

Michael K. Smith, Secretary
State of Vermont
Agency of Human Services
103 South Main Street
Waterbury, VT 05671-2301

Dear Mr. Smith:

We are pleased to inform you that Vermont's October 7, 2003, application, "The Long-Term Care Plan" section 1115 demonstration has been approved as project number 11-W-00191/1 for the period of 5 years, beginning with the enrollment of the first demonstration participant. The approval is under the authority of Section 1115 of the Social Security Act (the Act).

The Centers for Medicare & Medicaid Services (CMS) finds that the Long-Term Care Plan:

- Promotes the objectives of the Medicaid program and the Americans with Disabilities Acts by creating an entitlement to home and community-based services, for a group with the highest needs, within the long-term care infrastructure. Experience gained through this demonstration may pave the way for other states seeking to reduce the institutional bias of Medicaid;
- Institutes a person-centered planning process by matching services to participants' needs and choices according to a person-centered assessment and options counseling process;
- Contains participant protections, incorporated into the Special Terms and Conditions of Approval, to ensure the health and welfare of program participants and continuous improvement in the demonstration program; and,
- Contains an evaluation component that will focus on determining the effectiveness of the long-term care demonstration to furnish comprehensive home and community-based services to individuals, as compared to the current system, as well as, the effect of the demonstration on delaying the need for nursing facility care.

Approval of this demonstration (and the Federal matching authority provided for there under) is contingent upon the State's agreement to the enclosed special terms and conditions. The special terms and conditions also set forth in detail, the nature, character, and extent of Federal involvement in this project. The award is subject to our receiving your written acceptance of the award within 30 days of the date of this letter.

This award does not constitute approval of the Program of All-Inclusive Care for the Elderly (PACE) for which a separate PACE provider application will be submitted to CMS per statute and regulations. In addition, the approval of this demonstration does not serve to satisfy the requirements of the Medicaid Infrastructure Grants Program.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the demonstration. Subject to the approval of your protocol, as described in the special terms and conditions, the following waivers and costs not otherwise matchable are approved.

Under the authority of section 1115(a)(1) of the Social Security Act (the Act), waivers of the following provisions of the Act (and its regulations) are granted through for the period of 5 years, beginning with the enrollment of the first demonstration participant, to carry out the demonstration, consistent with the accompanying special terms and conditions:

1. Statewideness/Uniformity 1902(a)(1)
To restrict services to certain geographical areas of the State; to allow the program to be phased-in to new areas during the demonstration and to allow program elements to be phased-in during the demonstration.
2. Reasonable Promptness 1902(a)(8)
To allow the State to maintain a waiting list for high and moderate need individuals applying for long-term care services. To allow the State to require applicants for long-term care services to complete a person-centered assessment and options counseling process.
3. Comparability 1902(a)(10)(B)
To allow the State to provide nursing facility and home and community-based services based on relative need as part of the person-centered assessment and options counseling process for new applicants for such services; to permit the provision of services under the demonstration that will not otherwise be available under the State Plan; to limit the amount, duration and scope of services to those included in the participants' approved care plan.
4. Freedom of Choice 1902(a)(23)
To enable the State to restrict freedom of choice of nursing facility providers.
5. Direct Payments to Providers 1902(a)(32)
To permit payments for incidental purchases to be made directly to beneficiaries or their representatives.

Under the authority of section 1115(a)(2) of the Act, expenditures made by the State under the Long Term Care Plan demonstration for the items identified below (which are not otherwise included as expenditures under section 1903) shall, for a period of 5 years, beginning with the enrollment of the first participant, be regarded as expenditures under the State's Title XIX plan:

1. Expenditures for home and community-based services for elderly and disabled adults, with income up to 300 percent of Supplemental Security Income (SSI) payment level, who do not meet the demonstration's clinical criteria for long-term care services, but are at risk of institutionalization.
2. Expenditures for home- and community-based services for participants who are single and own and reside in their own homes, and with resources that exceed current limits who select home-based care rather than nursing facility care, to allow them to retain resources to remain in the community.
3. Expenditures for personal care services provided by participants' spouses.

4. Expenditures for incidental purchases paid out of cash allotments to participants who are self-directing their services prior to service delivery.

The following will not be applicable to individuals who are not otherwise eligible under the Medicaid State Plan:

Cost-sharing and Premiums	1916
Retroactive Eligibility	1902(a)(34)

Your project officer is Ms. Jean Close, who can be reached at (410) 786-2804. Your project officer is available to answer any questions concerning the scope and implementation of the project described in your application. Communications regarding program matters and official correspondence concerning the project should be submitted to the project officer at the following address:

Center for Medicaid and State Operations
Mail Stop S2-14-26
7500 Security Boulevard
Baltimore, Maryland 21244-1850
E-mail: Jean.Close@cms.hhs.gov

Communications regarding program matters should be submitted simultaneously to the CMS regional partner, Richard McGreal, Acting Associate Regional Administrator, who can be reached at (617) 576 1230, at Richard.McGreal@cms.hhs.gov, or at the following address in the Boston Regional Office:

Centers for Medicare & Medicaid Services
JFK Federal Building, Rm. 2275
Boston, Massachusetts 02203-0003

Should you have questions regarding this correspondence, please contact Gale P. Arden, Director, Disabled and Elderly Health Programs Group at (410) 786 9493.

We extend our congratulations on this approval and look forward to working with you further during the course of the project.

Sincerely,

Mark B. McClellan, M.D., Ph.D.

Enclosures

cc:

Joshua Slen, Director, Office of Vermont Health Access
Patrick Flood, Commissioner, Department of Aging & Independent Living
Chong Tieng, Regional Office National Account Representative, CMS Region I