

# Cost Neutrality Demonstration (Appendix J) Quick Guide

## HOPE AND OPPORTUNITY IN MANY ENVIRONMENTS (HOME)

Updated: January 2, 2026

As part of the Hope and Opportunities in Many Environments (HOME) project, Iowa HHS is working to improve Medicaid services that help people get care at home and in their communities. The goal is to help Iowans get the care they need while staying with their families and living in their communities.

To get approval for a waiver, Iowa must show the federal government that the program will not cost more than other types of care, like care in a nursing facility. This is called being “cost neutral,” which means the cost stays about the same each year.

This section explains how Iowa shows the waiver is cost neutral:

- **Appendix J-1** gives an overview of how the waiver meets the cost rules.
- **Appendix J-2** explains how Iowa calculated the costs used in this review.

### What is a cost neutrality demonstration?

**A cost neutrality demonstration** shows that the average cost of helping a person through a home and community-based services (HCBS) waiver is the same as or less than the cost of caring for that person in a hospital or nursing facility if the waiver did not exist.

## What information is contained in the cost neutrality demonstration?

It includes estimates of:

- The estimated average yearly Medicaid cost per person for HCBS provided through the waiver (Factor D)
- The estimated average yearly Medicaid cost per person for other non-waiver services received by waiver participants (Factor D')
- The estimated average cost of institutional care (such as hospital or nursing facility care) for people with the same level of care needs (Factor G)
- The estimated average yearly Medicaid cost per person for services that would be provided if the waiver did not exist, excluding institutional care (Factor G')

## What factors are considered when calculating costs across years?

- Inflation adjustment
- Growth
- Planned program expansions and/or reductions
- Historical data from previous fiscal years

## What are unduplicated participants and how many are anticipated to change across the years?

**Unduplicated participants** means the total number of different people who get waiver services during a year. It doesn't matter how long they use the services or how much they use them. If someone leaves and then comes back, they still count as just one person.

The total number of these unique people is expected to stay about the same over five years. This shows the program's goal of helping people move from care facilities to home and community-based services (HCBS).

**Point In Time** means the maximum number of people who can get services at the same time during the year. This number stays the same each year and is based on past growth, average costs, and limits set by HHS.