

# MASSHEALTH: ROADMAP TO 2014



5/1/2013

## Affordable Care Act Transition Plan (Revised)

STC 60 of the MassHealth 1115 Demonstration requires the Commonwealth to submit a transition plan consistent with the provisions of the Affordable Care Act (ACA) for individuals enrolled in the Demonstration. Enclosed is Massachusetts' updated plan to implement subsidized health care programs under the ACA and ensure a seamless transition for MassHealth members.

# MassHealth: Roadmap to 2014

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# MassHealth: Roadmap to 2014

## AFFORDABLE CARE ACT TRANSITION PLAN (REVISED MAY 2013)

### EXECUTIVE SUMMARY

The MassHealth 1115 Demonstration has been an essential vehicle for state health care reforms in Massachusetts since 1997, including Massachusetts' groundbreaking 2006 reform that paved the way for near-universal health insurance coverage and significant improvements in access to affordable health care. With the coming implementation of federal health reform—the Affordable Care Act (ACA)—on January 1, 2014, the Commonwealth sees a unique opportunity to further expand and streamline subsidized coverage options for Massachusetts residents, while continuing to advance delivery system and payment reforms that promote quality, access and cost containment in health care. This plan outlines the Commonwealth's vision for a seamless transition to 2014 for 1115 Demonstration populations and programs.

After the passage of the ACA in 2010, Governor Deval Patrick appointed then-Secretary of Health and Human Services, Dr. JudyAnn Bigby, to lead ACA implementation in Massachusetts. Secretary Bigby, in partnership with other key state leaders, laid out a set of guiding principles for ACA implementation that continue to shape our work under the leadership of the new Secretary of Health and Human Services, John Polanowicz. These guiding principles underscore the Commonwealth's commitment to a consumer-centric approach and prioritize maintaining and building upon the gains made in access, coverage, quality and affordability of health care for all, particularly for those currently enrolled in subsidized health coverage programs. Several workgroups from across the Executive Office of Health and Human Services, MassHealth, the Health Connector, and other state agencies have convened and are working to operationalize the guiding principles with detailed plans for ACA implementation across all areas and programs.

The transition plan outlined in this document represents MassHealth's current recommendations for ACA implementation in relation to the 1115 Demonstration, developed through the Commonwealth's planning processes to date. These proposals are subject to ongoing review and discussion with federal and state policymakers and with the stakeholder community at large in Massachusetts. These proposals also are subject to change in the event that any new developments in federal law or guidance materially affect the Commonwealth's plans for ACA implementation.

Based on an in-depth analysis of coverage redesign options and guidance from state leadership, the Commonwealth proposes a new structure for subsidized health programs with four main coverage types for individuals whose eligibility will change under the ACA:

1. MassHealth Standard, a comprehensive coverage option for members currently eligible for Medicaid State Plan coverage. MassHealth Standard-equivalent coverage will also be available through an Alternative Benefit Plan (ABP), referred to herein as "ABP 1," for certain individuals up to 133 percent FPL who are newly eligible for State Plan coverage under the ACA. ABP 1 will target 19- and 20-year-olds, individuals who otherwise would be eligible for the Breast and Cervical Cancer Treatment Program, and individuals with serious and long-term mental illness who are eligible to receive services from the Department of Mental Health. ABP 1 will include all MassHealth Standard benefits, including EPSDT for individuals up to age 21, plus any additional required Essential Health Benefits.

2. MassHealth CarePlus, an ABP that will be available to adults ages 21-64 with incomes up to 133 percent FPL who are newly eligible for State Plan coverage under the ACA. MassHealth CarePlus will offer benefits comparable to the current Commonwealth Care plus any additional required Essential Health Benefits;
3. Qualified Health Plans through the Exchange with federal subsidies plus state premium and cost sharing subsidies known as "State Wrap" for individuals with incomes 133 to 300 percent FPL and lawfully present immigrants with incomes zero to 300 percent FPL;
4. Qualified Health Plans through the Exchange with federal subsidies for individuals with incomes between 300 and 400 percent FPL.

MassHealth also will continue to provide coverage for existing Medicaid State Plan, CHIP, and Demonstration populations, including children up to 300 percent FPL, pregnant women and individuals with HIV up to 200 percent FPL, individuals with breast or cervical cancer up to 250 percent FPL, and disabled people at higher income levels.

Under this new structure, many Demonstration Populations, particularly Expansion Populations, will experience changes in their eligibility for subsidized health programs. The Commonwealth has developed and is continuing to refine a plan to ensure a seamless transition for individuals enrolled in Demonstration programs whose coverage will change, as well as smooth enrollment for individuals who will become newly eligible for subsidized health coverage under the ACA. A new web-based, integrated eligibility determination system for MassHealth and Exchange programs, currently in the later stages of development, will be a key tool in making this transition smooth and easy for members to navigate. In addition, the Commonwealth will do extensive outreach and offer assistance to members to help them understand and enroll in their new coverage.

