

Money Follows the Person Demonstration Legislation from 2005 to 2021

Hyperlinks to relevant legislation pertaining to the Money Follows the Person Demonstration are including in the description below as referenced on the [CMS webpage](#).

“Authorized in [Section 6071 of the Deficit Reduction Act of 2005](#) (P.L. 109-171), as amended by [Section 2403 of Patient Protection and Affordable Care Act](#) (P.L. 111-148), the [Medicaid Extenders Act of 2019](#) (P.L. 116-3), [the Medicaid Services Investment and Accountability Act of 2019](#) (P.L. 116-16), the [Sustaining Excellence in Medicaid Act of 2019](#) (P.L. 116-39), [Sec 205: Further Consolidated Appropriations Act, 2020](#) (P.L. 116-94), and [Sec 3811: Coronavirus Aid, Relief, and Economic Security Act, 2020](#) (P.L. 116-136) the Money Follows the Person (MFP) demonstration supports state efforts for rebalancing their long-term services and supports system so that individuals have a choice of where they live and receive services.”

The Demonstration was further amended in the [Continuing Appropriations Act, 2021 and Other Extensions Act](#) and the [Consolidated Appropriations Act of 2021](#).

Initial Legislation from the Deficit Reduction Act of 2005

Initial MFP legislation defined institutional and community settings, set forth criteria for determining eligibility for transition services (including a six-month institutional stay requirement), and established reporting and maintenance of effort requirements. The release of grant funds, unlike other grant opportunities, was contingent on state transition efforts (i.e. low transition efforts lead to lower grant “rebalancing funds”). Additionally, legislation required states to re-invest “rebalancing funds” into system transformation.

SEC. 6071. MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION.

- (a) **PROGRAM PURPOSE AND AUTHORITY.** — The Secretary is authorized to award, on a competitive basis, grants to States in accordance with this section for demonstration projects (each in this section referred to as an “MFP demonstration project”) designed to achieve the following objectives with respect to institutional and home and community-based long-term care services under State Medicaid programs:
- (1) **REBALANCING.** — Increase the use of home and community-based, rather than institutional, long-term care services.
 - (2) **MONEY FOLLOWS THE PERSON.** — Eliminate barriers or mechanisms, whether in the State law, the State Medicaid plan, the State budget, or otherwise, that prevent or restrict the flexible use of Medicaid funds to enable Medicaid-eligible individuals to receive support for appropriate and necessary long-term services in the settings of their choice.
 - (3) **CONTINUITY OF SERVICE.** — Increase the ability of the State Medicaid program to assure continued provision of home and community-based long-term care services to eligible individuals who choose to transition from an institutional to a community setting.
 - (4) **QUALITY ASSURANCE AND QUALITY IMPROVEMENT.** — Ensure that procedures are in place (at least comparable to those required under the qualified HCB program) to provide quality assurance for eligible individuals receiving Medicaid home and community-based long-term care services and to provide for continuous quality improvement in such services.
- (b) **DEFINITIONS.** — For purposes of this section:

- (1) HOME AND COMMUNITY-BASED LONG-TERM CARE SERVICES. — The term “home and community-based long-term care services” means, with respect to a State Medicaid program, home and community-based services (including home health and personal care services) that are provided under the State’s qualified HCB program or that could be provided under such a program but are otherwise provided under the Medicaid program.
- (2) ELIGIBLE INDIVIDUAL. — The term “eligible individual” means, with respect to an MFP demonstration project of a State, an individual in the State —
 - (A) who, immediately before beginning participation in the MFP demonstration project —
 - (i) resides (and has resided, for a period of not less than 6 months or for such longer minimum period, not to exceed 2 years, as may be specified by the State) in an inpatient facility;
 - (ii) is receiving Medicaid benefits for inpatient services furnished by such inpatient facility; and
 - (iii) with respect to whom a determination has been made that, but for the provision of home and community-based long-term care services, the individual would continue to require the level of care provided in an inpatient facility and, in any case in which the State applies a more stringent level of care standard as a result of implementing the State plan option permitted under section 1915(i) of the Social Security Act, the individual must continue to require at least the level of care which had resulted in admission to the institution; and
 - (B) who resides in a qualified residence beginning on the initial date of participation in the demonstration project.
- (3) INPATIENT FACILITY. — The term “inpatient facility” means a hospital, nursing facility, or intermediate care facility for the mentally retarded. Such term includes an institution for mental diseases, but only, with respect to a State, to the extent medical assistance is available under the State Medicaid plan for services provided by such institution.
- (4) MEDICAID. — The term “Medicaid” means, with respect to a State, the State program under title XIX of the Social Security Act (including any waiver or demonstration under such title or under section 1115 of such Act relating to such title).
- (5) QUALIFIED HCB PROGRAM. — The term “qualified HCB program” means a program providing home and community-based long-term care services operating under Medicaid, whether or not operating under waiver authority.
- (6) QUALIFIED RESIDENCE. — The term “qualified residence” means, with respect to an eligible individual —
 - (A) a home owned or leased by the individual or the individual’s family member;
 - (B) an apartment with an individual lease, with lockable access and egress, and which includes living, sleeping, bathing, and cooking areas over which the individual or the individual’s family has domain and control; and
 - (C) a residence, in a community-based residential setting, in which no more than 4 unrelated individuals reside.
- (7) QUALIFIED EXPENDITURES. — The term “qualified expenditures” means expenditures by the State under its MFP demonstration project for home and community-based long-term care services for an eligible individual participating in the MFP demonstration project, but only with respect to

