

1115 Waiver Amendment–2017

Section 1 Introduction

On November 4, 2016, Massachusetts received federal approval of its request for an amendment and extension of the 1115 Demonstration Waiver (the “Demonstration”). The Massachusetts Waiver Extension authority begins July 1, 2017, and goes through June 30, 2022.

MassHealth covers approximately 1.9 million Massachusetts residents and is vital to maintaining the Commonwealth’s overall level of health coverage, currently the highest in the nation. Massachusetts is implementing new demonstration components to support a value-based restructuring of MassHealth’s health care delivery and payment system. We are working to expand behavioral health services to strengthen Massachusetts’ system of recovery-oriented Substance Use Disorder (SUD) services and supports with the goal of addressing the opioid addiction epidemic.

In recent years, Massachusetts has seen a steady increase in the number of residents becoming eligible for Medicaid coverage. MassHealth enrollment continues to grow despite our near universal health care coverage, steady population numbers, and low unemployment. This is explained, to a considerable degree, by reductions in the percentage of residents covered through employer-sponsored commercial insurance in the Commonwealth. Changes in the makeup of the economy, increased cost of health care, expansion of high deductible commercial health insurance, and the high cost of insurance for small employers are all contributing factors to the shift from the commercial market to public coverage.

Accordingly, Massachusetts seeks to amend the Demonstration to better align the benefit structure offered through the MassHealth CarePlus program, which covers certain childless, non-pregnant, non-disabled adults 21 through 64 years of age, with the benefit structure offered through comparable commercial insurance plans by removing coverage of non-emergency transportation, except for transportation to SUD services. Additionally, Massachusetts seeks to amend the Demonstration to limit provisional eligibility for certain adults.

Lastly, at CMS request, Massachusetts is submitting a technical request to shift authority from the State Plan to the 1115 demonstration to continue existing coverage of certain former foster care youth. Massachusetts, like several other states, provides coverage for former foster care youth who currently reside in Massachusetts but who were residing in a different state as of age 18 or when they “aged out” of foster care. Based on prior CMS guidance and approval, this coverage is currently provided under State Plan authority. However, in CMS’ November 2016 regulation and bulletin, CMS indicated that its prior guidance was incorrect and instructed states that wish to continue to cover this population to seek Section 1115 demonstration authority instead. Therefore, Massachusetts is requesting this change in response to CMS’ instruction.

Massachusetts requests final approval of this change within 90 days of submission, consistent with the process outlined in the bulletin issued on November 21, 2016.

Section 2 Requested Changes to the Demonstration

The proposals outlined in this Amendment Request are intended to support the Commonwealth's ability to sustain affordable access to health care achieved to date under its State Plan and the Demonstration. Additional details and context are included below.

1. Alignment of CarePlus benefits for non-emergency transportation

Massachusetts is requesting a waiver of Assurance of Transportation (i.e., Section 1902(a)(4) insofar as it incorporates 42 CFR 431.53) in order to enable Massachusetts to provide benefit packages to individuals enrolled in MassHealth CarePlus that do not include non-emergency transportation, except for transportation to SUD services. This authority would better align MassHealth CarePlus coverage with commercial products in the state and subsidized plans offered through the Massachusetts Health Connector to individuals at similar income levels, while maintaining coverage of transportation to SUD services confirms Massachusetts' commitment to combatting the opioid addiction crisis and is consistent with recent federal guidance in this area.

2. Discontinue providing provisional eligibility for certain adult applicants

Under the Demonstration (STC 24 and Expenditure Authority #8 of the Extension effective July 1, 2017), if MassHealth is unable to verify eligibility through federal and state data hubs, or if the information provided by an applicant is not reasonably compatible with the information available through the data hubs, MassHealth can enroll an individual for a 90-day "provisional eligibility period," during which MassHealth will require further verifications from the individual.

Based on our experience administering the provisional eligibility program in the past few years, the Commonwealth is withdrawing its request for expenditure authority for 90-day provisional eligibility for adults 21 years of age and older when income is unverified, except for the following populations:

- pregnant women with attested MAGI income at or below 200% FPL;
- adults ages 21 through 64 years of age who are HIV positive and have income at or below 200% FPL; and
- individuals with breast and cervical cancer who are under the 65 years of age and have income at or below 250% FPL

Children under 21 years of age will continue to be eligible for provisional coverage pending verification of income. Provisional eligibility will otherwise continue to be granted for adults pending verification of non-income based eligibility factors.

The requested flexibility for provisional eligibility allows the Commonwealth to balance the desire to maintain immediate access for vulnerable populations with the need to maintain a fiscally sound and sustainable program.

