Center for Health Care Strategies

Understanding New Federal Guidance on Medicaid Coverage of Health-Related Social Needs Services

By Diana Crumley, Center for Health Care Strategies

***Update**: See also additional clarification to this rule released by the Center for Medicaid and CHIP Services on December 10, 2024: **Coverage of Services and Supports to Address Health-Related Social Needs in Medicaid and the Children's Health Insurance Program**.*

On November 16, 2023, the Centers for Medicare & Medicaid Services (CMS) released a new informational bulletin and an accompanying coverage table on state options to cover services that address health-related social needs (HRSN) through Medicaid. The guidance was part of a package of materials released on the same day, including the White House's U.S. Playbook to Address Social Determinants of Health, a U.S. Department of Health and Human Services Call to Action, and a report on Community Care Hubs.

The November 2023 release is the latest in a stream of federal guidance on this topic. Over the past three years, CMS and its federal partners have released: a January 2021 state Medicaid director letter on comprehensive state options to address HRSN, a 2022 U.S. Department of Health and Human Services strategic plan, a December 2022 HRSN Section 1115 demonstration opportunity, a January 2023 letter on in lieu of services (with an updated May 2023-2024 rate development guide and proposed rule), and a September 2023 Medicaid Transportation Coverage Guide.

And just this week: CMS announced a long-awaited approval of New York's Section 1115 demonstration, which includes investments in not only HRSN services, but also social care networks and a health equity regional organization that will support the delivery of HRSN services.

Clarifying State Options to Cover HRSN Services

Many state Medicaid agencies are developing new HRSN services and determining pathways for federal approval. They may be focusing their efforts on particular populations, like individuals experiencing homelessness, children with asthma, pregnant people, or older adults. The November 2023 guidance provides additional clarification for states on that journey. Following are questions that our team at the Center for Health Care Strategies (CHCS) has heard from state Medicaid agencies and their partners, and more on what this November 2023 guidance means for them.

What is significant about the November 2023 guidance?

Most notably, the guidance includes a table of 15 concrete interventions and four pathways for federal approval. This table helps states better understand what specific services CMS would be willing to approve, under what authority, and with what limitations (e.g., "room and board" restrictions). Relevant authorities include: (1) in lieu of services (i.e., services provided at the option of managed care organizations (MCOs), with special recognition in capitation rate development); (2) home- and community-based services (HCBS) programs and, relatedly,

Made possible with support from Kaiser Permanente National Community Benefit Fund at The East Bay Community Foundation.

Money Follows the Person; (3) Section 1115 demonstrations; and (4) Children's Health Insurance Program (CHIP) health services initiatives (HSIs).

For example, services like short-term post-transition housing and pre-procedure and post-hospitalization housing have only been approved under CMS' new Section 1115 demonstration opportunity. Nutrition supports like home-delivered meals, nutrition counseling, pantry stocking, nutrition prescriptions, and grocery provisions can be provided under a variety of authorities, but each relevant approval vehicle has different implications for eligibility and service scope.

The guidance also features the oft forgotten and under-utilized CHIP HSI as a financing vehicle. CHIP HSIs are funded through a state's 10 percent administrative cap, and can include activities with broadly defined public health and children's health goals. The table notes what CMS has previously approved under a CHIP HSI, including first month's rent as a transitional service, utility assistance, nutrition counseling, and home remediations. Perhaps as an invitation to states to submit relevant CHIP HSI proposals, the guidance also notes that some services may be "potentially approvable," even if *not previously approved* (abbreviated as "NPA" in the table).

My governor is announcing a new statewide initiative combatting homelessness. How can federal Medicaid funds help pay for temporary housing and permanent supportive housing?

CMS is now allowing states to use Medicaid funds to pay for temporary housing for individuals experiencing and at risk of homelessness, including medical respite services, short-term pre- and post-hospitalization housing, and post-transition housing (including six months of rent). But your state will likely need a Section 1115 demonstration for those services.

