

## 1115 Waiver Amendment -2017

### Section 1 Introduction

On November 4, 2016, Massachusetts received federal approval of its request for an amendment and extension of the 1115 Demonstration Waiver (the “Demonstration”). The Massachusetts Waiver Extension authority begins July 1, 2017, and goes through June 30, 2022.

MassHealth covers nearly 1.9 million Massachusetts residents and is vital to maintaining the Commonwealth’s overall level of health coverage, currently the highest in the nation. Massachusetts is implementing new demonstration components to support a value-based restructuring of MassHealth’s health care delivery and payment system. We are working to expand behavioral health services to strengthen Massachusetts’ system of recovery-oriented Substance Use Disorder (SUD) services and supports with the goal of addressing the opioid addiction epidemic.

In recent years, Massachusetts has seen a steady increase in the number of residents becoming eligible for Medicaid coverage. MassHealth enrollment continues to grow despite our near universal health care coverage, steady population numbers, and low unemployment. This is explained, to a considerable degree, by reductions in the percentage of residents covered through employer-sponsored commercial insurance in the Commonwealth. Changes in the makeup of the economy, increased cost of health care, expansion of high deductible commercial health insurance and the high cost of insurance for small employers are all contributing factors to the shift from the commercial market to public coverage.

Accordingly, Massachusetts seeks to amend the Demonstration to better align the benefit structure offered through the MassHealth CarePlus program, which covers certain childless, non-pregnant, non-disabled adults ages 21 through 64, with the benefit structure offered through comparable commercial insurance plans by removing coverage of non-emergency transportation, except for transportation to SUD services. Additionally, Massachusetts seeks to amend the Demonstration to limit provisional eligibility for certain adults.

Lastly, at CMS request, Massachusetts is submitting a technical request to shift authority from the State Plan to the 1115 demonstration to continue existing coverage of certain former foster care youth. Massachusetts, like several other states, provides coverage for former foster care youth who currently reside in Massachusetts but who were residing in a different state as of age 18 or when they “aged out” of foster care. Based on prior CMS guidance and approval, this coverage is currently provided under State Plan authority. However, in CMS’ November 2016 regulation and bulletin, CMS indicated that its prior guidance was incorrect and instructed states that wish to continue to cover this population to seek Section 1115 demonstration authority instead. Therefore, Massachusetts is requesting this change in response to CMS’ instruction. Massachusetts requests final approval of this change within 90 days of submission, consistent with the process outlined in the bulletin issued on November 21, 2016.

## **Section 2 Requested Changes to the Demonstration**

The proposals outlined in this Amendment Request are intended to support the Commonwealth's ability to sustain affordable access to health care achieved to date under its State Plan and the Demonstration. Additional details and context are included below.

### **1. Alignment of CarePlus benefits for non-emergency transportation**

Massachusetts is requesting a waiver of Assurance of Transportation (i.e., Section 1902(a)(4) insofar as it incorporates 42 CFR 431.53 and 42 CFR 440.390) in order to enable Massachusetts to provide benefit packages to individuals enrolled in MassHealth CarePlus that do not include non-emergency transportation, except for transportation to SUD services. This authority would better align MassHealth CarePlus coverage with commercial products in the state and subsidized plans offered through the Massachusetts Health Connector to individuals at similar income levels, while maintaining coverage of transportation to SUD services confirms Massachusetts' commitment to combatting the opioid addiction crisis and is consistent with recent federal guidance in this area.

### **2. Discontinue providing provisional eligibility for certain adult applicants**

Under the Demonstration (STC 24 and Expenditure Authority #8 of the Extension effective July 1, 2017), if MassHealth is unable to verify eligibility through federal and state data hubs, or if the information provided by an applicant is not reasonably compatible with the information available through the data hubs, MassHealth can enroll an individual for a 90-day "provisional eligibility period," during which MassHealth will require further verifications from the individual.

