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MassHealth restructuring and the current 1115 demonstration waiver

- MassHealth is the Commonwealth's Medicaid program, covering more than 2 million (30%) residents, and critical to maintaining Massachusetts's level of coverage at over 97%, the highest in the nation
- Beginning in 2018, under the current 1115 demonstration waiver, the Baker-Polito administration implemented the most significant delivery system reforms for MassHealth members in over two decades, restructuring the delivery system towards integrated, value-based and accountable care; improving integration of physical, behavioral health, and long-term services; and, addressing the opioid crisis through expanded access to a broad spectrum of recovery-oriented substance use disorder services
- These reforms 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 >80% of eligible MassHealth members
- The current waiver also authorized funding through the Safety Net Care Pool – ~\$8 billion over five years – including \$1.8 billion in one-time Delivery System Reform Incentive Program (DSRIP) funding to support transition towards ACO models; \$4.8 billion for uncompensated care by safety net providers, including the Health Safety Net; and, over \$1.3 billion for subsidies to assist consumers in obtaining affordable coverage on the Massachusetts Health Connector

This fall, MassHealth will submit an 1115 demonstration waiver extension to continue progress in improving health outcomes and closing health disparities

- MassHealth's ACO program showed promising results between 2018 and 2019, including:
 - PCP visits were 12% higher for ACO members than for non-ACO members;
 - Avoidable admissions reduced by 11%; and
 - Clinical quality scores were high overall and increased on a majority of measures.
- Nonetheless, opportunities remain to improve care and reduce cost, including:
 - Moving health care providers from the fee-for-service payment model, and further towards integrated, team-based care delivery;
 - Improving access and delivery of critical behavioral health services;
 - Strengthening health care outcomes for children, youth, and families; and
 - Standardizing and streamlining the program's administration.
- Simultaneously, health disparities persist, highlighting long-standing, systemic racism that MassHealth is committed to addressing through urgent health care reforms.
- DSRIP funding, which has catalyzed many of these reforms, expires in 2022 and is not renewable. MassHealth seeks to transition successful elements of DSRIP into core, sustainable program funding to continue building on progress to date.

To further improve health outcomes and close health disparities, MassHealth will propose an 1115 demonstration waiver extension with 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
- Continue and refine 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 behavioral health workforce capacity and diversity via loan repayment for clinicians making a multi-year commitment to serve MassHealth members; and training for peers, and community health workers
- Expand coverage for diversionary behavioral health services to MassHealth fee-for-service members
- 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 \$500 million initiative over five years 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, and provide post-release transition to improve health outcomes and reduce costs for justice-involved individuals
- Address racial and ethnic disparities in maternal health, including 12-month postpartum eligibility regardless of immigration status, coverage for doula services, and increased supports for high-risk pregnancies
- Strengthen coverage for members with disabilities, including broadened availability of CommonHealth, required reporting of quality measures stratified by disability, and improvements to the LTSS CP program
- Continue and refine MassHealth's innovative risk-adjustment approach for ACO rates that accounts for members' medical and social needs

4) Streamline the MassHealth delivery system for members and providers by standardizing behavioral health networks and pharmacy formularies, and by simplifying and streamlining care coordination:

- Streamline administration of the behavioral health benefit, including enrollment/credentialing, utilization management, and networks, to increase provider participation and improve care for MassHealth members

- 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, to offer intensive supports when needed to address holistic needs, including behavioral health, long-term services and supports, and health-related social needs
- Implement a uniform pharmacy formulary and equalize 340b payment methods across delivery systems

5) Sustainably support the Commonwealth’s safety net and maintain near-universal coverage – including level, predictable funding for safety net providers, with a continued linkage to accountable care, and updates to eligibility policies to support coverage and equity:

- Generate \$515M in additional funding for hospitals over five years, with the vast majority tied to investments in the safety net supporting health equity
- Expand the set of hospitals eligible for safety net funding
- Funding supported by extended hospital assessment; MassHealth will continue to work through the details of its safety net financing with stakeholders in advance of formal waiver submission
- Maintain current coverage expansions, including state insurance subsidies for the Health Connector 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 a simpler process for disabled adults to qualify for CommonHealth; 3-month retroactive eligibility for pregnant women and children; 12-month postpartum eligibility; and continuous eligibility for members experiencing homelessness and post-release from jail or prison

Timeline for MassHealth’s 1115 demonstration extension proposal

- July 2021 – release of summary policy document
- September 2021 – 1115 demonstration extension proposal posted for public comment (30 days)
- November 2021 – submission of 1115 demonstration extension proposal to CMS
- July 2022 – anticipated approval of 1115 demonstration extension by CMS
- January 2023 – anticipated start for new ACO contracts under extended 1115 demonstration waiver

MassHealth’s proposed 1115 demonstration waiver 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
- MassHealth will continue engaging stakeholders throughout the summer and fall of 2021 before submitting the waiver extension request to CMS, including a formal public comment period on the draft proposal

Additional detail on the waiver proposal can be found on the MassHealth Innovations website at <http://www.mass.gov/hhs/masshealth-innovations>