

2026



[HOME & COMMUNITY BASED SERVICES (HCBS) HANDBOOK]

Home & Community Based Services (HCBS)

General Information

The Centers for Medicare and Medicaid Services (CMS) released the Home and Community Based Services (HCBS) Final Rule on January 16, 2014. The HCBS Final Rule impacts Medicaid services provided and aims to improve the quality of life of individuals, allowing them to live and receive services in the least restrictive setting possible with full integration in the community. In the State of Michigan, the Michigan Department of Health and Human Services (MDHHS) is responsible for ensuring requirements are met.

The HCBS Final Rule includes requirements for the person-centered planning process to ensure individuals are involved in planning their services and supports to the maximum extent possible and their wishes are reflected in their person-centered plan. The person-centered planning process:

- Recognizes a person’s right to participate in the planning process, express goals and preferences and be supported in achieving them through plan implementation. The individual will choose who will participate in the meeting and the extent of that participation.
- Embrace the concept of “dignity of risk.” Dignity of risk is the idea that self-determination and the right to take reasonable risks are essential for the person’s dignity and self-esteem; and so, should not be impeded by caregivers who are concerned about their responsibility to ensure health and welfare.
- Keep individuals informed of their rights in the service system and community.
- Encourage individuals to speak up for themselves during the planning process.
- Practice supported decision-making.
- Learn the signs of abuse, neglect, and mistreatment and know how to report them.
- Not restrict access to services based on behavioral and treatment compliance.
- Informed Choice and Informed consent:
 - Informed Choice – occurs when individuals are provided with various options and information on what each of the options mean in a way they can understand.
 - Informed Consent – occurs when a person has the knowledge and information necessary to agree to do something or provide permission for something to happen. The person must not be coerced or influenced in any way to make a specific choice or provide consent.
 - Inform the person of their right to change their mind at any time.
- The Individual Plan of Service must reflect risk factors and measures in place to minimize them, including individualized back-up plans and strategies when needed. Examples of risk mitigation strategies include adjustments to the individual’s environment, training for the person/others, peer-to-peer support, and communication.

The IPOS must address:

- **Choice of services and supports** funded by the mental health system. The IPOS includes the services discussed by name as well as the providers discussed by name and the provider chosen.
- **Discuss self-directed service arrangements** including how budgets are developed and flexibility used to implement services, summary of methods to implement self-directed service arrangements, and the allowable use of the budget to spend on medically necessary service.
- **Employment** – Each individual must have the opportunity to seek employment or work in individual integrated settings. The IPOS must reflect the person’s interest and desire to seek employment and the actions necessary to reach the goal of employment and steps to be taken to support the individual. The discussion will include all types of employment and specific settings that can or will be explored, including non-disability specific and competitive integrated employment opportunities. All settings must be identified by name in the IPOS. **If the person does not wish to pursue employment, that will be documented in the IPOS including the types of settings, jobs, volunteer activities discussed and any barriers identified. These barriers must be addressed as desired by the individual.**
- **Satisfaction with Living Situation** – Satisfaction with the individual’s current living situation will be discussed at the PCP meeting as well as if they have an interest in exploring other opportunities. The following is to be documented in the IPOS:
 - If the person wants to move, a goal of changing their living situation with clearly defined steps that will be taken to support them if this is their wish.
 - All settings by name considered when exploring other living arrangements (including non-disability specific settings).
 - Any barriers and how they will be addressed.
 - If the person does NOT want to move – document satisfaction with current living situation and no desire to explore other living arrangements,
- **Community Integration:** A community integration goal must be present in the IPOS of each individual. The following is required to be included in the interventions/supports:
 - areas of interest/activities the person enjoys or would like to do,
 - the level of support needed.
 - How will the provider ensure a **minimum of twice weekly** meaningful community access
 - Details on natural support involvement. Community integration activities do not have to be facilitated by the setting provider when there are natural supports or other means to meet the need. This must be detailed in the IPOS. If the person has the ability to access the community without support, has access to the greater community, and prefers to engage in activities without support, this needs to be clearly documented in the IPOS.

There are also requirements for the settings where services are provided. Settings in which individuals live (residential) and settings where individuals go to receive services (non-residential) are affected by the HCBS Final Rule. The setting requirements aim to ensure community integration and to ensure individuals receiving Medicaid HCBS have the same opportunities as individuals in those settings who are not receiving Medicaid HCBS.

