



## MassHealth 1115 Demonstration Waiver Extension Proposal

December 2021

On December 20, 2021, the Massachusetts Executive Office of Health and Human Services (EOHHS) submitted a request to extend the MassHealth Section 1115 Demonstration (“1115 waiver”) to the Centers for Medicare and Medicaid Services (CMS). Since 1997, the MassHealth 1115 waiver 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 waiver, the Baker-Polito administration implemented the most significant delivery system reforms for MassHealth members in over two decades, including:

- Restructuring the delivery system towards integrated, value-based care, including establishing a nationally-leading model of Accountable Care Organizations (ACOs) that now cover >80% of eligible MassHealth members;
- Improving integration of physical health, behavioral health, and long-term services and supports;
- Addressing the opioid crisis through expanded access to recovery-oriented addiction treatment services; and
- Authorizing \$1.8 billion in one-time Delivery System Reform Incentive Program (DSRIP) funding to support the transition to accountable care, and more than \$1 billion per year in funding to support the Commonwealth’s safety net and subsidies for affordable coverage on the Massachusetts Health Connector.

The current demonstration period ends June 30, 2022.

**MassHealth has submitted an 1115 waiver extension request to continue progress in improving health outcomes and closing health disparities. To further improve health outcomes and close health disparities, MassHealth’s proposal focuses on five goals:**

### **1) Continue the path of restructuring and re-affirm accountable, value-based care – increasing expectations for how ACOs improve care and trend management, and refining the model:**

- Re-procure and refine the ACO program, increasing expectations for ACOs on clinical integration and value-based payment, while implementing improvements based on lessons learned;
- Continue and refine 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;
- Streamline care coordination to ensure members have a single accountable point of contact, including by requiring ACOs to proactively identify and engage high and rising-risk members; and
- Continue to address health-related social needs through the Flexible Services Program and Community Support Programs.

### **2) Reform and invest in primary care, behavioral health and pediatric care that expands access and moves the delivery system away from siloed, fee-for-service health care:**

- Invest ~\$115 million per year in primary care through a sub-capitation payment model that supports enhanced care delivery expectations (e.g., behavioral health integration), and provider flexibility;
- Align the waiver proposal to support the Commonwealth’s [Roadmap for Behavioral Health Reform](#), which will result in investments of >\$200 million per year to expand behavioral health access and integration;
- Improve community-based behavioral health and primary care workforce capacity and diversity, via loan repayment and residency training for clinicians; and training for peers and community health workers;
- Expand coverage for diversionary behavioral health services to MassHealth fee-for-service members; and
- Strengthen expectations for ACOs to invest in pediatric preventive care and coordinate care for children with complex needs.

**3) Advance health equity, with a focus on initiatives addressing health-related social needs and specific disparities, including maternal health and health care for justice-involved individuals:**

- Launch a \$350 million per year initiative for ACO-participating hospitals that measure and reduce health care disparities;
- Hold ACOs accountable for measuring and closing health disparities, including stratification by race, ethnicity, language, disability status, sexual orientation, and gender identity;
- Provide MassHealth coverage for eligible individuals in jails and prisons prior to release, and provide post-release transition services to improve health outcomes and reduce costs for justice-involved individuals;
- Address racial and ethnic disparities in maternal health, including 12-month postpartum eligibility, coverage for doula services, and increased supports for high-risk pregnancies;
- Strengthen coverage for members with disabilities, including streamlining access to CommonHealth coverage, required reporting of quality measures stratified by disability, and improvements to the LTSS CP program; and
- Continue and refine MassHealth's innovative risk-adjustment approach for ACO rates that accounts for members' medical and social needs.

**4) Sustainably support the Commonwealth's safety net, including increased funding for safety net providers, with a continued linkage to accountable care:**

- Generate \$618M annually in additional funding for hospitals over five years, with the vast majority tied to investments in the safety net;
- Funding will provide long-term stabilization for safety net hospitals, rebalance investment from inpatient to outpatient services, and focus health care system incentives towards improving clinical quality and health equity;
- Expand the set of hospitals eligible for safety net funding and increase support for all providers receiving Safety Net Care Pool funding through the waiver;
- Funding will be supported by extension of the hospital assessment.

**5) Maintain near-universal coverage, including updates to eligibility policies to support coverage and equity:**

- Maintain current coverage expansions, including state insurance subsidies for Health Connector plans for individuals earning up to 300% of the federal poverty level;
- Make targeted updates that expand eligibility to maintain near-universal coverage and advance equity, including:
  - Simplified process for disabled adults to qualify for CommonHealth;
  - 3-month retroactive eligibility for pregnant women and children;
  - 12-month postpartum eligibility regardless of immigration status; and
  - Continuous eligibility for members experiencing homelessness and post-release from jail or prison.

**Timeline for MassHealth's 1115 demonstration extension proposal**

- December 2021 – submission of 1115 waiver extension proposal to CMS
- June 2022 – anticipated approval of 1115 waiver extension by CMS
- July 1, 2022 – anticipated start date for new 1115 demonstration waiver period
- January 2023 – anticipated start for new ACO and CP contracts under extended 1115 demonstration waiver

**MassHealth's proposed 1115 demonstration extension reflects intensive and ongoing stakeholder engagement**

- Workgroups of over 100 stakeholders met throughout 2020 and early 2021 to inform policy design
- A broad range of stakeholders were engaged throughout the process, including consumer advocates, health care providers such as community health centers, hospitals, and behavioral health providers, LTSS providers, as well as community organizations