

COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF HEALTH AND HUMAN
SERVICES
OFFICE OF MEDICAID

MassHealth Section 1115 Demonstration Amendment Request

May 3, 2024

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Introduction

The Massachusetts 1115 demonstration, currently approved through December 31, 2027, has long supported the Commonwealth's commitment to universal health care coverage and, particularly during the prior and current demonstration periods, has provided federal waiver and expenditure authority to test innovations in payment and care delivery.

Since the initial implementation of the demonstration in 1997, working in partnership with the federal government, the Commonwealth has made significant progress toward the goal of ensuring health care coverage for all our residents. Over 99 percent of the Commonwealth's children and youth and more than 97 percent of all its residents have health insurance, the highest in the country.¹ As of February 2024, MassHealth, the Massachusetts Medicaid and Children's Health Insurance Programs, covers approximately 2.0 million individuals, or nearly 33 percent of the Commonwealth's residents.

The 1115 demonstration was recently extended through December 31, 2027, and the Commonwealth is proposing this amendment to authorize Designated State Health Program Funding for New Initiatives to further the overall goals of the demonstration.

Detailed Amendment Requests

1. Authorize Designated State Health Program Funding for New Initiatives

Background

On October 16, 2023, the Commonwealth submitted to CMS an 1115 Demonstration amendment request proposing new initiatives that further the overall goals of the Demonstration. The amendment request and new initiatives were approved on April 19, 2024. The new initiatives include:

- An expansion of existing 1115 demonstration expenditure authority for marketplace subsidies to include eligible individuals above 300%, up to 500% FPL. The expansion would align with Massachusetts Legislature statutory changes and enable more individuals to benefit from these supports and further mitigate cost "cliffs" among the Commonwealth's different insurance programs.
- An expansion of existing 1115 expenditure authority to further increase the income limit to the state statutory limit for certain waivers to provide Medicare Savings Program (MSP) benefits for MassHealth Standard individuals. This will allow higher income individuals with Standard (who are often spending down income to receive Standard) to also receive the benefit of the MSP expansions under the state budget.
- Short term post-hospitalization housing (STPHH) of up to six months of post-hospitalization housing and supportive services for eligible MassHealth members who meet risk-based and clinical criteria. STPHH seeks to improve members' health and avert further intensive medical interventions, reduce health disparities,

¹ [2021-MHIS-Report.pdf \(chiamass.gov\)](#)

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and reduce the total cost of care for members experiencing homelessness.

- Social Services Integration funds to meet new needs and expectations regarding managed care participation and electronic referral platforms in the new HRSN framework. The funds would allow the inclusion of CSP providers, broader technical assistance, and additional partnerships.
- Provision of certain MassHealth-covered services (including clinical, behavioral health, and pharmacy services) for up to 90 days prior to expected release to “qualified individuals” including all Medicaid or CHIP-eligible individuals in County Correctional Facilities (CCFs) and state Department of Corrections (DOC) facilities and all Medicaid or CHIP-eligible youth committed to the care and custody of the state Department of Youth Services (DYS).

Request

The Commonwealth seeks expenditure authority for Designated State Health Programs (DSHP) to support new Demonstration initiatives. If granted, this authority would provide new federal support for existing state operated programs that serve low income and vulnerable populations in Massachusetts (the “Designated State Health Programs”). Massachusetts would use this federal funding to support new Demonstration initiatives, which include marketplace (Health Connector) subsidies expansion, Medicare Savings Program income limit increase, short term post-hospitalization housing, Social Services Integration funds, and pre-release MassHealth services to individuals in certain public institutions.

The estimated cost of the proposed DSHP funded initiatives is \$761,000,000 over the Demonstration period.

Summary of requested waiver and expenditure authorities

The table below lists the waivers and expenditure authorities the Commonwealth is seeking to support the policies described above.

Policy	Waiver/Expenditure Authority	Statutory and Regulatory Citation
1. Designated State Health Programs for New Initiatives	Expenditure authority for DSHP to fund new Demonstration initiatives	

Budget Neutrality

Budget neutrality prior to amendment

The Commonwealth’s projected budget neutrality cushion as of the quarterly report for the quarter ending June 30, 2022, \$28.2 billion total, of which \$6.2 billion is attributable to

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the SFY 2018-2022 waiver period.^{2,3} This estimate incorporates projected expenditures and member months through SFY 2022 as reported through the quarter ending September 30, 2022. This budget neutrality calculation reflects significant realized and anticipated savings.

Effect of amendment

As reflected in the accompanying budget neutrality workbook, this amendment results in \$647.5 million in costs to the MassHealth program. The effect of this amendment would decrease the Commonwealth's budget neutrality cushion by approximately \$647.5 million for the 2022-2027 waiver period. Overall, after integrating the proposed amendment, the Commonwealth and the federal government would continue to realize savings on the demonstration.

The attached budget neutrality workbook contains a data analysis which identifies the specific "with waiver" impact of the proposed amendment on the current budget neutrality agreement. This analysis includes current total computable "with waiver" and "without waiver" status on both a summary and detailed level through the current extension approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the "with waiver" expenditure total as a result of the proposed amendment, by eligibility group.

Evaluation

The currently approved demonstration seeks to advance five goals.