Programs in existence before March 17, 2014, were required to be compliant with the federal HCB Settings Requirement on or before March 17, 2023.

Characteristics of a Home & Community Based Setting

All HCB settings where people live or receive Medicaid HCBS must have the following characteristics to the same extent as those individuals not receiving Medicaid HCBS:

- Integrated in, and support full access to, the greater community, including opportunities to seek competitive and integrated employment, control of personal resources, and access to community services.
- Selected by the individual from among a variety of setting options and, for residential settings, consistent with the individual's available resources to pay for room/board;
- Ensure the right to privacy, dignity and respect, as well as freedom from coercion and restraint;
- Optimize but not regiment the individual's autonomy and independence in making life choices regarding what they participate in and with whom; and
- Facilitate the individual's choice of services and supports, as well as who provides them.

All settings must demonstrate the qualities of HCB settings, ensure the individual's experience is not institutional in nature, and does not isolate the individual from the community. If the setting is designated for people with disabilities, or if the individuals in the setting are primarily or exclusively people with disabilities and the staff on-site provide many services to them, the setting must facilitate and encourage people to go out into the broader community.

According to the HCBS Final Rule, reverse integration does not make a setting HCB. Reverse integration is when the provider brings community providers into the setting (residential or non-residential) instead of the individual going out to the provider. This could include medical providers, clergy, cosmetologists, nail artists, etc. It is acceptable for providers to come into the settings, but it must not be the only contact with community providers for individuals receiving services. Individuals must have the option to go to community providers.

Residential

Residential setting requirements apply to provider-owned or controlled setting, licensed or unlicensed (H2016, H2015). This includes services authorized with any modifiers. An individual's private home is presumed compliant with HCB requirements.

Requirements for residential settings:

- Meals – access to food at any time
- Visitors – of their choosing at any time
- Lockable doors – bedroom and bathroom
- Freedom to furnish/decorate their room
- Choice of available roommate
- Freedom to control schedule, activities and resources
- Privacy
- Accessibility – must be able to move around the setting without physical barriers

- Evictions and Appeals – must have a lease or other legally enforceable agreement with comparable responsibilities and protections
- House Rules are not permitted
- Control of own personal resources
- Setting-wide restrictions that are not based on an individual’s health or safety needs, but is a function of living or receiving services in the setting are prohibited.

Individuals must have the ability to move freely within the setting and into the greater community as desired. If a person requires a modification, follow the HCBS modification requirements. See **Modifications Due To a Health/Safety Need (below in this document) and the HCBS IPOS Modification Guide.**

Non-Residential

The requirements for non-residential settings apply to provider-owned/controlled settings.

Requirements for non-residential settings:

- **Skill building** (H2014) (including modifiers) is to provide opportunities for individuals to develop or learn skills to successfully engage in meaningful activities in the community, such as school, work, or volunteering. This service can be a pathway that leads to competitive integrated employment.
- **Community Living Support** (H2015) (including modifiers) must promote community inclusion and participation and facilitate independence and productivity. Provide opportunities for community integration.
- **SUPPORTED EMPLOYMENT IS PRESUMED COMPLIANT – REQUIRED TO BE IN A COMMUNITY BASED SETTING.**

Non-Compliant HCBS Settings

CMS has identified some settings that will never be considered HCB due to their institutional status.

These settings are:

- Nursing facilities
- Institutions for mental disease
- Intermediate care facilities for individuals with intellectual disabilities
- Hospitals
- Other locations that have characteristics of an institution (e.g. Child Caring Institutions)

Quality of Life Documentation Forms

The Quality of Life forms have been integrated into CIGMMO as parts of the Person Centered Plan and Addendums. These documents will assist with Home and Community Based Services (HCBS) compliance and identify items that will need to be documented in the PCP/Addendum due to health or safety issues. The first question identifies if the individual is/will be receiving services that fall under non-residential HCBS services. If the “Yes” radio button is checked the remainder of the form appears and must be completed. The second question applies for individuals receiving residential HCBS services. This includes licensed settings as well as unlicensed settings where the provider of CLS also owns the home/apartment. If the “Yes” radio button is checked the remainder of the form appears and must be completed. See Quality of Life index in the PCP and Addendum.