services furnished during the 12-month period beginning on the date the individual is discharged from an inpatient facility referred to in paragraph (2)(A)(i).

- (8) SELF-DIRECTED SERVICES. — The term “self-directed” means, with respect to home and community-based long-term care services for an eligible individual, such services for the individual which are planned and purchased under the direction and control of such individual or the individual’s authorized representative (as defined by the Secretary), including the amount, duration, scope, provider, and location of such services, under the State Medicaid program consistent with the following requirements:
- (A) *ASSESSMENT*. — There is an assessment of the needs, capabilities, and preferences of the individual with respect to such services.
 - (B) *SERVICE PLAN*. — Based on such assessment, there is developed jointly with such individual or the individual’s authorized representative a plan for such services for such individual that is approved by the State and that —
 - (i) specifies those services, if any, which the individual or the individual’s authorized representative would be responsible for directing;
 - (ii) identifies the methods by which the individual or the individual’s authorized representative or an agency designated by an individual or representative will select, manage, and dismiss providers of such services;
 - (iii) specifies the role of family members and others whose participation is sought by the individual or the individual’s authorized representative with respect to such services;
 - (iv) is developed through a person-centered process that —
 - (I) is directed by the individual or the individual’s authorized representative;
 - (II) builds upon the individual’s capacity to engage in activities that promote community life and that respects the individual’s preferences, choices, and abilities; and
 - (III) involves families, friends, and professionals as desired or required by the individual or the individual’s authorized representative;
 - (v) includes appropriate risk management techniques that recognize the roles and sharing of responsibilities in obtaining services in a self-directed manner and assure the appropriateness of such plan based upon the resources and capabilities of the individual or the individual’s authorized representative; and
 - (vi) may include an individualized budget which identifies the dollar value of the services and supports under the control and direction of the individual or the individual’s authorized representative.
 - (C) *BUDGET PROCESS*. — With respect to individualized budgets described in subparagraph (B)(vi), the State application under subsection (c) —
 - (i) describes the method for calculating the dollar values in such budgets based on reliable costs and service utilization;
 - (ii) defines a process for making adjustments in such dollar values to reflect changes in individual assessments and service plans; and
 - (iii) provides a procedure to evaluate expenditures under such budgets.
- (9) STATE. — The term “State” has the meaning given such term for purposes of title XIX of the Social Security Act.

- (10) SECRETARY. — The term “Secretary” means the Secretary of Health and Human Services.¹
- (c) **STATE APPLICATION**. — A State seeking approval of an MFP demonstration project shall submit to the Secretary, at such time and in such format as the Secretary requires, an application meeting the following requirements and containing such additional information, provisions, and assurances, as the Secretary may require:
- (1) ASSURANCE OF A PUBLIC DEVELOPMENT PROCESS. — The application contains an assurance that the State has engaged, and will continue to engage, in a public process for the design, development, and evaluation of the MFP demonstration project that allows for input from eligible individuals, the families of such individuals, authorized representatives of such individuals, providers, and other interested parties.
 - (2) OPERATION IN CONNECTION WITH QUALIFIED HCB PROGRAM TO ASSURE CONTINUITY OF SERVICES. — The State will conduct the MFP demonstration project for eligible individuals in conjunction with the operation of a qualified HCB program that is in operation (or approved) in the State for such individuals in a manner that assures continuity of Medicaid coverage for such individuals so long as such individuals continue to be eligible for medical assistance.
 - (3) DEMONSTRATION PROJECT PERIOD. — The application shall specify the period of the MFP demonstration project, which shall include at least 2 consecutive fiscal years in the 5-fiscal-year period beginning with fiscal year 2007.
 - (4) SERVICE AREA. — The application shall specify the service area or areas of the MFP demonstration project, which may be a statewide area or 1 or more geographic areas of the State.
 - (5) TARGETED GROUPS AND NUMBERS OF INDIVIDUALS SERVED. — The application shall specify —
 - (A) the target groups of eligible individuals to be assisted to transition from an inpatient facility to a qualified residence during each fiscal year of the MFP demonstration project;
 - (B) the projected numbers of eligible individuals in each targeted group of eligible individuals to be so assisted during each such year; and
 - (C) the estimated total annual qualified expenditures for each fiscal year of the MFP demonstration project.
 - (6) INDIVIDUAL CHOICE, CONTINUITY OF CARE. — The application shall contain assurances that —
 - (A) each eligible individual or the individual’s authorized representative will be provided the opportunity to make an informed choice regarding whether to participate in the MFP demonstration project;
 - (B) each eligible individual or the individual’s authorized representative will choose the qualified residence in which the individual will reside and the setting in which the individual will receive home and community-based long-term care services;
 - (C) the State will continue to make available, so long as the State operates its qualified HCB program consistent with applicable requirements, home and community-based long-term care services to each individual who completes participation in the MFP demonstration project for as long as the individual remains eligible for medical assistance for such services under such qualified HCB program (including meeting a requirement relating to requiring a level of care provided in an inpatient facility and continuing to require such services, and, if the State applies a more stringent level of care standard as a result of implementing the State plan option permitted under section 1915(i) of the Social Security Act, meeting the

