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Governor



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Baker-Polito Administration, Centers for Medicare and Medicaid Services Announce Five Year, \$52.4 Billion Deal for MassHealth Restructuring

BOSTON – The Baker-Polito Administration received federal approval today for its innovative five-year Medicaid (MassHealth) 1115 waiver. The Centers for Medicare and Medicaid Services (CMS) approved waiver supports the restructuring of the MassHealth program to provide integrated, outcomes-based care to 1.9 million Massachusetts residents.

“Our administration is pleased to announce this innovative waiver as a major step toward creating a sustainable MassHealth system for the people of the Commonwealth,” **said Governor Charlie Baker**. “This waiver is the first major overhaul of the MassHealth program in 20 years and includes critical reforms to promote coordinated care, hold providers accountable and offer expanded access for substance abuse disorder services driven by the opioid crisis. I appreciate CMS’s collaboration and the hard work of Secretary Marylou Sudders and Assistant Secretary Dan Tsai to deliver a waiver to support the people of Massachusetts.”

“We’re excited to approve this innovative Medicaid waiver, which is another step forward in the American health care system’s shift toward value. This waiver will allow MassHealth to partner with provider-led care delivery organizations to deliver quality, patient-centered care to Medicaid beneficiaries,” **said U.S. Department of Health and Human Services Secretary Sylvia M. Burwell**.

The waiver provides the opportunity for Massachusetts to move from its current fee-based model to a system of Accountable Care Organization models (ACO) who work in close partnership with community-based organizations to better integrate care for behavioral health, long-term services and supports and health-related social needs.

“Our restructuring will improve health care for 1.9 million MassHealth members and ensure a strong health care program now and in the future,” **said Marylou Sudders, Secretary of Health**

and Human Services. “The waiver authorizes more than \$52.4 billion to the MassHealth program over the next five years, expands substance use benefits to address the opioid epidemic, and secures important investments for strengthening the community-based health care system for behavioral health services and long term supports.”

Without the waiver, Massachusetts would have lost \$1 billion a year in federal funds starting July 1, 2017. The new waiver, which is effective July 2017, authorizes \$1.8 billion over five years of new Delivery System Reform Incentive Program (DSRIP) funding to support the move to ACOs, invests in Community Partners for behavioral health and long term services and supports, and allows for innovative ways of addressing the social determinants of health. It also authorizes and sustains nearly \$6 billion of additional safety net care payments over five years to hospitals and the health safety net for the uninsured and underinsured, and for subsidies to assist consumers in obtaining coverage on the Massachusetts Health Connector.

“The waiver allows us to implement a nationally-leading model of accountable, coordinated care which better serves members and recognizes the importance of integrating social services and community-based expertise into delivering health care,” **said Dan Tsai, Assistant Secretary for Health and Human Services who leads the MassHealth program.** “We appreciate the support and engagement from the Massachusetts health care community and are committed to continued stakeholder input throughout the implementation of these reforms.”

The waiver also authorizes MassHealth to launch an ACO pilot program beginning December 2016. The ACO pilot program will transition MassHealth from the current fragmented, fee-for-service care model towards accountable care and population-based payments with selected ACOs under an alternative payment methodology that includes shared savings and risk.

The Massachusetts waiver has five goals:

- 1. Restructures the current MassHealth delivery system in a manner that promotes integrated, coordinated care and holds providers accountable for quality and total cost of care of its members.**
 - a. MassHealth will implement ACO models, provider-led organizations that are accountable for the cost and quality of care.
 - b. The ACO models reflect the range of provider capabilities and the Massachusetts health care market; it is not a one size fits all approach.
 - c. Outcome metrics will evaluate both outcomes and delivery system change.

- 2. Improves integration among physical health, behavioral health (BH), long-term services and supports (LTSS) and health-related social services.**
 - a. ACOs and community-based organizations who become BH and LTSS Community Partners will be eligible to receive \$1.8 billion over five years of Delivery System Reform Incentive Program (DSRIP) funding available to improve integration of care, outcomes for members with serious mental illness and co-morbid conditions or long term services and supports.
 - b. Establishes DSRIP funding and expectations for ACOs and a range of community partners to address social determinants of health, including for certain approved

community services, such as housing stabilization and supports and other health-related social services.

3. Maintain near-universal health care insurance coverage.

- a. Massachusetts has the highest rate of insured residents in the U.S., with an uninsured rate of fewer than three percent.

4. Address the opioid addiction crisis by expanding access to a broad spectrum of recovery-focused substance use disorder services (SUD).

- a. Under the 1115 Demonstration Waiver the MassHealth benefit will be expanded to include the full continuum of medically necessary 24-hour community-based rehabilitation services
- b. MassHealth will use new federal funds generated under the waiver to expand the state's capacity of residential rehabilitation service programs and fund care coordination and recovery services to Members with significant SUD.
- c. MassHealth and the Department of Public Health will adopt a standardized American Society of Addiction Medicine (ASAM) assessment across all SUD providers.

5. Sustainably support safety net providers to ensure continued access to care for Medicaid and low-income uninsured individuals.

- a. Expands the number of safety net hospitals eligible for reimbursement for uncompensated care from seven to 15.

For more information, please visit [MassHealth Innovations](#).