



Improving Health Outcomes and Lowering Cost through Innovation in Medicaid

About MassHealth

MassHealth is Massachusetts' combined Medicaid and Children's Health Insurance Program (CHIP). The agency provides robust health care coverage for qualifying children, families, seniors, and people with disabilities living in Massachusetts.

About 2 million people – more than a quarter of Massachusetts residents and about 40% of children in the state – are covered by MassHealth. Health care benefits may include doctor visits, dental, prescription drugs, behavioral health services, long-term supports and services, and other important health care services.

About the Section 1115 Demonstration Waiver

With approval from the Centers for Medicare & Medicaid Services (CMS), Section 1115 Demonstration Waivers ("Demonstrations") allow states flexibility to design and improve their Medicaid and CHIP programs through experimental, pilot, or demonstration projects that promote the objectives of the programs.

Since 1997, the MassHealth Demonstration has been a critical tool in enabling Massachusetts to achieve near-universal health coverage, reform the way that health care is delivered for MassHealth members, expand critical behavioral health services, and support the Commonwealth's safety net health care facilities.

Evaluation of MassHealth's Demonstration

UMass Chan Medical School evaluated the impact of MassHealth's 2017–2022 Demonstration, and CMS has now approved their report. The evaluation examined the impact of a suite of delivery system reforms, including MassHealth's transition to Accountable Care Organizations (ACOs), as well as expanded access to health insurance and support for Massachusetts' safety net health care providers.

Overall, the evaluation found that the MassHealth Demonstration

- saved the Commonwealth more than half a billion dollars over five years,
- maintained near-universal health coverage and the lowest uninsurance rate among comparison states,
- improved health outcomes for MassHealth members on both physical and behavioral health, and
- lowered hospitalization rates.

Key findings:

Cost Savings

- The ACO model, including key components such as programs to address health-related social needs (e.g., nutrition and housing supports), demonstrated a high return on investment – MassHealth's ACO program saved \$512 million over the 5-year demonstration period, with a projected 10-year savings of \$962 million.
- Per-member per-month costs for MassHealth members enrolled in an ACO were significantly lower than they would have been without the Demonstration.
- Health care reforms shifted utilization from high-cost settings to lower-cost outpatient settings while maintaining high levels of member satisfaction in the ACO program.
- For every dollar invested in the ACO program, there was \$1.35 in cost savings.
- Nutrition supports for MassHealth members reduced the total cost of care for participants who received at least 90 days of supports.

Health Outcomes

- Among MassHealth members in ACOs, there were improvements in diabetes and high blood pressure management, appropriate use of emergency departments, and timely follow-up after emergency department visits.
- MassHealth members with substance use disorder (SUD) also saw improvements, including
 - decreases in the rates of overdoses and overdose fatalities,
 - improvements in SUD treatment initiation and engagement,
 - increases in the utilization of new SUD services,
 - improvements in SUD quality of care and outcomes, and
 - increases in the number of providers treating SUD.

Near-Universal Health Insurance Coverage

- The Demonstration was successful at keeping Massachusetts' uninsurance rate the lowest in the nation – less than 3% percent.

Hospitalization and Emergency Department Rates

- Hospitalization rates were 23% lower and Emergency Department visit rates were 13% lower among those receiving nutrition support services, as compared to eligible non-participants.
- Hospitalization rates were 18% lower and Emergency Department visit rates were 17% lower among those receiving tenancy support services, as compared to eligible non-participants.

For more details and the complete results of the evaluation of MassHealth's 2017-2022 Demonstration, please go to [Mass.gov/Historic1115Demonstration](https://www.mass.gov/Historic1115Demonstration).

In 2022, CMS approved Massachusetts to extend its Demonstration through 2027. Learn more at [Mass.gov/1115DemonstrationWaiver](https://www.mass.gov/1115DemonstrationWaiver).