



# **MassHealth 1115 Demonstration Extension, 2022 – 2027**

**Executive Office of Health & Human Services**

**October 2022**



# MassHealth's 1115 demonstration extension represents a five-year \$67.2 billion agreement supporting MassHealth reforms

On September 28th, 2022, CMS approved a five-year extension of the MassHealth Section 1115 demonstration. Since 1997, the 1115 demonstration has been a critical tool in enabling Massachusetts to achieve and maintain near-universal coverage, sustain the Commonwealth's safety net, expand critical behavioral health services, and implement reforms in the way that care is delivered. The new approval is effective October 1, 2022, through December 31, 2027.

MassHealth's previous 1115 demonstration (2017-2022) **restructured the delivery system toward integrated, value-based and accountable care:**

- >1 million members (>80% of eligible population) were enrolled in accountable care organizations (ACOs) paid for **better health outcomes, lower cost, and improved member experience**
- ~50,000 members with complex behavioral health and long-term services and supports needs received **enhanced care coordination** from certified **Community Partners**
- Supported by one-time **\$1.8 billion Delivery System Reform Incentive Program**
- Expanded access to **substance use disorder services**, sustained coverage expansions through MassHealth and the Health Connector, and provided funding for **safety net providers**

**MassHealth's new 1115 demonstration (2022-2027)** builds on these reforms by continuing to support integrated, outcomes-based care for MassHealth members and bringing a new focus on advancing health equity by closing disparities in quality and access. Goals for this demonstration include:

- 1) Continues the path of restructuring and **reaffirms accountable, value-based care**
- 2) Makes reforms and investments in **primary care, behavioral health and pediatric care**
- 3) **Advances health equity**, with a focus on initiatives addressing health-related social needs and specific disparities
- 4) Sustainably **supports the Commonwealth's safety net**, including level, predictable funding for safety net providers, with a continued linkage to accountable care
- 5) **Maintains near-universal coverage**, making updates to eligibility policies to support coverage and equity

# Continuing the path of accountable, value-based care



*The 1115 demonstration provides authority to continue the ACO, Community Partners and Flexible Services programs, and to expand Community Support Programs*

1

Continue the path of restructuring and reaffirm accountable, value-based care

- **Re-procure and refine the ACO program**, maintaining the same core pillars and requirements, holding ACOs accountable for high quality care, while implementing improvements based on lessons learned.
- **Re-procure the Behavioral Health and Long-Term Services and Supports Community Partners (CP) program**, while transitioning the program to sustainable financing and a more accountable structure.
- Scale successful programs by **transitioning ~80% of DSRIP funding to ongoing base funding** that supports the ACO and CP programs (e.g., supports for members with disabilities, embedded community health workers and peers in primary care, CP care coordination).
- **Continue and expand the Flexible Services Program and Community Supports Programs** under a new framework to address and integrate health-related social needs, including:
  - targeted support to members with behavioral health needs who are experiencing or at risk of homelessness, and those recently released from jail or prison; and
  - integrating Flexible Services within the ACO program, providing evidence-based nutritional and housing supports.



# Investing in primary care, behavioral health, and pediatric care

*The 1115 demonstration authorizes the Primary Care Sub-Capitation program, workforce investments, and continued expansion of behavioral health services*

2

Make reforms and investments in primary care, behavioral health, and pediatric care

- Invest additional \$115M per year in primary care through a new **"sub-capitation" payment model that supports enhanced care delivery** expectations (e.g., team-based care, behavioral health integration, specific expectations for members under 21) and more provider flexibility.
- Invest \$43 million over five years to improve **primary care and behavioral health workforce capacity and diversity** through loan repayment and nurse practitioner residency programs.
- Continue supporting **access to behavioral health services** through SUD and SMI/SED\* waiver authorities, including **expanding availability of diversionary behavioral health services** (e.g., Community Support Programs, Structured Outpatient Addiction Program) to members in MassHealth fee-for-service.
- **These authorities complement related initiatives outside the 1115 demonstration**, such as implementation of the *Roadmap for Behavioral Health Reform*, substantial investments in Community Health Center and behavioral health rates, and a new Targeted Case Management benefit ("MassHealth CARES for Kids") to support children with medical complexity