When doing an addendum or new PCP the Quality of Life section must be completed so that information gets embedded in the PCP section of the consumer chart. The Quality of Life questions are completed during every PCP date or during addendums. (See Quality of Life index in CIGMMO.)

The form needs to be completed documenting the individual’s response to each area on the form. If there is a health or safety need that is being addressed with a modification in the PCP, the form needs to reflect the modification being made. For example, if a person has a health/safety need (with documentation from a doctor, occupational therapist, behavioral psychologist) to lock the kitchen and the Behavior Treatment Committee (BTC) has been consulted and given approval, the question “I have full access to all areas of the home including the kitchen, dining area, laundry area, comfortable seating” should be answered no. Then, a comment needs to be added to the “Explanation/Notes” section indicating the modification to access to the kitchen and where to find details in the PCP. The other individuals living in the home need a work around detailed in their IPOS that ensures they have unrestricted access to the kitchen. That cannot include asking staff for access.

Please review the consumer’s responses to identify the areas that need to be addressed in the IPOS or Addendum.

Modifications Due To a Health/Safety Need

Does the individual need a modification of a HCBS rule due to a health and/or safety issue? If so, is there an assessment/medical recommendation by an appropriate professional outlining the needs of the individual? If there is not, an assessment will be needed before the modification can be included in the IPOS.

When there is an assessment by a professional within their scope of practice (occupational therapist, dietician, doctor, psychologist, etc.) indicating a modification to a HCBS requirement is needed, the IPOS must include the following information related to the specific modification (**Intervention/Supports section**). Review the **HCBS IPOS Modification Guide** on intranet under Case Holder Handbooks <https://intranet.cmhcm.org/waiver-services/pcp-tips.html>:

- The IPOS must describe the assessed health and safety need (such as access to food due to Prader Willi Syndrome).

- Have there been positive interventions/supports used in the past to address the health and/or safety need? If there has been they need to be spelled out in the IPOS. If there have not, then that needs to be documented as well.
- Have other less intrusive methods that were not effective been used to attempt to meet the needs in the past? If so, the IPOS needs to include what has been tried and didn't work.
- Describe what is needed to address the assessed health or safety issues requiring modification. The interventions/supports must match the need identified in the assessment; cannot be overly restrictive.
- Describe the data to be collected to evaluate the effectiveness of the modification.
- Specify when the periodic reviews will be done to determine if the modification is still needed or can be eliminated.
- Document the consent of the person/guardian for which the modification is being proposed.
- Assurance the modification will not cause harm to the person.

Consult the **HCBS IPOS MODIFICATION GUIDE** for specific information to include for each item required.

If the criteria for a Behavior Treatment Plan is met, then a Behavior Treatment Plan must be completed. Submit a Consultation Note to the Behavior Treatment Committee to start the process.

Behavior Treatment Committee Information

Behavior Treatment Committee meets monthly to review and approve any treatment proposed for consumers CMHCM serve that includes:

