



# A Review of Extended Home- and Community-Based Services (HCBS) in Section 1115 Waiver Programs

## SPOTLIGHT ON MINNESOTA REFORM 2020: THE ALTERNATIVE CARE PROGRAM

*This is a spotlight on Minnesota’s Alternative Care Program, an 1115 waiver program that extends access to home- and community-based services (HCBS) to people who meet a nursing facility level of care (NFLOC) but are not yet eligible for Medicaid.*

### About Minnesota’s Alternative Care Program

The Alternative Care program seeks to divert Minnesota seniors who are assessed to require a NFLOC away from costly nursing home or other residential facilities, offering assistance for those who would like to stay in their homes and communities. Targeted toward those at risk of becoming eligible for Medicaid, known as Medical Assistance (MA) in Minnesota, the program also aims to improve health outcomes for seniors through cost-effective long-term supports and services while delaying or avoiding circumstances where seniors would rapidly spend-down to MA eligibility in nursing home care, which would then continue as an MA cost.

Alternative Care is one element of an array of programs intended to cover HCBS for the senior population. The Elderly Waiver program covers MA-eligible seniors with NFLOC, Alternative Care covers those slightly above the threshold for MA, and Essential



Community Supports<sup>1</sup> covers those who meet Alternative Care eligibility but don't require NFLOC.

The goals of the Alternative Care program are to:

1. Provide access to coverage of home and community-based services for individuals with combined adjusted income and assets higher than Medicaid requirements and who require an institutional level of care
2. Provide access to consumer-directed coverage of home and community-based services for individuals with combined adjusted income and assets higher than Medicaid requirements and who require an institutional level of care
3. Provide high-quality and cost-effective home and community-based services that result in improved outcomes for participants measured by less nursing home use over time<sup>2</sup>

## Eligibility

To be eligible for the Alternative Care services, individuals must be 65 years or older, be currently ineligible for Medical Assistance, and must be assessed to require a NFLOC by their county's Long Term Care Consultation screening process. Additionally, while they must exceed the income and asset limits for MA, the individual must have insufficient income and assets to pay for a nursing home stay greater than 135 days (roughly \$33,000).<sup>3</sup>

Individuals must also pay a monthly fee that is determined by their adjusted income after deducting allowable assets and income.<sup>4</sup> At the high end of the scale, for an

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<sup>1</sup> Essential community supports. Minnesota Department of Human Services. Accessed at: <https://mn.gov/dhs/people-we-serve/seniors/services/home-community/programs-and-services/essential-community-supports.jsp>.

<sup>2</sup> Reform 2020 Section 1115 Waiver Renewal Request. June 2017. Accessed at: <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mn/mn-reform-2020-pa2.pdf>.

<sup>3</sup> How much will care cost? Minnesota Department of Human Services. Accessed at: <https://mn.gov/dhs/ownyourfuture/plan/financial/care-cost.jsp>.

<sup>4</sup> Minnesota 2020 Reform 1115 Demonstration Fact Sheet. February 2020. Accessed at: <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mn/mn-reform-2020-fs.pdf>.



individual with adjusted income exceeding 200% of FPL and with at least \$10,000 in gross assets, they must pay 30% of their average monthly cost of services.

Eligibility, financial and needs, must be annually reassessed by lead agencies (counties and tribal organizations).<sup>5</sup> However, in general, individuals must approach their county lead agency to first enroll in this program and it's likely that many may wait until their need is dire due to the invasive nature of the screening process. The true size of the population that needs and would be eligible for these services in Minnesota, but it is guaranteed to be much larger than the roughly 2,500 monthly enrollees that the program currently sees. There are several potential reasons for this, ranging from: a bias among those who misperceive the program as part of Medical Assistance, or a discomfort with the level of financial information that must be shared with the state for eligibility assessment, to basic lack of awareness of the program. The Elderly Waiver is situated as the primary program and requires significant attention from the same staff administering the Alternative Care program, and DHS and other wraparound services may have greater contacts with those already financially eligible for MA than those above that threshold. Similar to the Elderly Waiver, there is no waiting list for Alternative Care — nor does DHS profess a desire to institute one — but costs for the program might be contained by limited promotion of the program.<sup>6</sup>

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<sup>5</sup> Minnesota 2020 System Reform Demonstration. February 2020. Accessed at: <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mn/mn-reform-2020-ca.pdf>.