¹ P.L. 116–3, §2(c), added paragraph (10). Effective January 24, 2019.

requirement for at least the level of care which had resulted in the individual's admission to the institution).

- (7) REBALANCING. — The application shall —
- (A) provide such information as the Secretary may require concerning the dollar amounts of State Medicaid expenditures for the fiscal year, immediately preceding the first fiscal year of the State's MFP demonstration project, for long-term care services and the percentage of such expenditures that were for institutional long-term care services or were for home and community-based long-term care services;
 - (B) (i) specify the methods to be used by the State to increase, for each fiscal year during the MFP demonstration project, the dollar amount of such total expenditures for home and community-based long-term care services and the percentage of such total expenditures for long-term care services that are for home and community-based long-term care services; and (ii) describe the extent to which the MFP demonstration project will contribute to accomplishment of objectives described in subsection (a).
- (8) MONEY FOLLOWS THE PERSON. — The application shall describe the methods to be used by the State to eliminate any legal, budgetary, or other barriers to flexibility in the availability of Medicaid funds to pay for long-term care services for eligible individuals participating in the project in the appropriate settings of their choice, including costs to transition from an institutional setting to a qualified residence.
- (9) MAINTENANCE OF EFFORT AND COST-EFFECTIVENESS. — The application shall contain or be accompanied by such information and assurances as may be required to satisfy the Secretary that —
- (A) total expenditures under the State Medicaid program for home and community-based long-term care services will not be less for any fiscal year during the MFP demonstration project than for the greater of such expenditures for —
 - (i) fiscal year 2005; or
 - (ii) any succeeding fiscal year before the first year of the MFP demonstration project; and
 - (B) in the case of a qualified HCB program operating under a waiver under subsection (c) or (d) of section 1915 of the Social Security Act (42 U.S.C. 1396n), but for the amount awarded under a grant under this section, the State program would continue to meet the cost-effectiveness requirements of subsection (c)(2)(D) of such section or comparable requirements under subsection (d)(5) of such section, respectively.
- (10) WAIVER REQUESTS. — The application shall contain or be accompanied by requests for any modification or adjustment of waivers of Medicaid requirements described in subsection (d)(3), including adjustments to the maximum numbers of individuals included and package of benefits, including one-time transitional services, provided.
- (11) QUALITY ASSURANCE AND QUALITY IMPROVEMENT. — The application shall include —
- (A) a plan satisfactory to the Secretary for quality assurance and quality improvement for home and community-based long-term care services under the State Medicaid program, including a plan to assure the health and welfare of individuals participating in the MFP demonstration project; and
 - (B) an assurance that the State will cooperate in carrying out activities under subsection (f) to develop and implement continuous quality assurance and quality improvement systems for home and community-based long-term care services.

- (12) OPTIONAL PROGRAM FOR SELF-DIRECTED SERVICES. — If the State elects to provide for any home and community-based long-term care services as self-directed services (as defined in subsection (b)(8)) under the MFP demonstration project, the application shall provide the following:
- (A) *MEETING REQUIREMENTS.* — A description of how the project will meet the applicable requirements of such subsection for the provision of self-directed services.
 - (B) *VOLUNTARY ELECTION.* — A description of how eligible individuals will be provided with the opportunity to make an informed election to receive self-directed services under the project and after the end of the project.
 - (C) *STATE SUPPORT IN SERVICE PLAN DEVELOPMENT.* — Satisfactory assurances that the State will provide support to eligible individuals who self-direct in developing and implementing their service plans.
 - (D) *OVERSIGHT OF RECEIPT OF SERVICES.* — Satisfactory assurances that the State will provide oversight of eligible individual's receipt of such self-directed services, including steps to assure the quality of services provided and that the provision of such services are consistent with the service plan under such subsection.