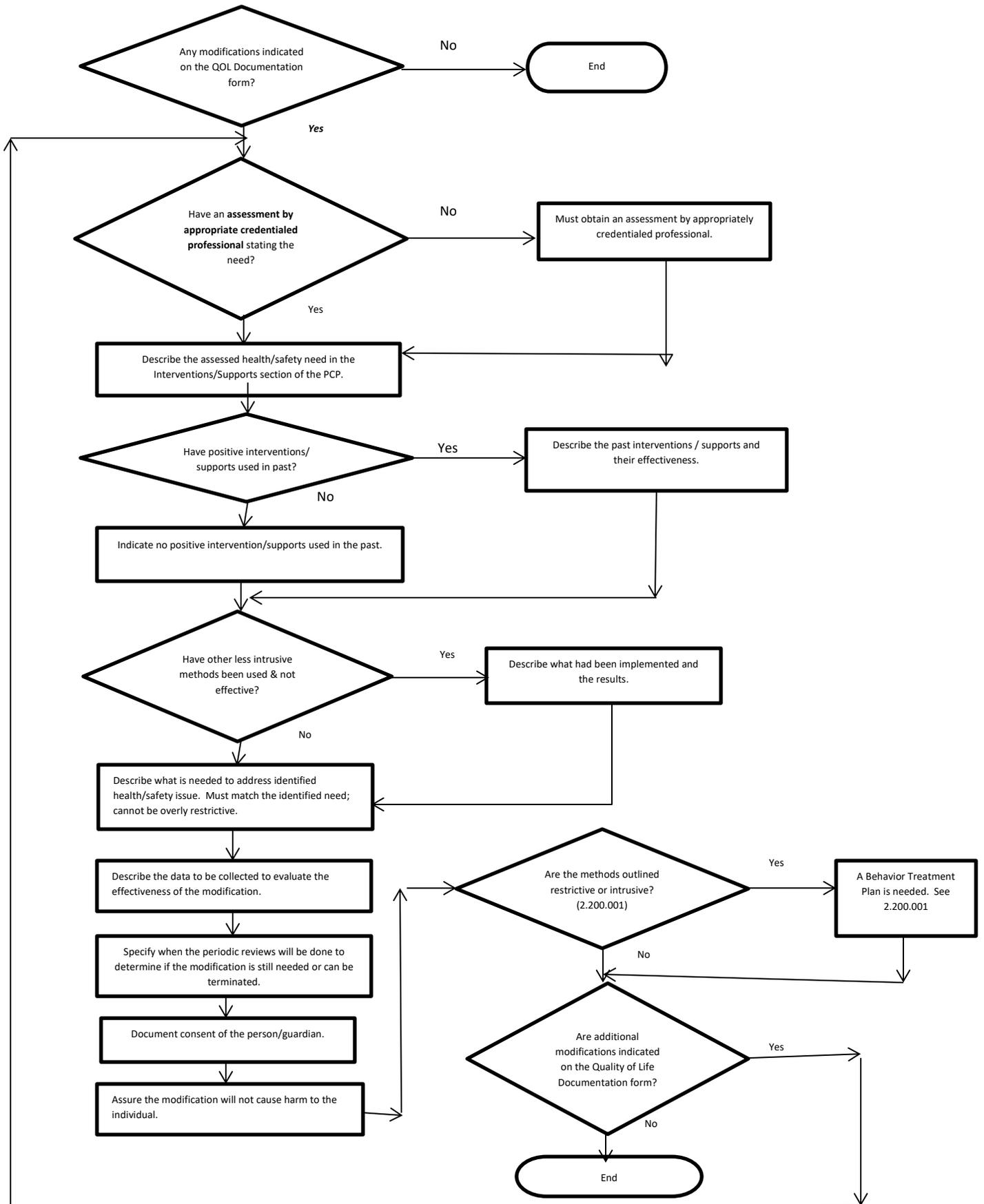
1. Anyone who is receiving **intrusive or restrictive** measures as part of treatment method (including ABA plans that may have intrusive/restrictive measures incorporated)
2. A child under the age of 18 receiving **medication to treat behavioral symptoms**
3. Anyone who is receiving **medication above the normal dosage (including medication given "as needed" for behaviors)**

**BTC does have the ability to approve Behavior treatment plans on an urgent basis, as long as more than one BTC member can independently review and then subsequently approve the plan as completed. These approvals are generally only given until the next BTC meeting, during which a more comprehensive review can be completed by the entire Committee. Please reach out to BTC Chair if there is a need for an urgent BTC review.

Intrusive Technique: Those techniques that encroach upon the bodily integrity or the personal space of the individual for the purpose of achieving management or control, of a seriously aggressive, self-injurious or other behavior that places the individual or others at risk of physical harm. Examples of such techniques include the use of a medication or drug when it is used to manage, control or extinguish an individual's behavior or restrict the individual's freedom of movement and is not a standard treatment or dosage for the individual's condition.

Restrictive Technique: Those techniques which, when implemented, will result in the limitation of the individual's rights as specified in the Michigan Mental Health Code and the federal Balanced Budget Act. Examples of such techniques used for the purposes of management, control or extinction of seriously aggressive, self-injurious or other behaviors that place the individual or others at risk of physical harm, include: limiting or prohibiting communication with others when that communication would be harmful to the individual; prohibiting unlimited access to food when that access would be harmful to the individual (excluding dietary restrictions for weight control or medical purposes); using the Craig (or veiled) bed, or any other limitation of the freedom of movement of an individual.