- Goal 1: Continue the path of restructuring and reaffirm accountable, value-based care
- Goal 2: Make reforms and investments in primary care, behavioral health, and pediatric care
- Goal 3: Continue to improve access to and quality and equity of care, with a focus on initiatives addressing health-related social needs and specific disparities
- Goal 4: Support the Commonwealth's safety net, including ongoing, predictable funding for safety net providers, with a continued linkage to accountable care; and
- Goal 5: Maintain near-universal coverage including updates to eligibility

² The budget neutrality cushion as of the quarterly report for the quarter ending September 30, 2020 includes member month and actual expenditure data as reported in the CMS-64 report for the corresponding time period. Safety Net Care Pool spending included in the calculation reflects figures as reported in the budget neutrality agreement approved by CMS on November 4, 2016.

³ 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.

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policies to support coverage and equity.

The Evaluation Design Document for the current waiver period was approved by CMS in January of 2024. MassHealth's STCs, approved on April 19, 2024, outline an evaluation plan for the new DSHP funded initiatives outlined in this new amendment. The evaluation plan is as follows:

Expanding marketplace subsidies to additional individuals seeks to advance Goal #5 to maintain near-universal coverage and supports hypotheses that enrollment in programs funded with demonstration investments supports near-universal coverage in Massachusetts and results in improved health outcomes.

Increasing the income limit for MSP benefits for members on MassHealth Standard to the state statutory limit seeks to advance Goal #5, to maintain near-universal coverage and supports hypotheses that enrollment in programs funded with demonstration investments supports near-universal coverage in Massachusetts and results in improved health outcomes. Providing MSP benefits to additional individuals to comply with the expansion under state law supports the state's goal of maintaining near-universal coverage. The MSP amendment would also help to ensure the long-term financial sustainability of the state's health coverage programs by requiring enrollment in Medicare as the Medicare coverage would no longer come at a cost to the member.

Expanding housing authority through STPHH seeks to advance Goal # 3. In alignment with STC 17.6.e., the evaluation of STPHH will include an analysis of how the services affect utilization of preventive and routine care, utilization of and costs associated with potentially avoidable, high-acuity health care, and beneficiary physical and mental health outcomes. The Commonwealth has received approval from CMS to use funding from Section 9817 of the American Rescue Plan Act (ARPA) for a Medical Respite Pilot Program Grant. This pilot program will operate until December 2024 and will be aligned with the Short-Term Post Hospitalization Housing Program model. The evaluation of STPHH will build on the evaluation of the ARPA-funded Medical Respite Grant Program.

Increasing the expenditure authority for the SSO Integration Fund seeks to advance Goal #3 to continue to improve access to and quality and equity of care, with a focus on initiatives addressing health-related social needs. The evaluation of the SSO Integration Fund will continue as proposed in the Evaluation Design Document.

Providing pre-release MassHealth services to individuals in certain public institutions seeks to advance Goal #3 to continue to access to and equity of care, with a focus on initiatives addressing health-related social needs and specific improvement areas relating to health quality and equity, including maternal health and health care for justice-involved individuals who are in the community. In alignment with STC 17.6.i., the evaluation of the reentry initiative will focus on cross-system communication and coordination; connections between carceral and community services; access to and quality of care in carceral and community settings; preventive and routine physical and behavioral health care utilization;

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nonemergent emergency department visits and inpatient hospitalizations; and all-cause deaths.

These goals are consistent with the directives from Section 5032 of the SUPPORT Act as well as the guidance provided by CMS in its SMD# 23-003.

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.

Public Notice

The Commonwealth released the amendment for public comment starting on March 27, 2024. The public notice, the Amendment Request, which included the Budget Neutrality Impact section, and a Summary of the Amendment (including the instructions for submitting comments) were posted on the MassHealth website ([1115 MassHealth Demonstration \("Waiver"\) | Mass.gov](#)) and the public notice with a link to the MassHealth website was published in the Boston Globe, Worcester Telegram & Gazette and the Springfield Republican.

Tribal Consultation

MassHealth provided a summary of the Amendment through an email to all Tribal leaders or their designees and additional Tribal health contacts on March 27, 2024. The summary included links to the documents and instructions for providing comment.

Public Meeting

The Commonwealth hosted an in-person public listening session with a virtual option on April 8, 2024 to seek input regarding the Demonstration amendment. The session included a presentation on the proposed changes and an opportunity for public testimony.

Thirteen people attended the session. During the public testimony portion of the meeting, one commenter had technical questions about the DSHP funding mechanism and its interaction with other 1115 amendments.

Public Comment Letters

The Commonwealth received two comment letters, including one written on behalf of 11 organizations. The letters were supportive of the request for expenditure authority for Designated State Health Programs (DSHP) to support new Demonstration initiatives and

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reiterated support for the new Demonstration initiatives that would be supported by the DSHP funding. One commenter supported the proposed evaluation for the reentry initiative, which MassHealth had included in its October 2023 amendment request. Although MassHealth appreciates the feedback on its initial evaluation proposal for the reentry initiative, MassHealth has updated the evaluation information in this amendment request to align with the STCs approved by CMS on April 19, 2024, subsequent to the posting of this amendment request.

Conclusion

The proposed flexibilities described in the demonstration amendment request build on the Commonwealth's current efforts to advance health equity by further strengthening coverage for Massachusetts residents and addressing MassHealth members' health-related social needs.

The Commonwealth appreciates this opportunity to amend our 1115 demonstration and to continue to work with CMS to improve health care outcomes for the people of the Commonwealth.

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