

Status of State-Level Medicaid Benefits for Medical Respite Care

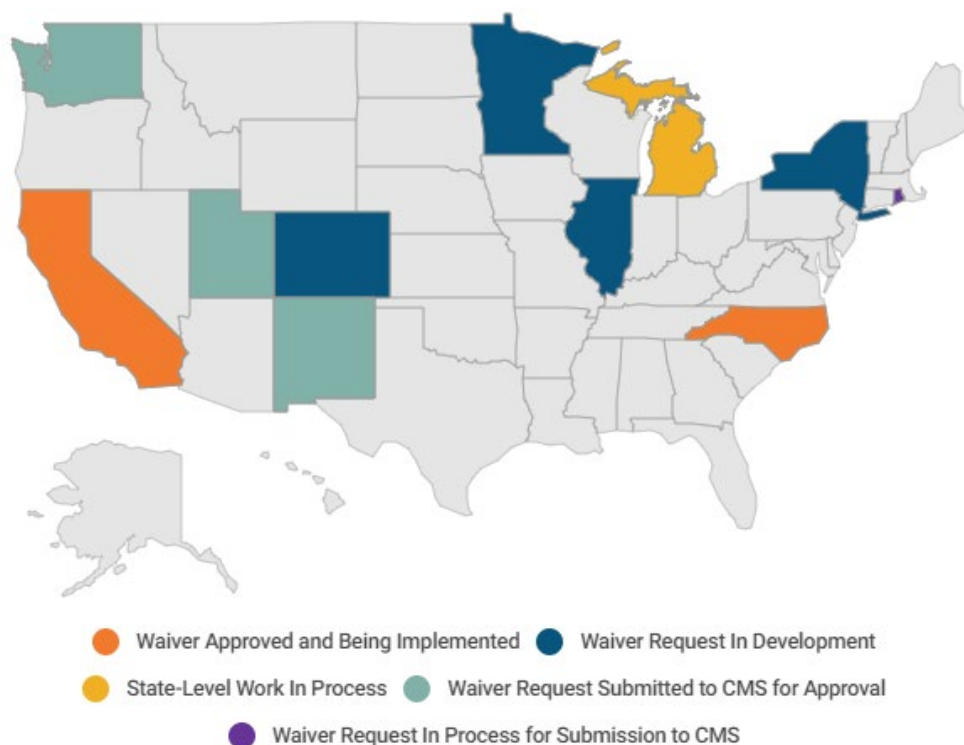
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Medicaid respite care programs are [rapidly growing](#) in response to a rising need for people experiencing homelessness to have access to post-acute care in a safe, stable environment coupled and an increased awareness of the program model. While there are [numerous financing strategies](#) that work for medical respite programs, more state Medicaid plans and managed care organizations (MCOs) are [paying for services through Medicaid](#) as a way of creating more consistent and sustainable reimbursements. Further, some states are actively moving to add reimbursements for medical respite care as a statewide benefit (see figure 1).

The Centers for Medicare and Medicaid Services (CMS) is [permitting substantial flexibility](#) in programmatic design in state Medicaid waivers to allow transformative initiatives. At the same time, the federal agency is also establishing new guardrails and conditions—balancing that flexibility with new obligations. The programmatic flexibility and substantial investments associated with these approvals will allow states to stabilize coverage, offer new benefits and services, and focus on whole-person care.

This issue brief is intended to provide a current snapshot of the state-level Medicaid activity related to medical respite care.¹

Figure 1. Status of Statewide Medicaid Activity on Medical Respite Care



¹ This brief focuses on **state-level** Medicaid activity, and does not include reimbursement arrangements between individual plans and programs, or fee-for-service payments to health centers as part of their usual reimbursement rate.

Waiver Approved and Being Implemented: California and North Carolina

California: In December 2021, [CMS approved](#) the CA Department of Health Care Services' (DHCS) request for a five-year extension to its 1115 waiver entitled, "California Advancing and Innovating Medi-Cal (CalAIM)" (note: 'Medi-Cal' is the term used for the Medicaid program in California). The approval of the "CalAIM" demonstration is a part of CA's larger [CalAIM initiative](#), which was launched on January 1, 2022 to address many of the complex challenges facing CA's most vulnerable residents (such as those experiencing homelessness).