Modifications to HCBS Requirements:



HCBS Assessment Process

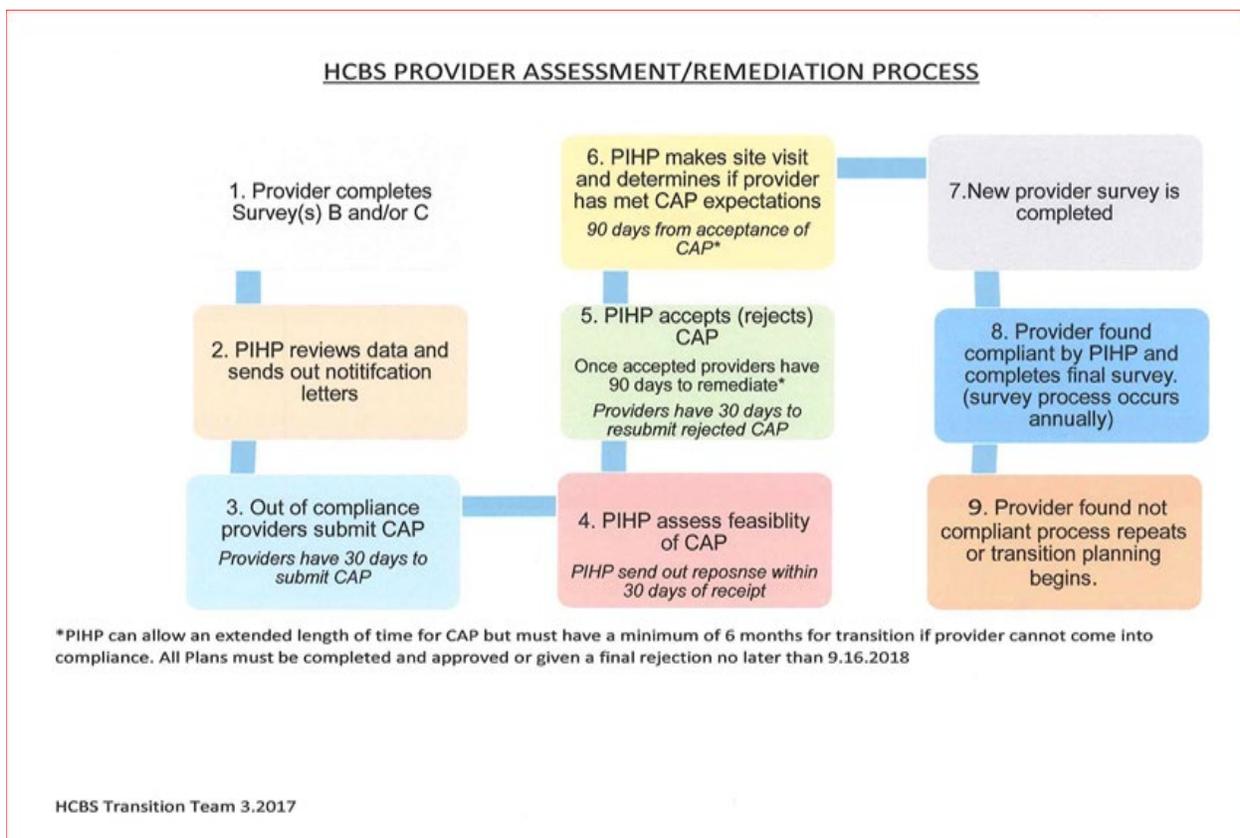
All HCBS providers (HSW and 1915i SPA) complete surveys as well as consumers, with assistance from their case holder, complete surveys for each provider. The purpose of the surveys is to determine to what extent a setting is consistent with HCBS requirements and what corrections need to be made. Michigan's Statewide Transition Plan for Home and Community-Based Services includes ongoing reassessment of providers to ensure they remain HCB. The reassessment process will occur through site visits conducted by CMHCM or MSHN.

The reassessment process also includes the Provider Network site review process. Corrective Action Plans are required for all deficiencies noted. The clinical team also assesses HCBS compliance through the PCP process annually and at the time of addendums.

Corrective Action Process (CAP)

Survey responses that indicate a setting is either institutional or isolative in nature must go through the Heightened Scrutiny (HS) process. See section below.