Nothing in this section shall be construed as requiring a State to make an election under the project to provide for home and community-based long-term care services as self-directed services, or as requiring an individual to elect to receive self-directed services under the project.

- (13) REPORTS AND EVALUATION. — The application shall provide that —
- (A) the State will furnish to the Secretary such reports concerning the MFP demonstration project, on such timetable, in such uniform format, and containing such information as the Secretary may require, as will allow for reliable comparisons of MFP demonstration projects across States; and
 - (B) the State will participate in and cooperate with the evaluation of the MFP demonstration project.
- (d) SECRETARY'S AWARD OF COMPETITIVE GRANTS. —
- (1) IN GENERAL. — The Secretary shall award grants under this section on a competitive basis to States selected from among those with applications meeting the requirements of subsection (c), in accordance with the provisions of this subsection.
 - (2) SELECTION AND MODIFICATION OF STATE APPLICATIONS. — In selecting State applications for the awarding of such a grant, the Secretary —
 - (A) shall take into consideration the manner in which, and extent to which, the State proposes to achieve the objectives specified in subsection (a);
 - (B) shall seek to achieve an appropriate national balance in the numbers of eligible individuals, within different target groups of eligible individuals, who are assisted to transition to qualified residences under MFP demonstration projects, and in the geographic distribution of States operating MFP demonstration projects;
 - (C) shall give preference to State applications proposing —
 - (i) to provide transition assistance to eligible individuals within multiple target groups; and
 - (ii) to provide eligible individuals with the opportunity to receive home and community-based long-term care services as self-directed services, as defined in subsection (b)(8); and
 - (D) shall take such objectives into consideration in setting the annual amounts of State grant awards under this section.

- (3) **WAIVER AUTHORITY.** — The Secretary is authorized to waive the following provisions of title XIX of the Social Security Act, to the extent necessary to enable a State initiative to meet the requirements and accomplish the purposes of this section:
- (A) **STATEWIDENESS.** — Section 1902(a)(1), in order to permit implementation of a State initiative in a selected area or areas of the State.
 - (B) **COMPARABILITY.** — Section 1902(a)(10)(B), in order to permit a State initiative to assist a selected category or categories of individuals described in subsection (b)(2)(A).
 - (C) **INCOME AND RESOURCES ELIGIBILITY.** — Section 1902(a)(10)(C)(i)(III), in order to permit a State to apply institutional eligibility rules to individuals transitioning to community-based care.
 - (D) **PROVIDER AGREEMENTS.** — Section 1902(a)(27), in order to permit a State to implement self-directed services in a cost-effective manner.
- (4) **CONDITIONAL APPROVAL OF OUTYEAR GRANT.** — In awarding grants under this section, the Secretary shall condition the grant for the second and any subsequent fiscal years of the grant period on the following:
- (A) **NUMERICAL BENCHMARKS.** — The State must demonstrate to the satisfaction of the Secretary that it is meeting numerical benchmarks specified in the grant agreement for —
 - (i) increasing State Medicaid support for home and community-based long-term care services under subsection (c)(5); and
 - (ii) numbers of eligible individuals assisted to transition to qualified residences.
 - (B) **QUALITY OF CARE.** — The State must demonstrate to the satisfaction of the Secretary that it is meeting the requirements under subsection (c)(11) to assure the health and welfare of MFP demonstration project participants.
- (e) **PAYMENTS TO STATES; CARRYOVER OF UNUSED GRANT AMOUNTS.** —
- (1) **PAYMENTS.** — For each calendar quarter in a fiscal year during the period a State is awarded a grant under subsection (d), the Secretary shall pay to the State from its grant award for such fiscal year an amount equal to the lesser of —
 - (A) the MFP-enhanced FMAP (as defined in paragraph (5)) of the amount of qualified expenditures made during such quarter; or
 - (B) the total amount remaining in such grant award for such fiscal year (taking into account the application of paragraph (2)).
 - (2) **CARRYOVER OF UNUSED AMOUNTS.** — Any portion of a State grant award for a fiscal year under this section remaining at the end of such fiscal year shall remain available to the State for the next 4 fiscal years, subject to paragraph (3).
 - (3) **REAWARDING OF CERTAIN UNUSED AMOUNTS.** — In the case of a State that the Secretary determines pursuant to subsection (d)(4) has failed to meet the conditions for continuation of a MFP demonstration project under this section in a succeeding year or years, the Secretary shall rescind the grant awards for such succeeding year or years, together with any unspent portion of an award for prior years, and shall add such amounts to the appropriation for the immediately succeeding fiscal year for grants under this section.
 - (4) **PREVENTING DUPLICATION OF PAYMENT.** — The payment under a MFP demonstration project with respect to qualified expenditures shall be in lieu of any payment with respect to such expenditures that could otherwise be paid under Medicaid, including under section 1903(a) of the Social Security Act. Nothing in the previous sentence shall be construed as preventing the payment under

Medicaid for such expenditures in a grant year after amounts available to pay for such expenditures under the MFP demonstration project have been exhausted.

