



## MassHealth restructuring and the 1115 Demonstration waiver

- MassHealth is the Commonwealth's Medicaid program and covers 1.9 million (1 in 4) residents
- The Baker-Polito Administration is committed to a sustainable, robust MassHealth program. MassHealth has grown unsustainably and represents 40% of the Commonwealth's budget (over \$15 billion – 60% of which is authorized through the waiver)
- The waiver supports restructuring of the MassHealth program and brings in significant federal investment to support health care delivery system reforms
- The waiver is also critical to preserving more than \$1 billion per year in funding for MassHealth and safety net care, which would have terminated on June 30, 2017 were the waiver not renegotiated

## What has been approved through the new MassHealth Waiver?

- Allows MassHealth to implement a nationally-leading model of Accountable Care Organizations (ACO) which will better serve members and recognizes the importance of integrating social services and partnering with community-based organizations in delivering health care
- Authorizes \$52.4 billion of expenditures over 5 years and generates \$29.2 billion of federal revenue for the Commonwealth over that timeframe. It includes ~\$8 billion of funding over 5 years to support:
  - \$1.8 billion of new, upfront investment (DSRIP) over 5 years to support transition toward ACO models, including direct funding for community-based providers of behavioral health (BH) and long term services and support (LTSS)
  - \$4.8 billion over 5 years for uncompensated care by safety net providers, including through the Health Safety Net (coverage for the uninsured and underinsured), and for non-state, public hospital incentive programs
  - \$1.3 billion over 5 years for subsidies to assist consumers in obtaining affordable coverage on the Massachusetts Health Connector
- Preserves and maintains the stability of the safety net care pool
- Expands the number of safety net hospitals included in the waiver from 7 to 15
- Expands MassHealth covered services for Substance Use Disorders

## Restructures the current MassHealth delivery system to promote integrated, coordinated care and hold providers accountable for quality and total cost of care

- The fundamental structure of the MassHealth program has not changed in 20 years. The current fee-for-service payment model for providers results in fragmented care.
- In ACO models, provider-led organizations are accountable for the cost and quality of care for members
- It is not a one-size-fits-all approach; there are different ACO models that reflect the range of provider capabilities and the Massachusetts health care market
- Managed Care Organizations (MCOs) may remain as an insurer, pay claims and work with ACO providers to improve care delivery

## Contains \$1.8 billion of upfront investments to support ACO transitions, with explicit funding to build community capacity for BH/LTSS integration and for health-related social needs

- 5-year time limited Delivery System Reform Incentive Program (DSRIP) funding
- To receive DSRIP, ACOs must partner with BH and LTSS Community Partners
- Community-based organizations who become BH and LTSS Community Partners will be eligible for DSRIP
- Includes statewide investments for identified high priority health issues (e.g., Emergency Department boarding, workforce development, accommodations for members with disabilities)

## **Improves integration among physical health, behavioral health, long-term services and supports and health-related social services**

- Explicit focus on establishing a BH system that improves outcomes and coordination of care, including for members with serious mental illness and co-morbid conditions
- Phased-in inclusion of LTSS into ACO and MCO accountability, following the principles of the *One Care* model of person-centered, integrated and culturally competent care

## **Establishes authority for the Safety Net Care Pool (SNCP)**

- Preserves and sustains the SNCP through authorization of ~\$8 billion over 5 years, including \$1.8 billion over 5 years of new, upfront DSRIP investment
- Renews authority for the Health Safety Net program, including payments to community health centers
- Restructures supplemental payments for safety net hospitals, linked to ACO participation
- Expands authority for federal match to include cost-sharing affordability subsidies and enrollment gap coverage for Health Connector enrollees up to 300% FPL
- Establishes non-state public hospital payments and incentive programs tied to ACO performance
- The required state share for the SNCP and DSRIP investment is supported by a \$250M increase in the existing hospital assessment

## **Expands MassHealth Substance Use Disorder (SUD) coverage to address the opioid crisis**

- Under the 1115 Demonstration Waiver the MassHealth benefit will be expanded to include the full continuum of medically necessary 24-hour community-based rehabilitation services
- MassHealth will use new federal funds generated under the waiver to expand the state's capacity of residential rehabilitation service programs and fund care coordination and recovery services for members with significant SUD
- MassHealth and the Department of Public Health will adopt a standardized American Society of Addiction Medicine (ASAM) assessment across all SUD providers

## **Implementation timelines**

- CMS approved the waiver on November 4, 2016
- 6 pilot ACOs will launch in December 2016
- ACO procurement was released September 2016
- DSRIP funding starts at the beginning of State Fiscal Year 18
- Implementation of the full ACO model, BH/LTSS Community Partners in December 2017

## **MassHealth restructuring is the result of a year of intensive stakeholder engagement**

- Workgroups of 150+ stakeholders have been meeting since August 2015 to help shape design
- Health care providers across the spectrum (Community Health Centers, Hospitals, BH providers) as well as advocates, LTSS providers and community organizations engaged
- Received 100 oral and written comments during public comment period; all comments posted on MassHealth Innovations website
- MassHealth will procure a Delivery System Implementation Advisory Council by February 2017 that represents diverse stakeholder perspectives and will also procure an Ombudsman for members in accountable and managed care products

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