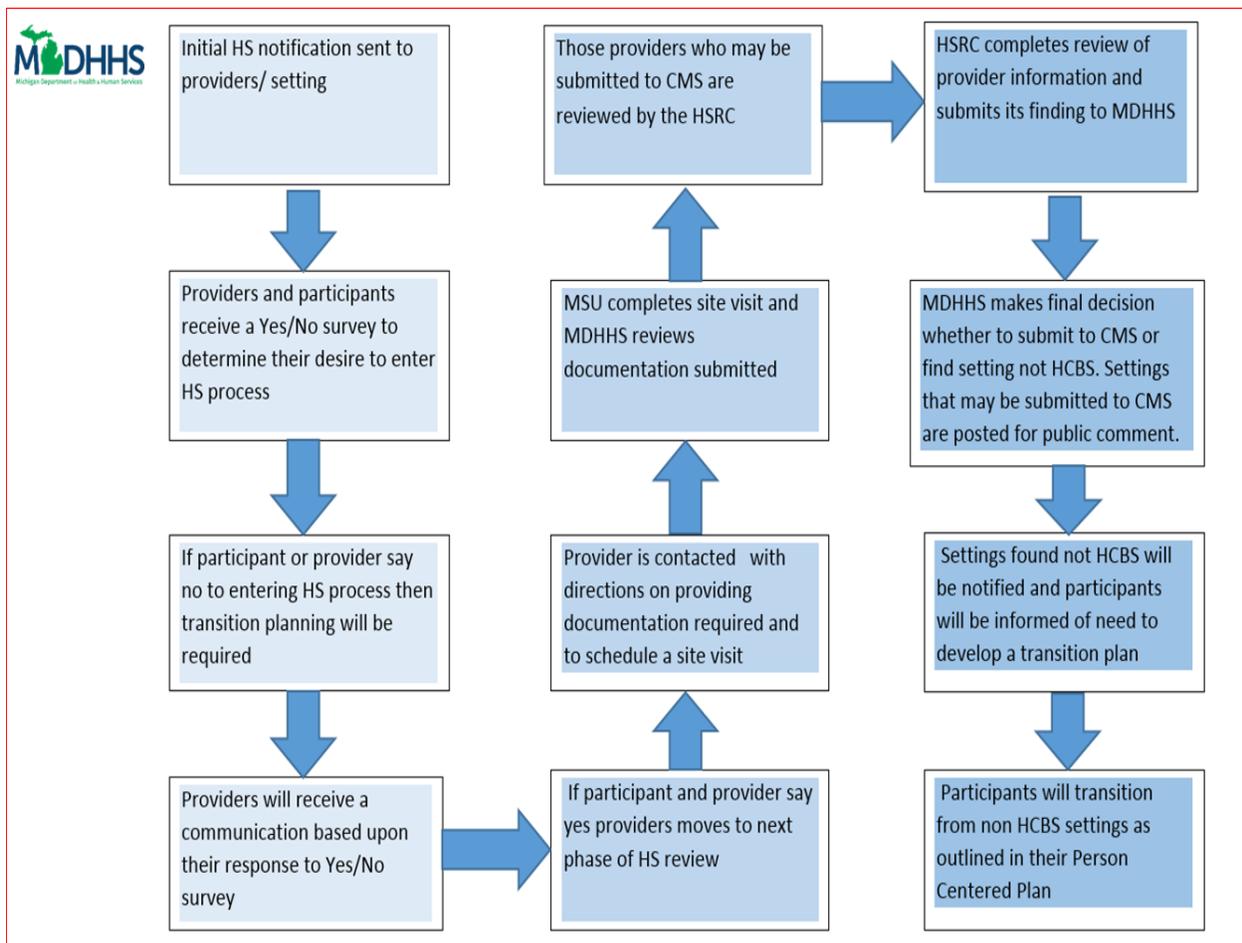
For all other areas identified as out of compliance through the survey process, the provider must develop a corrective action plan to address the issue. IPOS for consumers requiring a modification to the specific area due to a health and/or safety issue must include all the information listed in the "Modifications Due To a Health/Safety Need."



Heightened Scrutiny (HS) –

The State of Michigan and CMS have a process for “heightened scrutiny” which consists of additional review of settings that appear to be non-compliant with the HCBS Final Rule, including those that may appear isolating or to have setting-wide restrictions on the freedoms of individuals.

MDHHS is responsible for determining if a setting qualifies for the “heightened scrutiny process or can be found compliant with the HCBS Final Rule.