- (5) **MFP-ENHANCED FMAP.** — For purposes of paragraph (1)(A), the “MFP-enhanced FMAP”, for a State for a fiscal year, is equal to the Federal medical assistance percentage (as defined in the first sentence of section 1905(b)) for the State increased by a number of percentage points equal to 50 percent of the number of percentage points by which (A) such Federal medical assistance percentage for the State, is less than (B) 100 percent; but in no case shall the MFP-enhanced FMAP for a State exceed 90 percent.
- (f) **QUALITY ASSURANCE AND IMPROVEMENT; TECHNICAL ASSISTANCE; OVERSIGHT.** —
- (1) **IN GENERAL.** — The Secretary, either directly or by grant or contract, shall provide for technical assistance to, and oversight of, States for purposes of upgrading quality assurance and quality improvement systems under Medicaid home and community-based waivers, including —
- (A) dissemination of information on promising practices;
 - (B) guidance on system design elements addressing the unique needs of participating beneficiaries;
 - (C) ongoing consultation on quality, including assistance in developing necessary tools, resources, and monitoring systems; and
 - (D) guidance on remedying programmatic and systemic problems.
- (2) **FUNDING.** — From the amounts appropriated under subsection (h)(1)(F) for fiscal year 2019, \$500,000, shall be available to the Secretary for such fiscal year to carry out this subsection.²
- (g) **RESEARCH AND EVALUATION.** —
- (1) **IN GENERAL.** — The Secretary, directly or through grant or contract, shall provide for research on, and a national evaluation of, the program under this section, including assistance to the Secretary in preparing the final report required under paragraph (2). The evaluation shall include an analysis of projected and actual savings related to the transition of individuals to qualified residences in each State conducting an MFP demonstration project.
- (2) **FINAL REPORT.** — The Secretary shall make a final report to the President and Congress, not later than September 30, 2011, reflecting the evaluation described in paragraph (1) and providing findings and conclusions on the conduct and effectiveness of MFP demonstration projects.
- (3) **FUNDING.** — From the amounts appropriated under subsection (h)(1) for each of fiscal years 2008 through 2011, not more than \$1,100,000 per year shall be available to the Secretary to carry out this subsection.
- (h) **APPROPRIATIONS.** —
- (1) **IN GENERAL.** — There are appropriated, from any funds in the Treasury not otherwise appropriated, for grants to carry out this section —
- (A) \$250,000,000 for the portion of fiscal year 2007 beginning on January 1, 2007, and ending on September 30, 2007;
 - (B) \$300,000,000 for fiscal year 2008;
 - (C) \$350,000,000 for fiscal year 2009;
 - (D) \$400,000,000 for fiscal year 2010;
 - (E) \$450,000,000 for each of fiscal year 2011;

² P.L. 116–3, struck paragraph (2) and inserted new paragraph (2). Effective January 24, 2019.

- (2) AVAILABILITY. — Subject to paragraph (3), amounts made available under paragraph (1) for a fiscal year shall remain available for the awarding of grants to States by not later than September 30, 2011.

As Amended in 2010

The 2010 amendment extended the program to September 30, 2016, adjusted the institutional stay requirements from six months to ninety days, and discounted short term rehabilitation days from the ninety-day requirement.

Patient Protection and Affordable Care Act. SEC. 2403. MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION.

(a) **EXTENSION OF DEMONSTRATION.** —

- (1) IN GENERAL. — Section 6071(h) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —

(A) in paragraph (1)(E) —

- (i) by striking “fiscal year 2011” and inserting “each of fiscal years 2011 through 2016”; and

(B) in paragraph (2) —

- (i) by striking “2011” and inserting “2016”.

- (2) EVALUATION. — Paragraphs (2) and (3) of section 6071(g) of such Act is amended —

(A) by striking “2011” and inserting “2016”.

(b) **REDUCTION OF INSTITUTIONAL RESIDENCY PERIOD.** —

- (1) IN GENERAL. — Section 6071(b)(2) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —

(A) in subparagraph (A)(i) —

- (i) by striking “, for a period of not less than 6 months or for such longer minimum period, not to exceed 2 years, as may be specified by the State” and inserting “for a period of not less than 90 consecutive days”; and

(B) by adding at the end the following:

- (i) “Any days that an individual resides in an institution on the basis of having been admitted solely for purposes of receiving short-term rehabilitative services for a period for which payment for such services is limited under title XVIII shall not be taken into account for purposes of determining the 90- day period required under subparagraph (A)(i).”.