In order to implement this transition, Massachusetts will require state legislative and regulatory changes in addition to amendments to both the Medicaid State Plan and the 1115 Demonstration. MassHealth has identified the key elements of the necessary amendments, including which Waiver Authorities and Expenditure Authorities will expire on December 31, 2013, which will continue and which will need to be amended to accommodate the new programs.

MassHealth looks forward to ongoing work with our federal and state partners in finalizing this plan to facilitate a full and successful implementation of the ACA and transition to 2014.

## PART 1 | BACKGROUND

### A | History of MassHealth 1115 Demonstration

The MassHealth 1115 Demonstration is a cornerstone of the statewide health reform effort and provides federal approval for Massachusetts to expand eligibility to individuals who are not otherwise Medicaid or CHIP eligible, offer services that are not typically covered by Medicaid, and use innovative service delivery systems that improve care, increase efficiency, and reduce costs. As a condition of the flexibility that the 1115 Demonstration allows for the state, Massachusetts must demonstrate “budget neutrality,” which means, in essence, that total Federal Medicaid expenditures over the course of the Demonstration must not exceed what Federal Medicaid spending would have been without the Demonstration.

The MassHealth Demonstration was initially implemented in July 1997 to expand Medicaid income eligibility for certain categorically eligible populations including pregnant women, parents or adult caretakers, infants, children and individuals with disabilities. Eligibility also was expanded to certain non-categorically eligible populations, including unemployed adults and non-disabled persons living with HIV. Finally, the Demonstration authorized the Insurance Partnership program, which provides premium subsidies to qualifying small employers and their low-income employees for the purchase of private health insurance.

Significant changes were then made in the 2005 extension of the Demonstration, when the Centers for Medicare and Medicaid Services (CMS) and the Commonwealth agreed to use Federal and State Medicaid dollars to further expand coverage directly to the uninsured. This expansion was funded in part by redirecting certain public funds that were dedicated to institutional reimbursement for uncompensated care to coverage programs under an insurance-based model. The agreement led to the creation of the Safety Net Care Pool (SNCP), whose purpose is to reduce the number of uninsured while supporting access to care for low-income populations from safety net providers. This restructuring laid the groundwork for health care reform in Massachusetts as the SNCP created a vehicle for an innovative new health insurance program that state leaders were in the process of developing.

### B | Massachusetts 2006 State Health Care Reform

In April 2006, Massachusetts signed into law a landmark health care reform bill with the aim of providing access to affordable health insurance to all Massachusetts residents. The legislation, Chapter 58 of the Acts of 2006 (Chapter 58), titled An Act Providing Access to Affordable, Quality, Accountable Health Care, was the result of a bipartisan effort among state leaders from government, business, the health care industry, community-based groups and consumer advocacy organizations. Key elements of Chapter 58 included further expansions of public health coverage programs, the formation of a health insurance exchange known as the Commonwealth Health Connector, the creation of the Commonwealth Care program to provide subsidies for low-income individuals to purchase health insurance through the Health Connector, a requirement that all adult residents purchase health insurance if it is affordable, and shared responsibility for employers.

The Commonwealth obtained federal authority for many Chapter 58 reforms through the 1115 Demonstration. In July 2006, CMS approved an amendment to the MassHealth Demonstration that included:

- the authority to establish the Commonwealth Care program under the SNCP to provide sliding scale premium subsidies for the purchase of commercial health plan coverage for uninsured persons at or below 300 percent of the FPL;
- the development of payment methodologies for approved expenditures from the SNCP;

- an expansion of employee income eligibility to 300 percent of the FPL under the Insurance Partnership; and
- increased enrollment caps for MassHealth Essential and the HIV/Family Assistance Program.

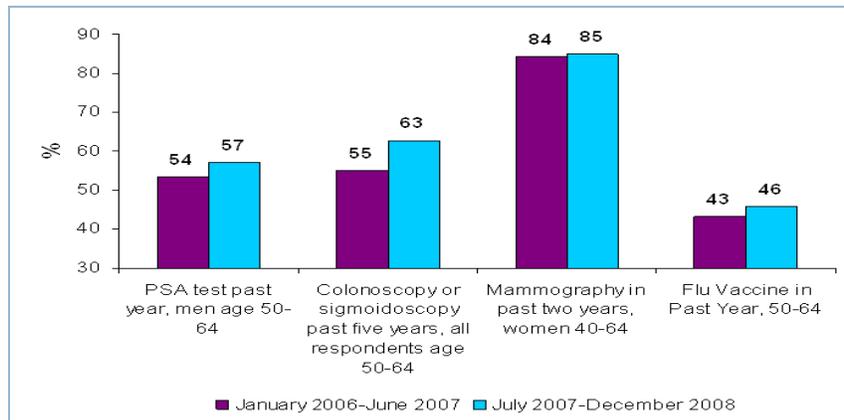
At this time the Commonwealth also expanded eligibility in the separate Title XXI (CHIP) program for optional targeted low-income children between 200 percent and 300 percent of the FPL, which enabled parallel coverage for children in households where adults are covered by Commonwealth Care. This expansion ensured that coverage is equally available to all members of low-income families. With the combination of previous expansions and the recent health reform efforts, the MassHealth 1115 Demonstration now covers approximately 1.6 million low-income persons.