HCBS Tips:

- The PCP must list the areas of interest and activities that each person enjoys. The activity and spending logs must also match their interests/activities.
- Individuals need to have access to their bedroom keys (unless there is a modification). They can choose to put them in a drawer or hang them up in their room, but they need access.
- Are there fences, gates, locked doors, or other ways to block individuals from entering or exiting certain areas of their home/grounds? If so, is there a health/safety need for one of the

CURRENT residents of the home? Was this put in place for someone that no longer lives in the home? If there is a concern about a current resident please consult with BTC.

- In order to show that the home is not isolating individuals from the greater community (non-compliance with HCBS), there is an expectation that residents have opportunities for full community integration that meets the HCBS standard of a minimum two times per week **as detailed in the interventions/supports section of the IPOS**. Providers need to ensure that outings offered are meaningful and individualized based on the likes and preferences identified in the PCP. Activities that do NOT count as community inclusion outings are walks around the block (without any interactions except staff), van/car rides, vocational-programs and medical appointments. Community inclusion opportunities that are offered and declined need to be documented by the provider and include where the activity would have taken place if the consumer had chosen to participate. When PCPs are done, please be mindful of this HCBS requirement and the wording. All individuals are required to have a community integration goal. The following is required in the interventions/supports:
 - areas of interest/activities the person enjoys or would like to do,
 - the level of support needed,
 - How will the provider ensure a minimum of twice weekly meaningful community access?
 - Details on natural support involvement. Community integration activities do not have to be facilitated by the setting provider when there are natural supports or other means to meet the need. This must be detailed in the IPOS. If the person has the ability to access the community without support, has access to the greater community, and prefers to engage in activities without support, this needs to be clearly documented in the IPOS.
- If a person needs personal care and shares a room, the provider needs to have a curtain/removable divider for privacy.
- People sharing a room must be provided with a place they can lock and secure personal belongings.

Transition Process

If a provider is unable to come into compliance with the HCBS Final Rule, the transition process begins to work with individuals to transition them to a compliant setting. The case holder will convene a person centered planning meeting with the individual and their family and friends to identify the needs, desires and preferences of the individual related to where they wish to live and receive services. Contact the Residential Placement Coordinator to determine the existing vacancies to discuss at the meeting. If the individual is interested in moving into a vacancy, consent to share information will be needed to discuss the needs of the individual with the provider. If the new provider agrees it may be a good fit, a visit or visits to the new setting can be done to allow the individual to experience the home and decide if they would like to move there. The timeline to complete the transition process is six months.

New HCBS Providers – Provisional Approval

Any new HCBS provider and their network must be in immediate compliance with the HCBS Final Rule effective October 1, 2017. The proposed provider goes through a provisional approval process involving our HCBS lead, Provider Network and Mid-State Health Network. If the setting is determined to be secure, information on the consumer pursuing services from this provider must also be sent to Mid-

State Health Network. The application is forwarded to Mid-State Health Network for review along with the Individual Plan of Service (IPOS) Addendum, assessment, Positive Behavior Support /Behavior Treatment Plan, Behavior Treatment Committee Review. A site visit is conducted to determine if the site is HCB compliant. MDHHS reviews secure setting requests and may deny or approves for a limited timeframe. Additional requests are required for extending the placement. Services can only be authorized if the site is granted provisional approval. CMHCM/PIHP will follow up if there are any HCBS issues identified in the provisional approval process.

Resources

[Home & Community Based Services Settings Policy 2-300-033](#)

[Michigan Medicaid Provider Manual](#) (See Home & Community Based Services Chapter)

[MDHHS – Home and Community Based Services Program Transition](#)

- Federal Register – HCBS Final Rule
- Statewide and Individual Waiver Transition Plans
- Survey Tools and Process
- Readiness Tools for Residential and Non-Residential Providers
- Heightened Scrutiny Flowcharts - Institutional and Isolative Settings
- Outreach & Education:
 - Link to CMS Webpage on the Final Rule
 - HCBS Frequently Asked Questions
 - HCBS Joint Guidance Document Webinar
 - Person Centered Planning Webinar

[Developmental Disabilities Institute \(DDI\) HCBS Webpage](#)

- Qualtrics and Word versions of the surveys
- Information & Education Materials
 - HCBS Rule Fact Sheet (1 page)
 - Beneficiary Booklet
 - Beneficiary PowerPoint Slides
 - Family PowerPoint Slides
 - Heightened Scrutiny