- (2) EFFECTIVE DATE. — The amendments made by this subsection take effect 30 days after the date of enactment of this Act.

As Amended in January 2019

The 2019 amendment extended the date to September 30, 2021 and added funding.

Medicaid Extenders Act of 2019. SEC. 2. EXTENSION OF MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION.

- (a) **GENERAL FUNDING.** — Section 6071(h) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —
 - (1) in paragraph (1) —
 - (A) in subparagraph (D), by striking “and” after the semicolon;
 - (B) in subparagraph (E), by striking the period at the end and inserting “; and”; and
 - (C) by adding at the end the following:
 - (i) “subject to paragraph (3), \$112,000,000 for fiscal year 2019.”;
 - (2) in paragraph (2) —
 - (A) by striking “Amounts made” and inserting “Subject to paragraph (3), amounts made”; and
 - (B) by striking “September 30, 2016” and inserting “September 30, 2021”; and
 - (3) by adding at the end the following new paragraph:
 - (A) “<<NOTE: Grants. State and local governments. Deadline.>> Special rule for FY 2019. — Funds appropriated under paragraph (1)(F) shall be made available for grants to States only if such States have an approved MFP demonstration project under this section as of December 31, 2018.”.
- (b) **FUNDING FOR QUALITY ASSURANCE AND IMPROVEMENT; TECHNICAL ASSISTANCE; OVERSIGHT.** — Section 6071(f) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended by striking paragraph (2) and inserting the following:
 - (1) “(2) **FUNDING.** — From the amounts appropriated under subsection (h)(1)(F) for fiscal year 2019, \$500,000 shall be available to the Secretary for such fiscal year to carry out this subsection.”
- (c) **TECHNICAL AMENDMENT.** — Section 6071(b) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended by adding at the end the following:
 - (1) “(10) <<NOTE: Definition.>> **SECRETARY.** — The term ‘Secretary’ means the Secretary of Health and Human Services.”.

As Amended in April 2019

A second amendment in 2019 added funding.

Medicaid Services Investment and Accountability Act of 2019 (P.L. 116-16). SEC. 5. ADDITIONAL FUNDING FOR THE MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION.

- (a) Section 6071(h)(1)(F) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —
 - (1) by striking “\$112,000,000” and inserting “132,000,000”.

As Amended in August 2019

A third amendment in 2019 added funding.

Sustaining Excellence in Medicaid Act of 2019 (P.L. 116-39), SEC. 4. EXTENSION OF MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION.

- (a) Section 6071(h)(1)(F) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —
 - (1) by striking “\$132,000,000” and inserting “\$254,500,000”.

As Amended in December 2019

A fourth amendment in 2019 added funding.

Further Consolidated Appropriations Act of 2020. SEC. 205. EXTENSION OF THE MONEY FOLLOWS THE PERSON REBALANCING.

- (a) Section 6071(h) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —
 - (1) in paragraph (1) —
 - (A) in subparagraph (E), by striking “and” after the semicolon;
 - (B) in subparagraph (F), by striking the period at the end and inserting “; and”; and
 - (C) by adding at the end the following:
 - (i) “(G) subject to paragraph (3), \$176,000,000 for the period beginning on January 1, 2020, and ending on May 22, 2020.”; and
 - (2) in paragraph (3) —
 - (A) in the paragraph header, by striking “FOR FY 2019”; and
 - (B) by striking “paragraph (1)(F)” and inserting “subparagraphs (F) and (G) of paragraph (1)”.

As Amended in March 2020

An amendment in 2020 added funding.

Coronavirus Aid, Relief, and Economic Security Act’ or the “CARES Act. SEC. 3811. EXTENSION OF THE MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION PROGRAM.

- (a) Section 6071(h) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —
 - (1) in paragraph (1) —
 - (A) by striking subparagraph (G) and inserting the following:
 - (i) “(G) subject to paragraph (3), \$337,500,000 for the period beginning on January 1, 2020, and ending on September 30, 2020;” and
 - (ii) “(H) subject to paragraph (3), for the period beginning on October 1, 2020, and ending on November 30, 2020, the amount equal to the pro rata portion of the amount appropriated for such period for fiscal year 2020.”; and
 - (2) in paragraph (3) —
 - (A) by striking “and (G)” and inserting “, (G), and (H)”.

As Amended in October 2020

An amendment in 2020 added funding.

Continuing Appropriations Act, 2021 and Other Extensions Act. SEC. 2301. EXTENSION OF THE MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION PROGRAM.

- (a) **SEC. 2301. EXTENSION OF MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION.** — Section 6071(h)(1)(H) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note), as inserted by section 3811 of the CARES Act (Public Law 116–136), is amended —

(1) by striking “November 30, 2020” and inserting “December 11, 2020”.