Based on our experience administering the provisional eligibility program in the past few years, the Commonwealth is withdrawing its request for expenditure authority for 90-day provisional eligibility for adults ages 21 and older when income is unverified, except for the following populations:

- pregnant women with attested MAGI income at or below 200% FPL;
- adults ages 21 through 64 who are HIV positive and with attested MAGI income at or below 200% FPL; and
- individuals in the Breast and Cervical Cancer Treatment Program with attested MAGI income at or below 250% FPL.

Children under age 21 will continue to be eligible for provisional coverage pending verification of income. Provisional eligibility will otherwise continue to be granted for adults pending verification of non-income based eligibility factors.

The requested flexibility for provisional eligibility allows the Commonwealth to balance the desire to maintain immediate access for vulnerable populations with the need to maintain a fiscally sound and sustainable program.

### **3. Coverage of former foster care youth**

- A. General Description:** The purpose of this request is to provide continued coverage to former foster care youth who currently reside in Massachusetts, and who were residing in a different state as of age 18, or when they “aged out” of foster care. The expected impact of the demonstration is that the state will maintain overall coverage of former foster care youth and improve health outcomes for these youth.
- B. Expenditure Authorities:** The Commonwealth requests the following expenditure authority: Expenditures for full Medicaid State Plan benefits for former foster care youth who are under age 26, were in foster care under the responsibility of a state or tribe from any state on the date of attaining 18 years of age or such higher age as the state has elected, and were enrolled in Medicaid on that date.
- C. Waiver Authorities:** Waiver authorities are not applicable because the Commonwealth is requesting section 1115(a)(2) expenditure authority to cover these youth.
- D. Eligibility:** The Commonwealth proposes to continue to cover former foster care youth who were in Medicaid and in foster care in another state.
- E. Benefits and Cost Sharing:** Former foster care youth will continue to receive the standard Medicaid benefit package offered under the Medicaid State Plan (MassHealth Standard), and they will continue to be subject to the standard cost-sharing imposed under the Medicaid State Plan. This will not result in a change in benefits or services.
- F. Delivery System:** Former foster youth are enrolled in managed care as described in Massachusetts’ Demonstration. Individuals may be excluded from managed care and receive care fee-for-service (FFS) (such as when MassHealth is a secondary payer, for individuals receiving hospice care, or participants in a Home and Community-Based Services Waiver) as described in the Demonstration.

An estimated 196 former foster care youth each year who were in foster care under the responsibility of a different state, and enrolled in Medicaid while in foster care, will continue to receive benefits through the managed care delivery system described in the Commonwealth’s approved Demonstration.

- G. Financial Data:** MassHealth estimates that annual enrollment/aggregate expenditures for the life of the Demonstration will be as follows:

State FY	2018	2019	2020	2021	2022	Total Expenditures
Anticipated Annual Enrollment	191	196	202	207	213	
Aggregate Expenditures for the Population	\$761,438	\$794,941	\$829,919	\$866,435	\$904,558	<b>\$4,157,291</b>

These costs will be treated as “pass-through” costs for purposes of budget neutrality.

**H. Evaluation Design:** Massachusetts aims to achieve two goals through this waiver amendment:

1. Ensuring access to Medicaid services for former foster care individuals between the ages of 18 and 26, who previously resided in another state (the “target population”); and
2. Improving or maintaining health outcomes for the target population.

The Commonwealth will integrate evaluation of these goals relative to the target population into the Demonstration draft evaluation design that was submitted to CMS on March 3, 2017.

### **Section 3     Budget Neutrality Impact**

#### *Budget neutrality prior to amendment*

The Commonwealth’s projected budget neutrality cushion as of the quarterly report for the quarter ending December 31, 2016, was \$16.4 billion for SFY 2015-2017, and a projected \$5.82 billion for the SFY 2018-2022 waiver period.<sup>1</sup> This projection incorporates actual expenditures and member months through SFY 2017 as reported through the quarter ending December 31, 2016, combined with the MassHealth budget forecast for SFY 2017-2018. This budget neutrality calculation reflects significant realized and anticipated savings.