<sup>6</sup> Reform 2020 Quarterly Report (January-March 2020). Accessed at: <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/mn-reform-2020-qtrly-rpt-jan-mar-2020.pdf>.



## Benefits

The benefits of the Alternative Care program<sup>7</sup> closely match those of the Elderly Waiver program<sup>8</sup> with a few exceptions (largely for services related to residential care or medical services). Services include<sup>9</sup>:

- Adult day services
- Case management (*not included in Elderly Waiver when it is conversion from nursing facility*)
- Chore services
- Companion services
- Consumer-directed community supports
- Family caregiver support services, including respite
- Home health aides
- Home-delivered meals
- Homemaker services
- Home and vehicle modifications
- Individual community living supports
- Non-medical transportation
- Personal emergency response systems
- Personal care assistance
- Skilled nursing visits
- Specialized equipment and supplies
- *Nutrition services (not included in Elderly Waiver)*
- *Coaching and counseling*
- *Telehome care in conjunction with in-home visits*
- *Environmental accessibility and adaptations*
- *Discretionary services (not included in Elderly Waiver)*

\*Italicized services are referenced in statutory language but not consistently on the program page.

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<sup>7</sup> Alternative Care (AC). Minnesota Department of Human Services. Accessed at: <https://mn.gov/dhs/people-we-serve/seniors/services/home-community/programs-and-services/alternative-care.jsp>.

<sup>8</sup> Elderly Waiver (EW) and Alternative Care (AC) Program. Minnesota Department of Human Services. Accessed at: [https://www.dhs.state.mn.us/main/idcplg?IdcService=GET\\_DYNAMIC\\_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id\\_056766](https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_056766).

<sup>9</sup> The state made several changes to the Alternative Care program in 2005, years before it received federal approval through 1115, which eliminated the possibility of estate recovery as well as support for assisted living and adult day care services. One [report](#) notes this more than halved the size of the program.



## Delivery System

The Alternative Care program pays service providers fee-for-service with state funds and federal matching funds at the county-level or through tribal organizations.<sup>10</sup> The program is administered by staff at lead agencies jointly with the Elderly Waiver program. Most program services are paid at the state-established rate set by Department of Human Services, although some services — such as cleaning or caregiver education — are paid at market rates. Similar to the Elderly Waiver, providers must be qualified Medicaid providers registered with the state. As part of eligibility, the services required by an individual in the program must not exceed 75% of the cost that MA would pay for a MA-eligible senior with a similar case-mix profile.

Alternative Care acts as the payor of last resort for other private or public programs that could provide these services, and one eligibility requirement is that an individual have no other options to pay for these services.

## Evaluation

Internal DHS evaluation efforts are underway. Additionally, Own Your Future contracted for a survey of the Elderly Waiver spend-down by Peter Spuit, which may yield useful insight into whether a more muscular Alternative Care program could positively impact those who end up on the Elderly Waiver. The survey is ongoing but additional questions might be able to be added.

CMS requires demonstration evaluations as part of the 1115 waiver, including a summative evaluation report posted publicly within a year of the end of the demonstration period (the first period ended in 2018). Due to several extensions, the summative evaluation report (conducted by researchers at the University of Minnesota and Purdue University) has not yet been released. However, an interim evaluation was included with the state's request for renewal.<sup>11</sup>

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<sup>10</sup> Minnesota 2020 Reform 1115 Demonstration Fact Sheet. February 2020. Accessed at: <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mn/mn-reform-2020-fs.pdf>.

<sup>11</sup> Reform 2020 Section 1115 Waiver Renewal Request. June 2017. Accessed at: <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mn/mn-reform-2020-pa2.pdf>.



In conversations with the state, it was suggested that that it is possible that the initial support for Alternative Care sprung from the same data that showed the amount saved by the Elderly Waiver program diverting MA-eligible seniors away from nursing home care more than paid for the program itself. During the first three demonstration years, the evaluation estimates Alternative Care saved around \$30 million in diversions away from nursing home facilities and the Elderly Waiver.



### Long-Term Quality Alliance

Long-Term Quality Alliance (LTQA) is a 501(c)3 membership organization aimed at improving outcomes and quality of life for people who need long-term services and supports (LTSS), and their families. LTQA advances person- and family-centered, integrated LTSS through research, education, and advocacy. For more information, visit [ltqa.org](https://ltqa.org).

### Acknowledgements

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