\*SMI/SED = Serious Mental Illness; Serious Emotional Disturbance



# Advancing health equity

*The 1115 demonstration authorizes significant investments and policies to advance health equity*

3

**Advance health equity, with a focus on health-related social needs, maternal health, and justice-involved populations**

- Launch **>\$2 billion initiative over five years to incentivize ACOs and ACO-participating hospitals to reduce disparities in quality and access**, accounting for members' clinical and social risk (including race, ethnicity, language, disability status, sexual orientation, gender identity, and health-related social needs).
- Provide evidence-based interventions addressing **housing and nutrition needs that impact health**, through the Flexible Services Program
- Focus on specific populations experiencing disparities, including:
  - **Justice-involved members**: Provide post-release transition supports to improve health outcomes, including 12-month continuous eligibility
    - *MassHealth's proposal to provide pre-release transition supports is pending federal guidance for all states, expected in the coming months*
  - **Members with disabilities**: Streamline access to CommonHealth, require focus on access and quality for members with disabilities in equity incentive program, and strengthen the LTSS CP program
  - **Pregnant/postpartum members**: Set a health system-wide goal to reduce maternal health outcome disparities, strengthen requirements for ACOs to support members with high-risk pregnancies, expand Flexible Services for households with high-risk children and pregnant individuals.
    - *These changes complement initiatives outside the 1115 demonstration, including 12-month postpartum coverage and doula services.*

# Supporting the safety net



## *The 1115 demonstration authorizes additional funding to sustainably support the Commonwealth's safety net providers*

4

**Sustainably support the Commonwealth's safety net, including level, predictable funding for safety net providers, with a continued linkage to accountable care**

- Authorize key components of 5-year hospital financing package that will generate \$600M+ of annual net benefit to hospitals.
- Increase **Safety Net Provider funding** by \$125M per year, expanding eligibility for payments to nine additional hospitals.
- Target majority of \$2B health equity incentives over five years toward ACO-participating, safety net hospitals.
- Preserve other **long-time funding for the Commonwealth's safety net** (e.g., the Health Safety Net).
- The hospital assessment has been updated and expanded to help fund these important programs and initiatives.



## Maintaining near-universal coverage

*The 1115 demonstration authorizes updates to eligibility policies that will maintain and strengthen near-universal coverage and advance equity*

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5

**Maintain near-universal coverage including updates to eligibility policies to support coverage and equity**

- **Maintain current coverage expansions**, including state insurance subsidies for the Health Connector for individuals with income up to 300% of FPL (**ConnectorCare** program)
- Make targeted updates that expand eligibility to maintain near-universal coverage and advance equity, including:
  - **Streamlining access to CommonHealth** to cover all disabled adults under age 65 with sliding scale premiums, without a spend-down, and to cover long-time CommonHealth members over age 65 when they retire
  - **Extending retroactive eligibility to 3 months for pregnant individuals and children**, consistent with federal rules without a waiver
  - Providing **continuous eligibility for members who are homeless (24 months) or justice-involved (12 months)**
  - **Expanding access to Medicare Savings Programs** for members with MassHealth Standard, consistent with state law expansions



# Massachusetts 1115 Next Steps

- **Fall 2022:** MassHealth will complete the ACO and Community Partner programs re-procurement
  
- **January 2023:**
  - Certain diversionary behavioral health services, including IOP and SOAP, expand to the MassHealth fee-for-service population
  - CommonHealth and retroactive eligibility updates take effect
  
- **April 2023:**
  - New ACO and CP programs launch
  - CSP and CSP-JI expand to the MassHealth fee-for-service population
  - New specialized CSP programs for individuals experiencing or at-risk for homelessness launch
  
- **Throughout 2022 – 2023:**
  - MassHealth continues to work closely with CMS on the development of Implementation Plans to advance the 1115 goals of quality and equitable care, continuous coverage, and health-related social needs. MassHealth will in parallel develop plans to monitor and evaluate progress towards key milestones that reflect overall waiver goals
  - Continued opportunities for stakeholder input on 1115 implementation via public meetings and parallel engagements