Health care reform in Massachusetts, with the support and partnership of CMS, has been an unrivaled success. More than 96.9 percent of the Commonwealth’s total population is insured, and less than 2 percent of children lack coverage.<sup>1</sup> According to a 2012 report by the Blue Cross Blue Shield Foundation of Massachusetts, health reform not only has led to sustained increases in insurance coverage, but it has also increased access to health care and improved health status among Massachusetts residents. Among the report’s key findings are:<sup>2</sup>

- Massachusetts made sustained gains in access to and use of health care between 2006 and 2010. Nonelderly adults were significantly more likely to have a usual source of health care, more likely to have had a preventive care visit, more likely to have had multiple doctor visits, more likely to have had a specialist visit, and more likely to have had a dental care visit.
- Emergency department (ED) visits, a key indicator of gaps in access to regular care, were down nearly four percentage points in 2010 compared to 2006. ED use for non-emergency conditions similarly decreased almost four percentage points, and frequent ED use dropped two percentage points.
- Many of these gains were concentrated among low-income adults, a population that was particularly targeted by health reform initiatives to improve access to and affordability of care.

In addition, the Massachusetts Department of Public Health has found that adults are receiving more preventative screenings and essential vaccinations, as shown in the chart below.<sup>3</sup>

**ADULT SCREENING AND VACCINATION RATES POST 2006 MA HEALTH REFORM**



<sup>1</sup> Massachusetts Center for Health Information and Analysis, Massachusetts Health Insurance Survey, January 2013.

<sup>2</sup> Sharon K. Long, Karen Stockley, and Heather Dahlen. *Health Reform in Massachusetts as of Fall 2010: Getting Ready for the Affordable Care Act & Addressing Affordability*. Blue Cross Blue Shield Foundation of Massachusetts, January 2012.

<sup>3</sup> Massachusetts Department of Public Health, 2010.

These data affirm that, despite the challenges posed by the nationwide recession that began in 2009, Massachusetts has sustained the progress made under state health reform. The Commonwealth has remained steadfast in its commitment to universal access in spite of the fact that the worst economic downturn in more than 70 years has resulted in more Massachusetts residents relying on safety net programs.

## C | The ACA and the Current 1115 Demonstration Renewal: 2012-2014

The 2010 federal health care reform legislation, the Patient Protection and Affordable Care Act (ACA), aims to increase access to affordable health insurance and significantly reduce the number of uninsured across the nation. The ACA is largely modeled on Massachusetts' 2006 reform. As in Massachusetts, the ACA includes the creation of state health insurance exchanges, subsidies for low- and moderate-income individuals to purchase health insurance, an individual mandate to purchase insurance, shared responsibility requirements for employers, and expansions of public health insurance programs. Massachusetts is therefore well-positioned to implement the ACA when its major provisions go into effect on January 1, 2014.

However, there are a number of differences in the structure of the ACA's reforms that will require Massachusetts to make changes to its current subsidized programs. In addition, the ACA provides authority under the Medicaid State Plan to cover many groups previously considered "Expansion Populations," whose coverage was authorized through the Demonstration. Before these provisions of the ACA go into effect, these changes must be incorporated into the MassHealth 1115 Demonstration. The current Demonstration renewal for state fiscal years 2012-2014 provides a pathway to make the transition to full ACA implementation while retaining the health coverage gains that the Commonwealth has achieved to date and advancing new innovations in delivery system and payment reform.

The Demonstration documents outline the Commonwealth's central goals for this extension period:

- Maintain near-universal health care coverage for residents of the Commonwealth and reduce barriers to coverage;
- Continue the redirection of spending from uncompensated care to insurance coverage;
- Implement delivery system reforms that promote care coordination, person-centered care planning, wellness, chronic disease management, successful care transitions, integration of services, and measurable improvements in health outcomes; and
- Advance payment reforms that will give incentives to providers to focus on quality, rather than volume, by introducing and supporting alternative payment structures that create and share savings throughout the system while holding providers accountable for quality care.

Massachusetts is now engaged in an intensive and multi-faceted ACA transition planning process to ensure that the Commonwealth fulfills these ambitious goals as we prepare for 2014.