CalAIM is shifting Medi-Cal to a population health approach that prioritizes prevention and addresses social drivers of health. As part of CalAIM, the state launched a statewide [Enhanced Care Management](#) (ECM) program benefit, together with a menu of [14 Community Supports](#) through its managed care contracts (to include recuperative care/medical respite care). As a Community Support, managed care plans have the option of covering recuperative care, though almost all managed care plans have elected to include this service. While a few recuperative care providers had contracts with managed care plans prior to the launch of CalAIM, they now have the authority to seek Medicaid reimbursements for eligible beneficiaries.

North Carolina: In September 2022, CMS approved [an amendment](#) to North Carolina's 1115 waiver to authorize up to \$650 million in Medicaid funding over five years for the state's [Healthy Opportunities Pilot Program](#), which are regional pilot programs in three locations throughout the state. The Healthy Opportunities Pilot Program established Network Leads for each of the three areas, which contract with human services organizations to deliver services to Medicaid beneficiaries enrolled in a managed care plan. The amendment authorized three additional services—to include medical respite care—to be added to the list of Medicaid-reimbursable services.

A [fee schedule](#) for the Pilots lists per diem payments for medical respite care at \$206.98. To be eligible for medical respite care, individuals must be homeless or imminently homeless, and have recently been discharged from a hospital setting and require continuous access to medical care. The medical respite benefit must include short-term post-hospitalization housing (up to 6 months), medically tailored meals (if needed), and transportation. The pilot also stipulates that "medical respite program staff are required to check-in regularly with the individual's Medicaid care manager to coordinate physical, behavioral and social needs." At this time, participating medical respite care programs are in the process of establishing reimbursement practices. *Note: Because North Carolina has not expanded Medicaid under the Affordable Care Act, medical respite providers will likely only be able to receive reimbursement for 25-30% of those receiving services.*

Waiver Request Submitted to CMS for Approval: New Mexico, Utah and Washington

New Mexico: On December 16, 2022, the New Mexico Human Services Department (HSD) submitted [its request](#) for a five-year renewal of its 1115 Medicaid demonstration waiver, which would add 11 new benefits—to include medical respite care—to its state Medicaid program. [Note: HSD will publish its final application on [its waiver webpage](#) following CMS confirmation of completeness.] The State proposes to pilot a medical respite care program, operated by [Albuquerque Health Care for the Homeless](#), by transforming part of a former hospital that is no longer in use into a medical respite unit with 24 beds (though the pilot will begin with 12 of those rooms before expanding to full capacity). Initially, all referrals will come from the University of New Mexico hospital, with plans to add other hospitals in Albuquerque over the five-year demonstration. Payment for this pilot will come through managed care organizations, with an adjustment to their capitated rate. The State will require a two-month cap on reimbursement for the medical respite site after hospital discharge, per member per year (though there will not be a limit to the number of stays or a lifetime limit). Proposed services include care coordination, medical care on site, personal care services, and 24-hour staffing. The request to CMS includes a requirement that the program adhere to [NIMRC's 2021 Standards for Medical Respite Programs](#). Public comment on the draft proposal ended on October 31, 2022, and the request was submitted to CMS in December 2022 for approval. The 5-year pilot program is projected to start January 1, 2024 and cost \$16.4 million.

Utah: On December 30, 2021, Utah [submitted to CMS](#) a request to amend its 1115 Primary Care Network (PCN) Demonstration Waiver allowing the State to provide temporary medical respite care for individuals covered under the Adult Expansion Medicaid program who are also chronically homeless and/or living in a supportive housing program. Prior to this submission, the 2021 General Session of the Utah State Legislature passed [House Bill 34](#), which required the State to submit the 1115 waiver request. If approved, the state will contract with a single entity to operate the pilot program where individuals will be eligible for a maximum of 40 days of medical respite care services per year. Initially services will be paid through fee-for-service, though this may transition to managed care at a later date. The demonstration aims to begin as soon as possible after approval, and estimates that 400-500 individuals will be served per year, costing \$12.5 million over the course of a 5-year period (ending June 30, 2027).

Washington: The Washington State Legislature included in its 2021 annual budget legislation, [ESSB 5092](#), a provision directing the Health Care Authority (HCA) to develop an implementation plan to incorporate medical and psychiatric respite care as statewide Medicaid benefits. [The plan](#), published in 2022, includes a description of medical respite care nationally and in Washington State; feedback from listening sessions with key stakeholders; an analysis of the cost-effectiveness of providing medical respite care benefits for Medicaid enrollees; strategies for successful community partnerships with homeless services providers; and additional issues to consider moving forward. Since that time, the 2022 legislature allocated nearly \$1.6 million in state general funds for HCA to contract with medical respite

care programs and expand access to these services. HCA is also providing technical assistance to increase capacity and improve quality of services.

