Policy choices for medicare and medicaid waivers

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Abstract: This article reviews the authority and processes for issuing Medicare and Medicaid waivers, highlights waiver-based differences in states' home- and community-based (HCB) service systems, and critiques emerging efforts to capitate, integrate, and privatize the long-term care system. Potential pitfalls relate to payment rates, risk, service substitution, accountability, and drains on HCB infrastructure. Before merging HCB services into larger prepaid systems, policy makers are advised to examine implementation challenges, resist ad hoc fixes, clarify HCB entitlements, and strengthen current infrastructure.