#### *Effect of amendment*

As reflected in the accompanying budget neutrality workbooks, this amendment would increase the Commonwealth’s budget neutrality cushion by approximately \$153.1 million for the SFY2018-2022 waiver period. The savings reflects a reduction in projected spending from the provisional eligibility changes and the change in CarePlus benefits. As such, after integrating the proposed amendment, the Commonwealth and the federal government would continue to realize savings on the Demonstration.

### **Section 4     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

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<sup>1</sup> 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.

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.

The Commonwealth released the Amendment for a 30-day public comment period starting on May 12, 2017 by posting the Amendment, which included a Budget Neutrality Impact section, and a Summary of the Amendment (including the instructions for submitting comments) on the MassHealth Demonstration website

(<http://www.mass.gov/eohhs/gov/departments/masshealth/masshealth-and-health-care-reform.html>). Notice of the Amendment and the public comment period was also published in the Boston Globe, the Worcester Telegram, and the Springfield Republican on May 12, 2017.

In addition to making the Amendment and supporting documents available online, MassHealth informed the public that paper copies were available to pick up in person from the MassHealth Publications Unit, located in Quincy, Massachusetts.

MassHealth provided a summary of the Amendment through an email to all Tribal leaders or their designees and additional Tribal health contacts on May 12, 2017. The summary included links to the documents and instructions for providing comment.

The Commonwealth discussed the Amendment with stakeholders at a monthly MassHealth Advocates Meeting on May 12, 2017. The meeting included a presentation on the proposed changes and an opportunity to ask questions and provide comments.

The Commonwealth received twenty-three comment letters from consumer and legal advocates, health care provider organizations, social service providers and individuals on or before June 12, 2017.

Specifically, the Commonwealth received several comments about the proposal to reduce the scope of the non-emergency transportation benefit for CarePlus members. Commenters noted that many members rely on transportation to attend preventive care appointments and several expressed concern that this could limit access to care in more rural areas of the state where alternative transportation is not as readily available. Many commenters also suggested that the proposed changes could result in an increase in emergency services, thereby reducing cost-savings. The Commonwealth has considered these comments, but as described above, notes that the purpose of the proposal is to better align the CarePlus benefit package with the benefits available through commercial plans, including those offered through the Health Connector, and to ensure that CarePlus members are better equipped to transition to commercial coverage. This proposal would also more closely align coverage of non-emergency medical transportation with the Commonwealth's historic coverage of this benefit for much of the population now covered by CarePlus, as it was not a covered benefit under the Health Connector's legacy Commonwealth Care program. Many commenters also expressed support for the

Commonwealth's proposal to maintain non-emergency transportation for CarePlus members to access SUD services.

Additionally, some commenters also expressed concern about the impact of the proposal on individuals with disabling or serious medical conditions who do not have a formal disability determination. The Commonwealth notes that such individuals can identify themselves as medically frail and would then be eligible for Standard, which includes non-emergency medical transportation.

MassHealth also received comments about the proposal to restrict provisional eligibility. Commenters expressed concern that this would negatively impact prospective members who need immediate access substance use disorder treatment, mental health services, or community-based long term services and supports, and also expressed concerns about operational issues that may delay processing of income verifications. The Commonwealth believes that our unique waiver for provisional eligibility must be changed to ensure program integrity and to ensure that Medicaid dollars are directed solely to eligible applicants. In addition, applicants who are ultimately confirmed eligible receive coverage retroactively, starting 10 days prior to application.

In addition, MassHealth received comments in support of the proposal to maintain coverage for former foster youth currently residing in Massachusetts who were residing in a different state when they "aged out" of foster care.

After reviewing and considering the comments received, the Commonwealth does not propose any changes and intends to submit the proposal as originally posted for public comment.

## **Section 5     State Contact**

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