Should States More Aggressively Use the Money Follows the Person Program?

MFP Improves HCBS Access and Outcomes for Individuals

As of 2021, HCBS amount to 63.2% of total Medicaid LTSS spending, with wide variation of spending across states.[5] While nationally states have made progress shifting from institutions to HCBS, disparities in access to HCBS remain based on state, disability type, health status, gender, age, and race/ethnicity.[5-10] Lack of access to HCBS forces many individuals into institutional settings, which violates their rights under the 1999 US Supreme Court *Olmstead* decision.

Most individuals prefer to live in their home rather than an institutional setting[11], a choice MFP promotes. Extensive research from this demonstration has documented the positive outcomes for transitioned individuals. After returning to the community, individuals are more likely to have greater life satisfaction and be treated with respect and dignity by LTSS providers, and less likely to experience unmet personal assistance needs.[12,13]

MFP Assists States with Rebalancing and Can Contribute to Cost Savings

States with high utilization MFP programs have shown a decline in the number of nursing home residents, occupancy rates, and state expenditures as well as faster rebalancing of their LTSS systems as compared to other states.[14] Further, state specific studies in Washington and Georgia found decreased LTSS expenditures for individuals who transitioned through MFP.[15,16]

New Flexibilities to Improve Transitions for Underserved Populations

When MFP was extended in 2021, Congress also reduced the minimum length of stay from 90 to 60 days in an institutional setting before an individual can qualify for MFP. Studies suggest that length of stay is associated with a decreased likelihood of transitioning.[17-20] Extended stays in nursing homes and institutional settings can result in people losing their housing, social connections and other supports. This important change provides states with greater flexibility to return individuals to the community sooner.

In 2022, CMS also provided increased flexibility for states to provide supplemental services, defined as “short-term services to support an MFP participant’s transition that are otherwise not allowable under the Medicaid program”.[21] CMS expanded the scope and flexibilities of supplemental services to include 6-months housing assistance, food security, home modifications, housing application fees, clothing, and other supports. Additionally, supplemental services are fully funded by the federal government with no state share.[21,22] These changes could help support individuals in the transition process, especially as affordable and accessible housing is continually cited as a barrier to community living.[13, 23-25] More so barriers to housing disproportionality impact people of color.[13,23-26] These supplemental services help address structural barriers and could improve transitions for underserved and hard to reach populations.

MFP Can Strengthen HCBS Infrastructure and Quality

States must reinvest the additional federal funding they receive through the MFP program back into their HCBS systems. States have considerable flexibility in how they reinvest this money to improve access and infrastructure. For example, states could reinvest additional funding into strengthening the direct care workforce.

In addition, MFP can assist states with improving their HCBS Quality infrastructure, including the use of person-reported quality surveys. Over the last decade CMS, states, and advocates have worked together to develop the first ever HCBS Quality Measure Set.[27] This will contribute to more standardized reporting on HCBS quality across states. As part of the Medicaid Access Rule, in the coming years states will be required to report on a subset of the core HCBS measures. States can use their MFP funding to cover 100% of the cost related to implementation and use of the HCBS Quality Measure Set.[28]

Conclusion

Money Follows the Person is a critical source of federal funding for states to rebalance their systems, improve HCBS infrastructure, and advance community living outcomes for individuals. MFP can enhance the civil rights of individuals under *Olmstead* and help states achieve cost savings. The American Rescue Plan Act (ARPA) provided a historic federal investment in dedicated funding for HCBS which allowed states to improve access and infrastructure. However, this additional funding is set to expire on March 31, 2025.[29] As ARPA funding winds down, MFP is an important funding stream states can better utilize to transition people back to the community, as well as strengthen HCBS infrastructure to support rebalancing.

Funding Statement

Funding for this brief was provided by the National Institute on Disability, Independent Living, and Rehabilitation Research, grant numbers 90RTCP0006 & 90RTCP0009. NIDILRR is a center within the Administration for Community Living (ACL), U.S. Department of Health and Human Services (HHS). This brief 's contents reflect the views of the authors and not of the National Institute on Disability, Independent Living, and Rehabilitation Research.

How to Cite This Brief

Siegel, R. & Caldwell, J. (2025). States Should Use the Money Follows the Person Program More to Improve Access to Home and Community-Based Services and Outcomes Brandeis University, Waltham, MA.

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