



## Fact Sheet: MassHealth's Newly Approved 1115 Demonstration Extension Supports Accountable Care and Advances Health Equity

September 2022

On September 28, 2022, the Centers for Medicare and Medicaid Services (CMS) approved Massachusetts' request to extend the MassHealth Section 1115 Demonstration ("1115 waiver"). 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. The \$67 billion waiver is effective October 1, 2022 through December 31, 2027.

**Under the 2017-2022 1115 demonstration, 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 nation-leading model of Accountable Care Organizations (ACOs) that now covers over 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.

**MassHealth's newly approved 1115 demonstration extension will continue progress in improving health outcomes and closing health disparities for members, in concert with other MassHealth efforts. The new demonstration extends and expands reforms through December 2027.**

**The five primary goals for this 1115 demonstration:**

**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:**

- Refine the ACO program, maintaining the same core pillars and requirements, holding ACOs accountable for high quality care, while making improvements based on lessons learned.
- Refine the Behavioral Health and Long-Term Services and Supports Community Partners program, while transitioning the program to sustainable financing and a more accountable structure.
- Transition ~80% of DSRIP funding to ongoing base funding (e.g., for supports for members with disabilities, embedded community health workers & peers in primary care, Community Partners).
- 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;
  - integrate Flexible Services within the ACO program, providing evidence-based nutritional and housing supports.

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

- Invest \$115 million per year in primary care through a new value-based sub-capitation model that requires providers to meet clear standards for access and team-based, integrated care, while giving them more flexibility in the delivery of care to meet their patients' needs.
- Support the Commonwealth's *Roadmap for Behavioral Health Reform* through expanded substance use disorder services and diversionary behavioral health services.
- Invest over \$43 million over five years in loan repayment and residency training programs to strengthen and diversify the primary care and behavioral health workforce serving MassHealth members.

- Strengthen expectations for ACOs to invest in pediatric preventive care and coordinate care for children with complex needs, in combination with a new targeted Case Management benefit, MassHealth CARES for Kids, to support children with medical complexity (outside the demonstration).

**3) Advance health equity, addressing health-related social needs and specific disparities:**

- Launch a >\$2 billion initiative over five years to hold ACOs and ACO-participating hospitals accountable for reducing disparities in health care quality and access. Providers will improve data collection and reporting on demographic and social risk factors such as race, ethnicity, language, disability status, sexual orientation, gender identity, and health-related social needs; implement evidence-based clinical interventions to improve quality and access; and receive incentive funding for performance on improving quality and reducing disparities.
- Implement interventions to address racial and ethnic disparities in maternal health, complementing policies outside of the demonstration including 12-month postpartum eligibility and coverage of doula services.
- Expand the Flexible Services and Community Supports Programs to address health-related social needs such as nutrition and housing, and to provide post-release transition supports for justice-involved members.
- 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.
- *Note: MassHealth's proposal to provide pre-release transition supports for justice-involved members is pending federal guidance for all states, expected in late 2022 or early 2023.*

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

- Extend and increase Safety Net Provider Payments by \$125 million per year and direct the majority of new incentive funding for health equity to safety net hospitals.
- Preserve other long-time funding for the Commonwealth's safety net (e.g., the Health Safety Net).
- Implement the expanded hospital assessment recently signed into law to fund these important initiatives and other hospital programs (e.g., increased base rates and a revamped clinical quality program).

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

- Maintain current coverage expansions, including state subsidies to ensure affordability of Health Connector plans for enrollees with incomes up to 300% of the federal poverty level.
- Make targeted updates to MassHealth eligibility to support coverage and equity, including:
  - A simplified process for adults with disabilities to qualify for CommonHealth;
  - 3-month retroactive eligibility for pregnant individuals and children;
  - At least 12 months of continuous eligibility for members experiencing homelessness and members recently released from a correctional institution; and
  - Expanded access to Medicare Savings Programs for members with MassHealth Standard.

**MassHealth's 1115 waiver extension reflects intensive and ongoing stakeholder engagement and collaboration**

- Workgroups of over 100 stakeholders met in 2020 and 2021 to inform policy design before MassHealth's demonstration proposal was submitted to CMS in December 2021.
- 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 and LTSS providers, as well as community organizations.
- MassHealth will continue to engage stakeholders throughout implementation of the new demonstration.