



JAN 16 2018

200 Independence Avenue SW  
Washington, DC 20201

Dear Inspector General Levinson,

CMS appreciates the strong working relationship we have with the Office of the Inspector General (OIG) and your work to develop the report entitled *Ensuring Beneficiary Health and Safety in Group Homes Through State Implementation of Comprehensive Compliance Oversight*. We also appreciate the opportunity to collaborate with the OIG on these important issues, including our work with you on the three state audits referenced in the report. We continue to work with the states mentioned in this important report and remain committed to ensuring the safety and well-being of all Medicaid beneficiaries.

CMS recognizes that many individuals receiving services in group homes are doing so through Medicaid-funded home and community-based services (HCBS). HCBS programs provide opportunities for Medicaid beneficiaries to receive services in their own home or community, rather than in institutions. Some of our most vulnerable populations benefit from these services, such as people with mental illnesses, intellectual or developmental disabilities, and/or physical disabilities.

In an effort to strengthen community living options for older Americans and people with disabilities, CMS issued a final rule in 2014<sup>1</sup> that set forth requirements for several Medicaid authorities under which states may provide home and community-based services. The regulation was designed to enhance the quality of home and community-based services and provided additional protections to individuals who receive services under these Medicaid authorities. In addition, as part of the 1915(c) waiver approval process, each waiver must have its own Health and Welfare Assurance system wherein the state demonstrates that it has designed and implemented an effective system for assuring waiver participant health and welfare. As part of this system, CMS requires states to develop and measure performance indicators in fourteen areas, which are reported to CMS in the form of an annual report. In addition, the annual report to CMS must include a mandatory quality improvement project/remediation when the compliance threshold for a performance measure is below 86 percent<sup>2</sup>.

To assist with implementation of home and community-based services, CMS offers technical assistance resources to states to improve quality under home and community-based services programs. This includes a 2014 Informational Bulletin that modifies the quality assurance systems under 1915(c) waivers to strengthen the oversight of beneficiary health and welfare reporting requirements<sup>3</sup>. Specifically, this guidance modified CMS requirements regarding reporting on individual remediation, requiring states to report on individual activities related to instances of substantiated abuse, neglect and/or exploitation. Furthermore, in January 2015, CMS updated a 1915(c) technical guide, which outlines CMS's expectations on what states need to include in their waiver application with regard to reporting and investigating critical events or incidents.

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<sup>1</sup> 79 FR 2948

<sup>2</sup> <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/waivers/downloads/3-cmcs-quality-memo-narrative.pdf>

<sup>3</sup> <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/waivers/downloads/3-cmcs-quality-memo-narrative.pdf>

Lastly, CMS provides regular webinars to states on a variety of home and community-based services topics. For example, in January 2017, CMS conducted a webinar to assist states in creating and implementing quality and performance measures in home and community based services waivers including a focus on remediation reporting requirements.

CMS is committed to helping states in this area, and will continue to distribute tools, information, and any other necessary assistance to ensure that quality care is being provided to all Medicaid beneficiaries.

OIG's suggestions and CMS's response is below:

**OIG Suggestion**

Encourage states to implement comprehensive compliance oversight systems for group homes, such as the Model Practices (promising practices), and regularly report their findings to CMS.

**CMS Response**

CMS agrees with this suggestion. CMS will issue sub-regulatory guidance to states to assist them in implementing comprehensive compliance oversight systems for group homes, such as the Model Practices included in the joint report.

**OIG Suggestions**

Form a "SWAT" team to address systemic problems in state implementation of and compliance with health and safety oversight systems for group homes.

**CMS Response**

CMS agrees with this suggestion. CMS is exploring options on how to best convene a team to address systemic problems in state implementation of and compliance with health and safety oversight systems for group homes.

**OIG Suggestion**

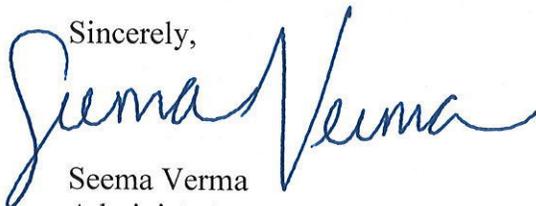
Take immediate action in response to serious health and safety findings for group homes, using authorities under 45 CFR 441.305(g).

**CMS Response**

CMS agrees with this suggestion. CMS will remind states of its current authority and will utilize these actions as appropriate.

Please contact me should you have questions about our approach and how we can continue to work with the OIG to ensure the safety and welfare of Medicaid beneficiaries.

Sincerely,

A handwritten signature in blue ink that reads "Seema Verma". The signature is fluid and cursive, with the first and last names clearly legible.

Seema Verma  
Administrator