

Office of Long-Term Living (OLTL) Assisted Living-In Lieu of Service (ILOS)

Long-Term Services and Supports (LTSS) Subcommittee Meeting
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Presented by:

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Agenda

- ILOS Background
- 2024 Community HealthChoices (CHC) Agreement Language
- Provider Enrollment
- OLTL's Role

ILOS Background

- **ILOS Definition.** ILOS is a cost-effective, medically necessary service or setting that is offered to a Participant as a substitute for a State Plan service or setting in accordance with 42 CFR § 438.3(e)(2). All ILOS must be allowable under Medicaid State Plan or Section 1915(c) waiver rules and approved by the Department of Human Services (Department) in advance.
- States must determine that the ILOS is a cost-effective and medically appropriate substitute for covered services or settings under the state plan.
- Participants cannot be required to use the ILOS.
- An approved ILOS must be authorized and identified in the managed care plan contract and must be offered at the option of the managed care plan.

ILOS Background

- Centers for Medicare and Medicaid Services (CMS) issued new guidance on January 4, 2023 “clarifying” the use of ILOS and identifying new opportunities to utilize this authority to address Health Related Social Needs (HRSNs).
- CMS Codified these requirements in the [Medicaid Program; Medicaid and Children's Health Insurance Program \(CHIP\) Managed Care Access, Finance, and Quality](#).
- CMS outlines Six Principles for the use of ILOS
 1. Cannot violate rules--Services are coverable via an existing authority (i.e. 1915(c), (i), (k) -including 42 CFR § 438.3(e)(2), general prohibitions on payment for room and board costs under title XIX of the Social Security Act)
 2. Are Cost Effective
 3. Are Medically Appropriate
 - Identify ILOS codes
 - Clinical definitions for target populations
 - Identify state plan services and settings impacted
 - Contract language for consistent medical determinations for ILOS

ILOS Background-Six Principles Cont'd

4. Preserve Consumer Protections and Rights
 - Appeals and Grievances apply to ILOS
 - Protections apply even though ILOS are optional to the plan

5. Are subject to appropriate monitoring and oversight
 - Documentation to demonstrate ILOS utilization, costs, and effectiveness
 - At least annual analysis with appropriate quantitative and qualitative metrics
 - Actuarial reporting on ILOS percentage

6. Retrospective Evaluation Report
 - Applies to all ILOS > 1.5% program cap

2024 Agreement Language

The CHC Managed Care Organization (MCO) may cover services or settings for Participants that are in lieu of those covered under the state plan if the Department determines that the alternative service or setting is a medically appropriate and cost-effective substitute for the covered service or setting under the state plan.

The CHC-MCO may also cover services or settings for Participants that are in lieu of those covered under the state plan if:

- the Participant is not required by the CHC-MCO to use the alternative service or setting.
- the ILOS is annually authorized and approved by the Department, utilizing the template developed by the Department in Appendix 5.
- the approved ILOS are authorized and identified in the CHC-MCO contract; and
- the approved ILOS are offered to Participants at the option of the CHC-MCO.

2024 Agreement Language

Pursuant to 42 CFR 438.3, CHC-MCOs may not provide ILOS without first applying to the Department and obtaining approval to offer the ILOS by demonstrating all requirements will be met.

If the CHC-MCO identifies a potential ILOS that they would like to offer during a future contract period, the CHC-MCO must follow the process described in the ILOS development guidelines and request form documents as detailed in the In Lieu of Services Operations Memorandum.

2024 Agreement Language

ILOS Name	ILOS Definition	Substituted State Plan Service or Setting	Procedure Code(s) (e.g., HCPCS or CPT) That Identify ILOS	Clinically Defined Target Population(s)
Assisted Living	A group living situation, licensed under 55 PA Code Chapter 2800, for NFCE members that provides food, shelter, assistance with personal care and activities of daily living, health assessment and monitoring, and assistance or supervision of supplemental health care services.	Nursing Facility Services	T2030 and T2031	NFCE individuals in a nursing facility who are interested in transition to a less restrictive setting or individuals at risk of nursing facility placement who are interested in diversion from placement in a Nursing Facility.

CHC Operations Memorandum

- In November 2023, OLTL issued an Operations Memorandum (Ops Memo) outlining requirements for ILOS submissions.
- [CHC-MCO 2023-11-In Lieu of Services \(ILOS\) Development and Request Procedures.](#)
- Information that OLTL collects on ILOS proposals:
 - Description of ILOS
 - Target population
 - ILOS goals and objectives
 - Expected outcomes
 - CHC-MCO Monitoring Activities (Describe activities, reports, and/or analyses your MCO will use to monitor the provision, utilization, quality, and outcomes of the service)
 - Cost Effectiveness analysis

Questions?