3. Coverage of former foster care youth

- A. General Description:** The purpose of this request is to provide continued coverage to former foster care youth who currently reside in Massachusetts, and who were residing in a different state as of 18 years of age, or when they “aged out” of foster care. The expected impact of the demonstration is that the state will maintain overall coverage of former foster care youth and improve health outcomes for these youth.
- B. Expenditure Authorities:** The Commonwealth requests the following expenditure authority: Expenditures for full Medicaid State Plan benefits for former foster care youth who are under 26 years of age, were in foster care under the responsibility of a state or tribe from any state on the date of attaining 18 years of age or such higher age as the state has elected, and were enrolled in Medicaid on that date.
- C. Waiver Authorities:** Waiver authorities are not applicable because the Commonwealth is requesting section 1115(a)(2) expenditure authority to cover these youth.
- D. Eligibility:** The Commonwealth proposes to continue to cover former foster care youth who were in Medicaid and in foster care in another state.
- E. Benefits and Cost Sharing:** Former foster care youth will continue to receive the standard Medicaid benefit package offered under the Medicaid State Plan (MassHealth Standard), and they will continue to be subject to the standard cost-sharing imposed under the Medicaid State Plan. This will not result in a change in benefits or services.
- F. Delivery System:** Former foster youth are enrolled in managed care as described in Massachusetts’ Demonstration. Individuals may be excluded from managed care and receive care fee-for-service (FFS) (such as when MassHealth is a secondary payer, for individuals receiving hospice care, or participants in a Home and Community-Based Services Waiver) as described in the Demonstration.

An estimated 196 former foster care youth each year who were in foster care under the responsibility of a different state, and enrolled in Medicaid while in foster care, will continue to receive benefits through the managed care delivery system described in the Commonwealth’s approved Demonstration.

G. Financial Data: MassHealth estimates that annual enrollment/aggregate expenditures for the life of the Demonstration will be as follows:

State FY	2018	2019	2020	2021	2022	Total Expenditures
Anticipated Annual Enrollment	191	196	202	207	213	
Aggregate Expenditures for the Population	\$761,438	\$794,941	\$829,919	\$866,435	\$904,558	\$4,157,291

These costs will be treated as “pass-through” costs for purposes of budget neutrality.

H. Evaluation Design: Massachusetts aims to achieve two goals through this waiver amendment:

1. Ensuring access to Medicaid services for former foster care individuals between the ages of 18 and 26, who previously resided in another state (the “target population”); and
2. Improving or maintaining health outcomes for the target population.

The Commonwealth will integrate evaluation of these goals relative to the target population into the Demonstration draft evaluation design that was submitted to CMS on March 3, 2017.

Section 3 Budget Neutrality Impact

Budget neutrality prior to amendment

The Commonwealth’s projected budget neutrality cushion as of the quarterly report for the quarter ending December 31, 2016, was \$16.4 billion for SFY 2015-2017, and a projected \$5.82 billion for the SFY 2018-2022 waiver period.¹ This projection incorporates actual expenditures and member months through SFY 2017 as reported through the quarter ending December 31,

¹ Note, CMS introduced a savings phase-out methodology to the Budget Neutrality calculation so that the Commonwealth may only carry forward 25% of selected population based savings each year between SFY18-22.

2016, combined with the MassHealth budget forecast for SFY 2017-2018. This budget neutrality calculation reflects significant realized and anticipated savings.

Effect of amendment

As reflected in the accompanying budget neutrality workbooks, this amendment would increase the Commonwealth's budget neutrality cushion by approximately \$108.1 million for the SFY2018-2022 waiver period. The savings reflects a reduction in projected spending from the provisional eligibility changes. As such, after integrating the proposed amendment, the Commonwealth and the federal government would continue to realize savings on the Demonstration.

The savings generated from updating the non-emergency transportation benefit for CarePlus members is treated as "pass-through" savings for purposes of budget neutrality.

Section 4 Public Process

The public process for submitting this amendment conforms with the requirements of STC 15, including State Notice Procedures in 59 Fed. Reg. 49249 (September 27, 1994), the tribal consultation requirements pursuant to section 1902(a)(73) of the Act as amended by section 5006(e) of the American Recovery and Reinvestment Act of 2009, and the tribal consultation requirements as outlined in the Commonwealth's approved State Plan. In addition, the Commonwealth has implemented certain of the transparency and public notice requirements outlined in 42 CFR § 431.408, although the regulations are not specifically applicable to Demonstration Amendments. The Commonwealth is committed to engaging stakeholders and providing meaningful opportunities for input as policies are developed and implemented.

The Commonwealth is releasing the Amendment for a thirty day public comment period starting on May 12, 2017 by posting the Amendment, the Budget Neutrality summary, and a Summary of the Amendment (including the instructions for submitting comments) on the MassHealth Demonstration website (www.mass.gov/eohhs/gov/departments/masshealth/masshealth-and-health-care-reform.html). Notice of the Amendment and the public comment period will also be published in the *Boston Globe*, the *Worcester Gazette and Telegram*, and the *Springfield Republican*.

In addition to making the Amendment and supporting documents available online, paper copies are available to pick up in person from the MassHealth Publications Unit, located in Quincy, Massachusetts.

MassHealth will provide a summary of the Amendment through an email to all Tribal leaders or their designees and additional Tribal health contacts on May 12, 2017. The official Summary will include links to the documents and instructions for providing comment.

MassHealth will consider comments received by June 12, 2017 for the final amendment that will be submitted to CMS.

Section 5 State Contact

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