In July 2022, the state submitted its [1115 waiver renewal application](#) to CMS requesting authority to provide a range of health-related services (to include medical respite care) to both managed care and fee-for-service beneficiaries. In 2023 (the first year of the waiver), the state envisions focusing on planning and community capacity-building, while also making medical respite available to all eligible populations (given the state's prior implementation and experience with this service).

Waiver Request In Process for Submission to CMS: Rhode Island

Rhode Island: In September 2022, Rhode Island issued for public comment an [1115 waiver extension request](#), which includes a request to implement a Recuperative Care Center Pilot Program ("Pilot"). While the state envisions that the Pilot will support at least three Recuperative Care Center sites in different geographic locations, it plans to start with an initial 20-30 bed pilot program to inform how the other sites are organized. The initial site is anticipated to accommodate multiple medical respite care service providers operating in a shared physical location.

With the Pilot Programs, the state plans to test how medical respite can improve health care utilization, decrease Medicaid spending, and improve housing status and access to social services. The Pilot will operate through the FFS delivery system with the goal of transitioning to managed care following the pilot period. More details about the program details are available in the [formal public notice](#) and on their [Waiver Extension](#) page. The state anticipates submitting its 1115 waiver extension request to CMS by January 2023.

Waiver Request In Development: Colorado, Illinois, Minnesota, New York

Colorado: The Colorado Department of Health Care Policy & Financing (HCPF) is partnering with the University of Colorado School of Medicine (an academic medical center) to provide one year of grant funding to [Ascending to Health](#) medical respite program for operational expenses, claims assessments, and an evaluation of outcomes. Quarterly program data has been provided to HCPF, and the evaluation is expected to be complete in Spring 2023.

Illinois: The ['Home Illinois' Plan to Prevent and End Homelessness](#), released in June 2022, calls for an expansion of medical respite care. It directs the Illinois Department of Healthcare and Family Services (HFS, which includes the state's Medicaid authority) to "create a pathway to cover medical respite services within Medicaid." Further, a health care and homelessness work group has been established to engage hospitals, managed care organizations, and others in advancing medical respite/recuperative care. Currently the state is issuing planning grants to local programs to build capacity, and holding policy discussions to better understand what service models work best.

Minnesota: The 2021 legislative session [added language](#) to the budget bill requiring the Department of Human Services (DHS) to develop a benefit within Medicaid for patients who are experiencing homelessness and do not have a safe environment to recuperate after a medical issue or upon discharge. Hennepin Healthcare is currently working with a consultant, DHS, and community partners to develop the benefit details and then will look to the 2023 legislative session for additional funding.

New York: New York State is in the midst of planning a 5-year Medicaid 1115 waiver demonstration request that will include medical respite care. In August 2021, the New York State released its [conceptual framework](#) for the waiver that provides an overview of the vision. One key element of the proposal is to invest in expanding home- and community-based services, to include medical respite care for post-hospitalization discharges and transitional housing. To establish the authority to move forward on medical respite care, New York State's 2020-2021 legislative session [authorized](#) a medical respite care pilot program for the state. The subsequent 2021-2022 legislative session [authorized](#) a medical respite program and certification process. [Proposed rules](#) for the programs and a certification process were published in October 2022 (with a comment window that closed December 19, 2022).

An [April 2022 medical respite convening](#) outlined a Medicaid pilot for the state, which would develop the "proof of concept" for ongoing inclusion of medical respite in the Medicaid program. The pilots will allow New York to test the delivery of medical respite services through the Medicaid program, invest in capacity-building for programs at different stages of readiness, and lay the foundation for the expansion of programs across the state.

State-Level Work In Process: Michigan

Michigan: Currently, several MCOs have individual contracts with medical respite programs, but there is no consistency across these efforts. To get a better understanding of the care needs for people experiencing homelessness statewide, the Michigan Medicaid authority is matching HUD-funded Homeless Management Information System (HMIS) data with Medicaid Management Information System (MMIS) data as well as getting qualitative data from providers. They are currently exploring different funding strategies that could support the expansion of medical respite care in the state.