



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
One Ashburton Place, Room 1109
Boston, Massachusetts 02108



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February 24, 2015

Senator Karen Spilka
Chair, Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Senate Chair James Welch
Joint Committee on Health Care Financing
State House, Room 416A
Boston, MA 02133

Representative Brian S. Dempsey
Chairman, House Committee on Ways and
Means
State House, Room 243
Boston, MA 02133

House Vice Chair Jennifer Benson
Joint Committee on Health Care Financing
State House, Room 236
Boston, MA 02133

Dear Chairwoman Spilka, Chairman Dempsey, Chairman Welch, and Vice Chairwoman Benson,

Section 227 of Chapter 165 of the Acts of 2014 (Section 227) requires that the Office of Medicaid ("MassHealth") suspend MassHealth benefits for inmates of penal institutions and reactivate benefits if the individual is admitted for an inpatient hospitalization or upon release from incarceration, subject to all required federal approvals.

Section 227 further requires the Medicaid Director to submit a plan to implement this section to the House and Senate Chairs of the Committees on Ways and Means and the Chairs of the Joint Committee on Health Care Financing. To comply with this mandate, please accept this report outlining progress made to-date on this requirement.

Overview

The Executive Office of Health and Human Services (EOHHS) fully supports the objectives of Section 227, as we believe it will help to strengthen continuity of care for MassHealth-eligible individuals involved in the criminal justice system and has the potential to contribute to reducing recidivism and improving long-term health outcomes for these individuals. While MassHealth has long had processes in place to work with the Department of Correction (DOC) and county correctional facilities to assist with enrollment of eligible inmates in subsidized health coverage as part of the pre-release process, pursuing a "suspension" approach rather than requiring inmates to reapply will help to further streamline the process to ensure that eligible individuals have health care coverage available upon release.



In addition, this approach will provide an opportunity to increase federal revenue received by the Commonwealth by allowing EOHHS to claim federal Medicaid matching dollars for inpatient care provided to Medicaid-eligible inmates during their incarceration, to the extent allowed under federal rules.

We would also like to take this opportunity to note that historically MassHealth has received federal matching funds under its 1115 Demonstration Waiver for health care services provided to inmates at the Department of Public Health's Lemuel Shattuck Hospital, which provides a significant percentage of inpatient and outpatient hospital care to inmates of both state and county correctional facilities. In fiscal years 2012 and 2013, MassHealth claimed federal matching funds for approximately \$3.9 million in annual expenditures, and in fiscal year 2014, MassHealth claimed for approximately half that amount, as the authority expired mid-way through the fiscal year. MassHealth recently received approval as part of the renewal of the Waiver to resume claiming federal matching funds for services provided at Shattuck Hospital for three years. While this approval is not directly related to the implementation of Section 227, it allows the Commonwealth another opportunity to claim federal revenue related to inmate health care for state fiscal years 2015 through 2017.

Implementation Progress

With input from the DOC, Sheriffs, the Executive Office for Administration and Finance (A&F) and other partners, MassHealth has developed a plan to implement Section 227 by:

1. Making changes to MassHealth's eligibility and claims payment systems to:
 - a. Allow inmates to qualify for Medicaid coverage if they meet all other eligibility requirements; the current Health Insurance Exchange (HIX) system is programmed to disqualify any applicant who indicates that he or she is incarcerated at the time of application;
 - b. Create a new eligibility category in the eligibility system specifically for incarcerated individuals in a suspended status;
 - c. Create a set of rules in MassHealth's claims payment system to ensure that MassHealth does not pay for services for inmates that are prohibited under federal rules and that inmates are not enrolled in MassHealth managed care programs.
2. Implementing processes, in collaboration with DOC and the Sheriffs, by which inmates who are already enrolled in MassHealth at the time of their incarceration are identified in a timely manner and placed into a suspended status, and by which inmates' full eligibility is reactivated at the time of their release.
3. Implementing processes, in collaboration with DOC and the Sheriffs, by which inmates who are not enrolled in MassHealth at the time of their incarceration have the opportunity to go through the application process and, if eligible, be enrolled in MassHealth in a suspended status.
4. Determining the appropriate mechanisms for paying providers that provide qualifying inpatient services to inmates, defining the methodologies for federal claiming for these services, and obtaining federal approval for these methodologies, if needed.
5. Working with A&F, DOC, and the Sheriffs to assess the full fiscal impact of implementing Section 227 and ensure that this impact is appropriately reflected in the Commonwealth's budget.
6. Disseminating information and conducting outreach to internal and external stakeholders about the upcoming changes in MassHealth policy and processes in order to maximize enrollment for eligible inmates and educate health care providers that treat inmates.

