MassHealth Payment Policy Advisory Board and Medical Care Advisory Committee

Executive Office of Health & Human Services

MassHealth Delivery System Restructuring – 1115 Waiver Update

November 17, 2016

1115 Scope and Effective Dates

- On November 4, 2016, Massachusetts received federal approval for its request for an amendment and extension of the 1115 Demonstration Waiver – allowing MassHealth to "waive" certain provisions of the Medicaid law and receive additional flexibility to design and improve programs, including:
  - Accountable Care Organizations (ACOs), a model of care that uses provider led organizations and Community Partners to better integrate and manage member care
  - Significant federal funds to preserve and stabilize Massachusetts' safety net providers
  - Additional substance use treatment services available for MassHealth members
- The 1115 Demonstration Waiver (the "Amendment") will continue to be in effect through June 30, 2017
- A new extension of the 1115 Demonstration Waiver (the "Extension") will be effective from July 1, 2017 through June 30, 2022
- The Waiver authorizes $52.4B in spending over five years and generates $29.2 billion of federal revenue for the Commonwealth over that timeframe

Accountable Care Organizations (ACOs)

- MassHealth has historically used the 1115 Waiver to authorize managed care delivery systems for members under age 65
- Today, MassHealth's managed care system includes Managed Care Organizations (MCOs) and the PCC Plan, including a managed behavioral health vendor (MBHP)
- The Waiver describes MassHealth's new managed care structure and choices for members, including implementation of ACOS. Specifically, the waiver newly authorizes:

December 2016

A. ACO Pilot (one-year)

Will allow MassHealth to begin the transition towards accountable care and population-based payments with selected, experienced ACOs under an alternative payment methodology that includes shared savings and risk

December 2017

A. Accountable Care Partnership Plans (Model A)

Managed care organizations (MCOs), each with a closely and exclusively partnered ACO with which the MCO collaborates to provide vertically integrated, coordinated care under a global payment

B. Primary Care ACOs (Model B)

Provider-led ACOs that contract directly with MassHealth to take financial accountability for a defined population of enrolled members through retrospective shared savings and risk, and potentially more advanced payment arrangements

C. MCO-administered ACOs (Model C)

Provider-led ACOs that contract directly with MassHealth MCOs to take financial accountability for the MCO enrollees they serve through retrospective shared savings and risk

Community Partners

- The Waiver authorizes MassHealth to create Community Partners (CPs) in order to better support members with complex behavioral health, long term services and supports (LTSS), and health-related social needs
- These community-based entities will help members navigate the complex system of care
- MCOs and ACOs will be required to partner with MassHealth identified CPs with experience in behavioral health, LTSS**,** and health-related social needs

Objectives

- Improve member experience and quality of care for members with behavioral health and LTSS needs who are enrolled in MCOs and ACOs
- Improve continuity of care for members with behavioral health needs and ensure appropriate setting and level of care for members with LTSS needs
- Create opportunity for ACOs and MCOs to leverage the expertise and capabilities of existing community-based organizations servicing populations with behavioral health and LTSS needs
- Invest in the continued development of behavioral health and LTSS infrastructure (e.g., technology, information systems) that is sustainable over time
- Improve collaboration across MCOs and ACOs, CPs, community organizations addressing the social determinants of health, and the behavioral health, LTSS, and physical health delivery systems in order to break down existing silos and deliver integrated care
- Avoid duplication of care coordination and care management resources
- Support values of community-first and cultural competence, SAMHSA recovery principles, and independent living

Flexible Services

- ACOs will be able to invest in certain approved community services that address health-related social needs and are not otherwise covered under Massachusetts' Medicaid benefit
- These "flexible services" will support innovative approaches to addressing the social determinants of health in the following domains:

1. Transition services for individuals transitioning from institutional settings into community settings	2. Home and Community-Based Services to divert individuals from institutional placements
3. Services to maintain a safe and healthy living environment	4. Physical activity and nutrition
5. Experience of violence support	6. Other individual goods and services

- Flexible services must be:
  - Health-related
  - Not covered benefits under the MassHealth State Plan, 1115 Demonstration Waiver, or a home and community based waiver the member is enrolled in
- MassHealth and CMS will be refining the details over the coming months, including eligibility criteria to receive flexible services, service definitions, payment methodologies, reporting requirements

