

## **COMMUNITY HEALTHCHOICES (CHC)**

### **OPERATIONS MEMORANDUM #2023-11**

---

**SUBJECT:** In Lieu of Services (ILOS) Development and Request Procedures

**TO:** CHC Managed Care Organizations (MCO)

**FROM:** Bureau of Policy Development and Communications Management

**DATE:** November 30, 2023

---

#### **PURPOSE**

Appendix 5 of the 2024 Community HealthChoices Agreement permits CHC-MCOs to cover services or settings for Participants that are in lieu of those covered under the state plan if the Department of Human Services (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. Appendix 5 details federal and state requirements that must be adhered to when offering ILOS. This Operations Memorandum provides guidance to CHC-MCOs regarding the process for developing and implementing ILOS.

#### **PROCEDURES**

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 the requirements will be met. CHC-MCOs may only offer those ILOS that have been approved by the Department and included on the approved list contained in Appendix 5 in the current contract year. If CHC-MCOs identify a potential ILOS that they would like to offer during a future contract period, the CHC-MCO must follow the process described in the 'In Lieu of Services Description Form Instructions' and submit the 'In Lieu of Service Description Form' to the Department for review and approval. CHC-MCOs are not required to offer ILOS, nor may they require Participants to use an ILOS as a substitute for a State Plan Service.

**NEXT STEPS**

1. Review this information with appropriate staff.
2. Contact the Bureau of Coordinated and Integrated Services if you have questions.