As Amended in December 2020

The late December 2020 amendment added funding, extended the program to September 30, 2023, amended the institutional stay requirement from ninety days to sixty days, clarified the use of grant funds and reporting requirements, and included funds and requirements for quality assurance, technical assistance and evaluation. Additionally, the amendment requires that MACPAC submit a report to Congress on qualified settings criteria.

Consolidated Appropriations Act of 2021. SEC. 204. EXTENSION OF MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION.

(a) **IN GENERAL.** —

(1) **FUNDING.** — Section 6071(h) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —

(A) in paragraph (1) —

- (i) in each of subparagraphs (F) through (H), by striking “subject to paragraph (3),”;
- (ii) in subparagraph (G), by striking “and” at the end;
- (iii) in subparagraph (H), by striking the period and inserting a semicolon; and
- (iv) by adding at the end the following new subparagraphs:

(I) “(I) for the period beginning on December 19, 2020 and ending on September 30, 2021, the amount equal to the pro rata portion of an annual appropriation of \$450,000,000;”

(II) “(J) \$450,000,000 for fiscal year 2022; annual appropriation of \$450,000,000;” and

(III) “(K) \$450,000,000 for fiscal year 2023.”; and

(B) in paragraph (2) —

- (i) by striking “Subject to paragraph (3), amounts” and inserting “Amounts”;
- (ii) by striking “Subject to paragraph”; and
- (iii) by striking “2021” and inserting “2023”; and

(C) by striking paragraph (3).

(2) **RESEARCH AND EVALUATION.** — Section 6071(g) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended — and inserting “2026”; and

(A) in paragraph (2) —

(i) by striking “2016”.

(B) in paragraph (3) —

(i) by inserting “and for each of fiscal years 2021 through 2023” after “2016,”.

(b) **CHANGES TO INSTITUTIONAL RESIDENCY PERIOD REQUIREMENT.** —

(1) **IN GENERAL.** — Section 6071(b)(2) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —

(A) in subparagraph (A)(i) —

(i) by striking “90” and inserting “60”; and

(B) by striking the flush sentence after subparagraph (B).

(2) **EFFECTIVE DATE.** — The amendments made by paragraph (1) shall take effect on the date that is 30 days after the date of the enactment of this Act.

(c) **RESIDENCY PERIOD UPDATES TO STATE APPLICATION REQUIREMENTS.** — Section 6071 of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended —

- (1) in subsection (c) —
- (A) in paragraph (3) —
 - (i) by striking “, which shall include” and all that follows through “2007”;
 - (ii) in the paragraph heading, by striking “REBALANCING” and inserting “EXPENDITURES”;
 - (B) in paragraph (7) —
 - (i) in subparagraph (A) —
 - (I) by adding “and” at the end; and
 - (ii) in subparagraph (B) —
 - (I) in clause (i), by striking “and” at the end;
 - (II) in clause (ii), by striking the period at the end and inserting a semicolon; and
 - (III) by adding at the end the following:
 - (i) “(iii) include a work plan that describes the proposed MFP demonstration project —”;
 - (ii) “(I) the use of grant funds for each proposed initiative that is designed to accomplish the objective described in sub-section (a)(1), including a funding source for each activity that is part of each such proposed initiative;”;
 - (iii) “(II) an evaluation plan that identifies expected results for each such proposed initiative;”;
 - (iv) “(III) a sustainability plan for components of such proposed initiatives that are intended to improve transitions, which shall be updated with actual expenditure information for each Federal fiscal year that occurs during the MFP demonstration project;”;
 - (v) “(iv) contain assurances that grant funds used to accomplish the objective described in subsection (a)(1) shall be obligated not later than 24 months after the date on which the funds are awarded and shall be expended not later than 60 months after the date on which waives either such requirement.”; and the funds are awarded (unless the Secretary waives either such requirement).”;
 - (C) in paragraph (13) —
 - (i) in subparagraph (A) —
 - (I) by striking “; and” and inserting “, and in such manner as will meet the reporting requirements set forth for the Transformed Medicaid Statistical Information System (T-MSIS);”;
 - (ii) by redesignating subparagraph (iii) by inserting after subparagraph B) as subparagraph (D); and (A) the following:
 - (i) “(B) the State shall report on a quarterly basis on the use of grant funds by distinct activity, as described in the approved work plan, and by specific population as targeted by the State;”;
 - (ii) “(C) if the State fails to report the information required under subparagraph (B), fails to report such information on a quarterly basis, or fails to make progress under the approved work plan, the State shall implement a corrective action plan approved by the Secretary; and”;
- (2) in subsection (d)(4) —
- (A) by adding at the end the following new subparagraph:

- (i) “(C) **CORRECTIVE ACTION PLAN PROGRESS.** — In the case of a State required to implement a corrective action plan under sub-paragraph (C) of subsection (c)(13), the State must implement such plan and demonstrate progress in reporting information under sub-paragraph (B) of such subsection or progress under the approved work plan (as applicable).”.
- (d) **FUNDING FOR QUALITY ASSURANCE AND IMPROVEMENT; TECHNICAL ASSISTANCE; OVERSIGHT.** — Section 6071(f) of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended by striking paragraph (2) and inserting the following:
 - (A) “(2) **FUNDING.** — From the amounts appropriated under subsection (h)(1), \$3,000,000 shall be available to the Secretary to carry out this sub-section. Such amount shall remain available until expended.”.
- (e) **BEST PRACTICES EVALUATION.** — Section 6071 of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) is amended by adding at the end the following:
 - (1) “(i) **BEST PRACTICES.** —”;
 - (2) “(1) **REPORT.** — The Secretary, directly or through grant or contract, shall submit a report to the President and Congress not later than September 30, 2022, that contains findings and conclusions on best practices from MFP demonstration projects carried out with grants made under this section. The report shall include information and analyses with respect to the following:
 - (A) The most effective State strategies for transitioning beneficiaries from institutional to qualified community settings carried out under MFP demonstration projects and how such strategies may vary for different types of beneficiaries, such as beneficiaries who are aged, physically disabled, intellectually or developmentally disabled, or individuals with serious mental illnesses, and other targeted waiver beneficiary populations under section 1915(c) of the Social Security Act.
 - (B) The most common and the most effective State uses of grant funds carried out under demonstration projects for transitioning beneficiaries from institutional to qualified community settings and improving health outcomes, including differentiating funding for current initiatives that are designed for such purpose and funding for proposed initiatives that are designed for such purpose.
 - (C) The most effective State approaches carried out under MFP demonstration projects for improving person-centered care and planning.
 - (D) Identification of program, financing, and other flexibilities available under MFP under the traditional Medicaid program, and demonstration projects, that are not available which directly contributed to successful transitions and improved health outcomes under MFP demonstration projects.
 - (E) State strategies and financing mechanisms for effective coordination of housing financed or supported under MFP demonstration projects with local housing authorities and other resources.
 - (F) Effective State approaches for delivering Money Follows the Person transition services through managed care entities.
 - (G) Other best practices and effective transition strategies demonstrated by States with approved MFP demonstration projects, as determined by the Secretary.
 - (H) Identification and analyses of opportunities and challenges to integrating effective Money Follows the Person practices and State strategies into the traditional Medicaid program.

- (I) (2) **COLLABORATION.** — In preparing the report required under this subsection, the Secretary shall collect and incorporate information from States with approved MFP demonstration projects and beneficiaries participating in such projects, and providers participating in such projects.
- (J) (3) **WAIVER OF PAPERWORK REDUCTION ACT.** — Chapter 35 of title 44, United States Code, shall not apply to preparation of the report described in paragraph (1) or collection of information described in paragraph (2).
- (K) (4) **FUNDING.** — From the amounts appropriated under subsection (h)(1) for each of fiscal years 2021 and 2022, not more than \$300,000 shall be available to the Secretary for each such fiscal year to carry out this subsection.”.
- (f) **MACPAC REPORT ON QUALITY SETTINGS CRITERIA.** — Section 6071 of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note), as amended by subsection(e), is further amended by adding at the end the following:
- (1) “(j) **MACPAC REPORT.** — Prior to the final implementation date established by the Secretary for the criteria established for home and community-based settings in section 441.301(c)(4) of title 42, Code of Federal Regulations, as part of final implementation of the Home and Community Based Services (HCBS) Final Rule published on January 16, 2014 (79 Fed. Reg. 2947) (referred to in this subsection as the ‘HCBS final rule’), the Medicaid and CHIP Payment and Access Commission (MACPAC) shall submit to Congress a report that —
- (A) (1) identifies the types of home and community-based settings and associated services that are available to eligible individuals in both the MFP demonstration program and sites in compliance with the HCBS final rule; and
- (B) (2) if determined appropriate by the Commission, recommends policies to align the criteria for a qualified residence under subsection (b)(6) (as in effect on October 1, 2017) with the criteria in the HCBS final rule.”.
- (g) **APPLICATION TO CURRENT PROJECTS.** — Not later than 1 year after the date of the enactment of this Act, the Secretary shall update the terms and conditions of any approved MFP demonstration project under section 6071 of the Deficit Reduction Act of 2005 (42 U.S.C. 1396a note) in effect on the date of the enactment of this Act to ensure that such terms and conditions are the same as are required for any new State applicant for such project under the amendments made by this section.