Other simpler Medicaid authorities like in lieu of services and Social Security Act Section 1915(i) can be used to fund housing transition and navigation services (e.g., finding and securing housing); pre-tenancy navigation services; one-time transition and moving costs (e.g., security deposits, application and inspection fees, utilities activation fees and payment in arrears, movers); and individualized case management (e.g., eviction prevention, tenant rights education, linkages to state and federal and state benefit programs, benefit program application assistance and fees). Check out Minnesota's housing stabilization services benefit, as an example.

Permanent supportive housing includes both actual housing and housing supports. Long-term housing is outside the scope of Medicaid services, but states can fund housing supports that help connect individuals to and maintain permanent housing. For example, Medicaid can cover tenancy sustaining services and case management under a variety of Medicaid authorities, including in lieu of services and HCBS programs.

My Medicaid program would like to improve outcomes for children with asthma. Does the guidance help us?

Asthma triggers in the home can exacerbate children's asthma and contribute to emergency department visits, inpatient admissions, and missed school days. CMS' November 2023 guidance mentions evidence-based interventions that help remediate asthma triggers, including air filtration, air conditioning, ventilation improvements, carpet replacement, and mold and pest removal. States can pursue an 1115 demonstration to cover services involved in asthma remediation interventions as a benefit (e.g., as in New York), but also have other options. For example, states can approve asthma-related home remediation as an optional managed care service ("in lieu of service") and formalize full coverage of in-home environmental assessments provided by community health workers, as in California. They can also fund the initiatives via a CHIP HSI, as in Wisconsin (which focuses on both lead abatement and asthma).

In my state, people with gestational diabetes can receive Medicaid-funded nutrition counseling, but often struggle with accessing and affording nutritious food. What are my state's options under CMS' new guidance?

Medicaid programs can fund case management linking individuals to food programs like the Supplemental Nutrition Assistance Program (SNAP) and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

In addition, states can provide home-delivered meals or pantry stocking to pregnant individuals with nutrition-sensitive conditions, including "medically tailored meals to high-risk expectant individuals at risk of or diagnosed with diabetes." The state has several options for coverage, with some pathways resulting in narrower risk and need criteria, fewer meal supports, or varied access to services, based on managed care plan choice.

For example, states with Medicaid managed care can approve nutrition supports as an in lieu of service, as long as those supports are equivalent to fewer than three meals a day. Under that authority, the service would be optional for MCOs to provide, and thus only available to Medicaid members enrolled in plans that make that service election. Under Social Security Act Section 1915(i), states can cover nutrition supports for all pregnant individuals with specific needs and risk factors like substance use disorder or serious mental illness (again, totaling fewer than three meals a day or an equivalent).

By contrast, a state with an 1115 demonstration can provide more extensive nutrition support services (as in New York and Massachusetts): (1) up to three meals a day or an equivalent; and (2) additional meal supports for the whole household of the eligible pregnant individual — including a two-month postpartum period. Under a Section 1115 demonstration, a state can opt to make a benefit broadly accessible to all Medicaid-enrolled individuals that meet relevant needs criteria (both in traditional Medicaid and all MCOs), including those not traditionally eligible for HCBS programs.

Nursing facility costs continue to rise and take up a larger share of our state budget. Our constituents want more options to age in place, before they meet that "institutional level of care." How does the November 2023 CMS guidance help?

States can pay for supportive services helping individuals age in the home and community. For example, home-delivered meals, caregiver respite services, and home accessibility modifications like wheelchair accessibility ramps, handrails, and grab bars can all be provided under a variety of authorities, including in lieu of services, state plan HCBS under Social Security Act Section 1915(i), or under Section 1115 demonstrations.

Looking Forward

These new HRSN services will involve novel questions around onboarding and supporting new types of providers, and likely highlight ways to optimize and align Medicaid-funded supports with more comprehensive supports available under federal food and housing programs. As states enter 2024, states will be looking for more ways to learn from others in and outside their state, including community care hubs, community-based organizations, MCOs, researchers, and other state officials.

ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

The Center for Health Care Strategies (CHCS) is a policy design and implementation partner devoted to improving outcomes for people enrolled in Medicaid. We support partners across sectors and disciplines to make more effective, efficient, and equitable care possible for millions of people across the nation. For more information, visit **www.chcs.org**.