



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

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

May 28, 1998

Dear State Medicaid Director:

This past fall the President met with representatives from the disability community to discuss increasing access to home and community-based services under Medicaid, including personal care services. In response to the President's meeting, Secretary Shalala established a workgroup which I co-chair with Bob Williams, Deputy Assistant Secretary for Disability, Aging, and Long Term Care. The general goals of the group are to study and make recommendations about how to reduce the institutional bias in Medicaid long-term care spending and service delivery to promote home and community-based care, with a particular emphasis on consumer directed services. This letter is to inform you of some of the initiatives that are underway as a result of the workgroup's direction. Copies of this letter also will be sent to other persons and organizations that have assisted the workgroup in its efforts.

The Health Care Financing Administration (HCFA) contracted with the University of California at San Francisco to study institutional bias in the Medicaid program. A draft report on that study was recently received. We are reviewing all of the recommendations, many of which seek to clarify existing law related to personal care services. The report also contains other recommendations which would require statutory or regulatory changes and we will be sharing these with you once we receive the contractor's final report.

In the meantime, I want to give you a preview of several points which will be among those clarified in the forthcoming State Medicaid Manual (SMM) guidelines related to personal care:

- First, we plan to define personal care services in terms of Activities of Daily Living (ADLs) and Instrumental Activities of Daily Living (IADLs). ADLs (activities which may include such things as assistance with eating, bathing, dressing, bladder and bowel requirements, etc.) and IADLs (activities which may include assistance with food preparation, medication management, money management, and community safety skills, etc.) will be defined to clarify to States that personal care services can go beyond physical tasks to include assistance with cognitive tasks as well as services to prevent an individual from harming him or herself. We
- Anticipate that this clarification in SMM guidelines will help States better meet the needs of special populations who may require physical and cognitive impairment support in their daily lives.
- The guidelines also will indicate that payment may be made for housekeeping, chore, and domestic services performed under the personal care State plan option when those services are incidental to the provision of personal care services.
- In addition, the guidelines will explain how the personal care services State plan option can be used to implement consumer-directed attendant care programs which foster individual empowerment and independence and allow individuals to hire, train, and manage their personal care attendants.

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We expect that the SMM guidelines containing the above clarifications will be published in the fall of this year.

The Department also is planning to contract for development of a "primer" to help States better use the options they have available to them under current law. This primer will be written in layman's language and will explain and provide examples of what States can do and where there are flexibilities to be creative under the Medicaid program. In addition to its use as a tool for States, we envision it being of great value to consumers and advocates as well.

On May 1, HCFA released a Program Announcement to Centers for Independent Living about a new demonstration (Consumer-Directed Durable Medical Equipment (CD-DME) Demonstration) for Medicare beneficiaries with physical disabilities. The CD-DME demonstration is intended to test a new method of paying for wheelchairs and related medical devices that will give disabled and elderly beneficiaries a greater say in the selection of equipment suited to their needs. Informational copies of this announcement were mailed to State Medicaid Directors. If you have not received a copy, and would like one, copies are available from Mr. Richard Getrost, Project Officer, by calling (410) 786-3211.

Lastly, I want to alert you that HCFA is in the process of finalizing a solicitation for a grants program to assist States develop mechanisms to work with individuals and their families prior to admission to a nursing facility to consider community-based alternatives and/or to develop mechanisms to transition individuals currently in nursing facilities to the community if that is their choice. I expect to send this solicitation to you shortly under cover of a separate "Dear State Medicaid Director" letter. The participation of consumers and organizations representing them is important in the design and implementation of such a program and I urge you to seek their active involvement and support. Proposals from interested States will be due within 60 days of the solicitation and we anticipate making grant awards by September 30.

While we will continue to foster States' efforts in developing home and community-based supports, including consumer-directed personal assistance services, we recognize that we will not be able to achieve all our goals at once. I assure you, however, that we will continue to work aggressively to make real progress toward them. I will keep you informed about the initiatives of the workgroup in the months ahead.

Sincerely,

/s/

Sally Richardson  
Director

cc:

All HCFA Regional Administrators

All HCFA Associate Regional Administrators for Medicaid and State Operations

Lee Partridge, American Public Welfare Association

Joy Wilson, National Conference of State Legislatures

Jennifer Baxendeli, National Governors' Association