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December 22, 2021

The Honorable Xavier Becerra
US Department of Health and Human Services
200 Independence Avenue S.W.
Washington, DC 20201

Dear Secretary Becerra,

I am pleased to submit the enclosed request to extend the MassHealth Section 1115 demonstration for an additional five years, commencing on July 1st, 2022.

MassHealth is Massachusetts' Medicaid and Children's Health Insurance Program, providing health care coverage to over two million residents of the Commonwealth. Since 1997, the MassHealth 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.

Under the current 1115 demonstration, Massachusetts has implemented the most significant delivery system reforms in the Medicaid program in over two decades, restructuring toward integrated, value-based and accountable care; improving integration of physical health, behavioral health, and long-term services and supports; and addressing the opioid crisis through expanded access to substance use disorder services. These reforms have established a nationally-leading model of Accountable Care Organizations (ACOs) – provider-led organizations that take accountability for improving quality of care while simultaneously controlling costs – which have now enrolled more than 80% of eligible MassHealth members. The current 1115 demonstration also authorized \$1.8 billion in one-time Delivery System Reform Incentive Program (DSRIP) funding to support the transition towards value-based healthcare models, and has restructured the Safety Net Care Pool, providing critical support for the Commonwealth's safety net providers.

Promising early results from the current 1115 demonstration indicate that reforms are working. Primary care visits increased 2% from 2018 to 2019 and were 12% higher for ACO-enrolled members than non-ACO-enrolled members. ACOs are also reducing preventable acute utilization, with an 11% reduction in avoidable admissions from 2018 to 2019 among ACO-enrolled members. Clinical quality for ACO members has improved across a significant majority of measures, and, while pre-COVID data is limited, early utilization trends suggest that the ACO program has already begun to bend the cost curve.

The proposed 1115 demonstration extension re-affirms the Commonwealth's commitment to accountable, value-based care by continuing and refining the MassHealth ACO program. We will significantly increase investment in primary care, behavioral health, and enhance our focus on services for children, youth, and families. Key among these reforms, MassHealth proposes to implement a sub-capitation payment model for primary care providers to shift the healthcare system further away from a fee-for-service payment model towards value-based care focused on the health outcomes of our members.

The proposed 1115 demonstration also takes significant steps toward closing health disparities and advancing health equity. As part of these efforts, MassHealth proposes to continue the current Flexible Services Program, testing interventions to address members' health-related social needs. To further progress toward closing disparities in the Commonwealth, MassHealth proposes significant new health equity incentives for ACOs and ACO-participating hospitals to report on, and ultimately close, health disparities. This will include requiring ACOs to bolster their data infrastructure in order to strengthen data collection capabilities and improve identification, monitoring, and reduction of inequities among members. In addition, MassHealth will focus on more vulnerable populations through targeted initiatives related to maternal health, justice-involved individuals, and members experiencing homelessness.

MassHealth is committed to maintaining near-universal healthcare coverage. At over 97%, Massachusetts' rate of health coverage is the highest in the nation. The 1115 demonstration request proposes updates to MassHealth eligibility to further strengthen coverage. In parallel, the Commonwealth aims to sustain support for safety net providers, with a continued linkage to accountable care.

The enclosed includes all information and content required for an extension request under 42 CFR § 431.412. The Massachusetts Executive Office of Health and Human Services looks forward to working with the Centers for Medicare and Medicaid Services (CMS) during the review and approval process. Should you have any questions or concerns, please contact Marylou Sudders, Secretary of Health and Human Services for the Commonwealth (marylou.sudders@mass.gov).

Sincerely,



Charles D. Baker
Governor

Cc: Marylou Sudders, Secretary of Health and Human Services
Amanda Cassel Kraft, Assistant Secretary for MassHealth
Chiquita Brooks-LaSure, Administrator for the Centers for Medicare and Medicaid Services
Daniel Tsai, Deputy Administrator and Director of the Center for Medicaid and CHIP Services