Introducing LTSS into MCOs and ACOs

- The 1115 Demonstration Waiver allows MassHealth to introduce financial accountability for covered long-term services and supports (LTSS) on or about year three of the Demonstration
  - MCOs and Partnership Plan ACOs (Model A) contracts will be amended to include LTSS in the scope of covered services and provider networks
  - Primary Care (Model B) and MCO-Administered (Model C) ACO contracts will be amended to include LTSS in Total Cost of Care incrementally (no capitation, no network management)
- MassHealth will define contractual requirements (based on One Care) including cultural competence and independent living principles
  - MassHealth will define a Readiness Review process in collaboration with stakeholders
  - No plan or ACO will go live with LTSS until they are fully ready and qualified
- MassHealth is committed to ensuring significant advocate/member engagement at each step in the process

Safety Net Care Pool (SNCP)

The SNCP is a funding mechanism that supports health system transformation and infrastructure expenditures, both aimed at improving health care delivery and thereby improving access to effective, quality care

The 1115 Amendment and Extension will enable Massachusetts to preserve and sustain key programs and initiatives, while also transitioning to ACOs and Community Partners that receive payments based on quality performance

- Extension authorizes federal match for up to $7.9B over five years
  - $4.8B for uncompensated care payments (includes HSN, safety net hospitals, and others)
  - $1.8B of DSRIP funding
  - $1.3B for Connector subsidies

SNCP - Uncompensated Care Overview

Funding category	Description	Funding authority, SFY 2018-22	
		Average	Total
Public Hospital Transformation Incentives and Initiative (PHTII)	Incentive-based payments to Cambridge Health Alliance to support ACO participation and behavioral health initiatives	$170M	$852M
Health Safety Net	Payments to hospitals and community health centers for uninsured populations	$296M	$1,480M
Safety net hospital supports	Payments to critical safety net hospitals to support ongoing operations. Portion of funding is at risk.	$197M	$983M
Uncompensated care at DMH and DPH Hospitals	Payments to state hospitals for uninsured and Medicaid-eligible populations	$273M	$1,364M
Uncompensated care at Institutions of Mental Disease	Payments to psychiatric hospitals and community-based detoxification providers for uninsured and Medicaid-eligible populations	$32M	$160M
Uncompensated Care Total	**Payments for uncompensated care provided by safety net providers**	**$963M**	**$4,839M**

SNCP - Safety Net Hospitals

- Waiver Extension expands number of safety net hospitals from 7 to 15 and authorizes over $800M in funding over five years
  - Includes seven hospitals that have historically participated in the Delivery System Transformation initiative (DSTI) and eight other hospitals
- A portion of DSRIP ($1.8B) will be used to fund hospitals participating in ACOs
- Payments are “at risk” for ACO participation and performance
- In addition, Cambridge Health Alliance will be supported through a number of performance-based incentive payments

Safety Net Hospitals (five-year total)	
Boston Medical Center – $483.5M	Baystate Medical Center – $28.1M
Baystate Franklin Medical Center – $2.4M	Berkshire Medical Center – $8.2M
Holyoke Medical Center – $29.5M	Lawrence General Hospital – $56.6M
Mercy Medical Center – $56.3M	North Shore Medical Center – $16.9M
Signature Brockton Hospital – $62.5M	Southcoast Hospital Group – $20.4M
Steward Carney Hospital – $23.3M	Steward Good Samaritan Hospital – $4.8M
Steward Morton Hospital – $2.5M	Tufts Medical Center – $17.0M

SNCP - Delivery System Reform Incentive Program (DSRIP)

Waiver Extension authorized $1.8 billion in DSRIP funds over 5 years to support the development of ACOs and help providers transition towards new care delivery models, improve member care, and experience and strengthen provider capacity

- Over the 5-year DSRIP period, DSRIP funding will phase down as programs become sustainable

- The Commonwealth's DSRIP expenditure authority is partially at risk based on the State's performance on a range of metrics, including metrics related to reduction in the growth rate of costs of care, metrics related to quality, and metrics related to ACO implementation

- DSRIP funds will support care coordination, flexible services, and infrastructure development at ACOs and at Community Partners (CPs)

- Additional statewide investments funded through DSRIP include:
  - Support for primary care providers employed at community health centers
  - Support to providers to prepare for participation in Alternative Payment Methodologies
  - Investments to address the boarding of members with substance use disorders or mental illness in emergency departments
  - Improved accessibility to medical care for people with disabilities