Collaboration with DOC and the Sheriffs

MassHealth has been working closely with DOC and the Sheriffs in the planning process for implementing the requirements of Section 227. A kickoff meeting was held in October 2014 and included representatives from the Executive Office of Public Safety and Security and DOC, EOHHS and MassHealth, the Massachusetts Sheriffs' Association (MSA), and several Sheriffs' offices. The meeting was co-led by MassHealth and the Middlesex County Sheriff's office. At that meeting, the stakeholders identified the key issues and questions that would need to be addressed in order to implement Section 227 and outlined next steps to move the planning process forward.

Subsequently, EOHHS/MassHealth sent a data request to DOC and the Sheriffs to gather information about the volume of inpatient visits and other health care provided to inmates, current health care costs, and other relevant data to inform both a fiscal impact analysis and operational considerations. That data request is expected to be completed in the near future, and the agencies will work together to analyze it and assess its implications for the implementation of Section 227.

In addition, MassHealth and the MSA have jointly submitted a letter requesting technical assistance from the National Institute of Corrections (NIC), an agency within the U.S. Department of Justice that provides training, technical assistance, information services, and policy and program development assistance to federal, state, and local corrections agencies. NIC has experience working with other states on the design of processes for enrolling Medicaid-eligible inmates and implementation of a suspended eligibility status policy. If the request is approved, NIC will work with the Commonwealth to develop a comprehensive approach to the implementation of Section 227 in the context of Massachusetts' particular systems and circumstances.

Federal Approvals

Once EOHHS/MassHealth determine the most appropriate methodologies for claiming federal financial participation (FFP), it may be necessary to secure federal approval for these methodologies before FFP can be claimed. For example, the Centers for Medicare and Medicaid Services (CMS) would have to approve a new Certified Public Expenditure methodology to claim for expenditures incurred by the DOC for inpatient care provided to inmates.

Implementation Timeline

The implementation timeline for Section 227 is primarily dependent upon two factors:

- 1) Identifying and securing the necessary resources to train and deploy staff from MassHealth, DOC and the Sheriffs' offices who will help inmates with application and enrollment and place them in a suspended status, and
- 2) Implementing the systems changes that will be required in both the HIX and the Medicaid Management Information System (MMIS), MassHealth's claims payment and enrollment system.

With respect to the operational processes to implement Chapter 227, the timeline will be refined as MassHealth continues its collaborative planning process with DOC and the Sheriffs. If NIC accepts our request for technical assistance, we expect to have a more fully developed plan and timeline in place by the end of that engagement.

However, the systems changes may be the more challenging factor. The Commonwealth's new HIX system went live with the start of the 2015 ACA open enrollment period that began on November 15, 2014. The new HIX has been extremely successful and has allowed thousands of Massachusetts residents to apply for and enroll in ACA-compliant coverage through MassHealth and the Health

Connector. This system was launched with its core functionality, and further releases will deploy additional functionality over time.

The specifications for the HIX system changes related to Section 227 must be developed, added to the queue for HIX changes and prioritized among other important system enhancements, including the efforts to enhance overall systems functionality. In addition, MMIS will be undergoing critical upgrades in 2015, which will limit MassHealth's ability to make major changes in the system during certain periods of time. Despite these challenges, MassHealth has actively begun planning for implementation, as outlined in this report, and anticipates that significant progress will be made in 2015.

We will be more than happy to keep you apprised of the progress of this initiative and answer any questions you may have. Thank you for your continuing commitment to the MassHealth program. If you have any questions about this report, please contact me at (617) 573-1770 or John May at (617) 573-1763.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Tsai', with a long horizontal flourish extending to the right.

Daniel Tsai
Assistant Secretary, MassHealth

cc: Marylou Sudders, Secretary, Executive Office of Health & Human Services