SNCP - ConnectorCare Subsidies

Through ConnectorCare, MassHealth is able to offer subsidized health insurance to low-income individuals shopping for coverage on the Health Exchange

The Waiver:

- Continues federal support for premium subsidies
- Newly provides federal funding for state cost-sharing subsidies
- Provides federal support for gap coverage through the Health Safety Net for eligible individuals in the 100-day window between being determined eligible for ConnectorCare and enrolling in a health plan

Addressing the Opioid Crisis

The Waiver allows MassHealth to improve health outcomes for people with substance use disorder (SUD) through increased access to treatment and ongoing recovery support and additional federal funding:

- Expands SUD treatment services for all MassHealth members, including fee-for-service (FFS) members and those over age 65 (except those in MassHealth Limited)
- Specifically authorizes SUD treatment services in IMD* settings
- Includes full continuum of medically necessary 24-hour community-based rehabilitation services
- Expands the state's capacity of 24-hour rehabilitation service programs
- Funds care coordination and recovery services to members with significant SUD
- Newly authorized SUD services:
    - High-Intensity Residential Services (ASAM 3.3)
    - Transitional Support Services (ASAM 3.1)
    - Residential Rehabilitation Services for individuals and families (ASAM 3.1)
    - Recovery support navigator services
    - Recovery coach services (available to ACO/MCO members only)

*Institute for Mental Disease (IMD)

Other Programmatic

Student Health Insurance Program (SHIP)

- Premium Assistance provides MassHealth a cost effective way of delivering benefits to members who have access to comprehensive, affordable health insurance by assisting with premium payments
- The Student Health Insurance Program is a new Premium Assistance program specifically for MassHealth members who are full-time students with access to SHIP plans
- The Waiver allows MassHealth to:
  - Require eligible members to enroll in a SHIP plan, and
  - Maintain continuous eligibility for MassHealth for a period of up to 12 months while enrolled in the SHIP plan, until the end of the policy year

CommonHealth

- The CommonHealth program is one of the crucial ways that MassHealth supports members with disabilities. The program currently provides coverage to children and adults (working and non-working) with disabilities.
- The Waiver newly allows MassHealth to claim federal matching funds for CommonHealth coverage for eligible members with disabilities over age 65 who are working at least 40 hours per month
- Eligibility for the CommonHealth program is not changing

Cost-Sharing

- Today, MassHealth charges members >150% FPL sliding scale premiums, and charges nominal copays for adults on pharmacy and inpatient hospital services
- Through the Waiver, MassHealth received authority for higher copayment amounts (within federal nominal cost sharing limits) in PCC Plan relative to other delivery system options
- MassHealth did not seek to exceed federal cost-sharing limits

- MassHealth expects to implement a new cost-sharing schedule in 2018:
  - Copays are eliminated for members at or under 50% FPL (~60% of membership)
  - For members >50% FPL, adds differential copay amounts to encourage members to enroll in ACOs/MCOs for lower copays compared to the PCC Plan
  - Copays will be charged on additional service categories
  - Premiums for members with income >150% FPL will be 3% of family income

- Populations exempt from copays today will continue to be exempt from copays
  - Children under 21
  - Pregnant Women
  - Individuals living in an institution
  - Individuals receiving hospice
  - American Indian/American Native

Member Support and Protections

MassHealth recognizes that members and providers will need support in navigating the new delivery models. MassHealth will build up resources for these transitions, including new tools, customer service support, and outreach to help members identify the networks in which their preferred providers participate and what choices the member has to access those networks.

- Current policies and procedures for member protections will remain in place for the PCC Plan and the MCOs, including existing appeals and grievance procedures
- Members in ACOs also will have access to ACO-specific grievance processes and MassHealth's Fair Hearings appeals process
- In addition to One Care members, members in ACOs, MCOs, SCO, and PACE will have access to an independent ombudsman beginning in Fall 2017
- MassHealth will ensure that members have adequate access and choice in networks, and will continue to require that MCOs and ACOs (as appropriate according to the model type) have provider networks that comply with all applicable managed care rules

MassHealth will also convene a Delivery System Reform Implementation Advisory Council by February 2017 to provide advice and input regarding the implementation of MassHealth's overall delivery system reform efforts. Membership of the Advisory Council will be representative of MassHealth consumers or consumer advocates, providers, provider organizations, and health plans.

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