## PART 2 | MASSACHUSETTS' APPROACH TO 2014

### A | Guiding Principles

The Commonwealth sees the ACA as a unique opportunity to build on the improvements in coverage, affordability, access and quality of health care that state health reform has enabled. As we prepare for providing health coverage to Massachusetts' subsidized populations under national health care reform in 2014, leaders from key agencies across the Administration have developed the following **guiding principles** to serve as a framework for policy decisions and transition planning:

1. Creating a **consumer-centric approach** to ensuring that all eligible Massachusetts residents avail themselves of available health insurance subsidies to make health care affordable to as many people as possible.
2. Creating a **single, integrated process** to determine eligibility for the full range of health insurance programs including Medicaid, CHIP, and premium tax credits and cost-sharing subsidies.
3. Offering **appropriate health insurance coverage** to eligible individuals by defining both the populations affected and the health benefits that meet their needs.
4. Working within state fiscal realities, and making effective use of available federal funding.
5. Focusing on **simplicity and continuity of coverage** for members by streamlining coverage types, thereby making noticing and explanation of benefits more understandable, and also minimizing disruptions in coverage.
6. Creating an **efficient administrative infrastructure** that leverages technology and eliminates administrative duplication.
7. Building off the **lessons learned** since passage of Chapter 58.
8. Creating opportunities to achieve payment and delivery system reforms that ensure **continued coverage, access and cost containment** and improve the overall health of the populations served.

## B | Foundational Analysis

In fall 2010, the Commonwealth convened a Subsidized Insurance Workgroup, co-chaired by MassHealth and the Health Connector, to analyze the options available to the state for providing subsidized coverage in the future. This Workgroup included staff from the Executive Office of Health and Human Services (EOHHS), the Health Connector, the Executive Office for Administration and Finance (ANF), the Division of Health Care Finance and Policy (DHCFP), and the Executive Office of Labor and Workforce Development (EOLWD).

In order to assist the Workgroup, the Commonwealth contracted jointly with Manatt Health Solutions and Mercer through a competitive procurement in 2011, funded through a federal Exchange Planning Grant. The Manatt/Mercer team was charged with analyzing several subsidized coverage redesign options to assess the following issues:

- Impact on members, particularly those currently served by one of the state's subsidized programs;
- Costs to the state;
- Impact on the Exchange;
- Regulatory and market uncertainties.

The Manatt/Mercer analysis also involved an initial assessment of projected enrollment, costs, and federal revenue across subsidized programs under the ACA.

Based on the analysis and the Workgroup's review, the state planned to adopt the Basic Health Program (BHP) option, administered by MassHealth, for adults with incomes up to 200 percent of FPL and to offer a state subsidy to supplement federal subsidies in the Exchange for individuals with incomes between 200 and 300 percent FPL. This proposed structure was intended to maintain current levels of affordability and coverage for low-income adults in an administratively efficient and cost effective manner for the Commonwealth.

However, due to a revised timeline for federal BHP guidance, the Commonwealth has in turn revised its plans for 2014. In lieu of a BHP, the Health Connector will offer a "State Wrap" to support affordability for individuals with incomes up to 300 percent FPL shopping in the Exchange. More details on this plan are included in Part 3, Section A below. Despite the recent change in direction, the analysis conducted by the

Subsidized Insurance Workgroup with the assistance of Manatt and Mercer has served an important role in the Commonwealth's ACA planning efforts by providing a strong basis for estimating enrollment and costs under the ACA.

CMS has recently announced that it plans to release initial guidance on the BHP option in late 2013. Massachusetts looks forward to this guidance and will consider whether to revisit the BHP option for future years.

## C | Ongoing ACA Planning Process

Given the scope and breadth of the ACA, the Commonwealth has undertaken planning efforts at multiple levels. Effective implementation requires ongoing coordination among all of these planning groups, as well as collaboration with the Governor, the legislature, and other state and federal leadership to ensure that all of the necessary elements are in place for ACA implementation.

### 1 | Multi-Agency ACA Workgroup Process

Massachusetts has a multi-agency ACA Implementation Workgroup, of which MassHealth is an active member. Other agencies involved in this work include the Health Connector, the Division of Insurance, and the Executive Office for Administration and Finance. This Workgroup meets monthly, holds open stakeholder meetings quarterly and maintains a website to keep the public apprised of its activities ([www.mass.gov/nationalhealthreform](http://www.mass.gov/nationalhealthreform)). MassHealth also participates in several subgroups of this effort, including those focused on Subsidized Coverage and Long Term Services & Supports/Behavioral Health.

### 2 | MassHealth ACA Workgroup Process

MassHealth has formed its own Cross-Unit Workgroup to focus on the policy, legal, and operational changes required to support the new subsidized coverage structure under the ACA. This group has been meeting monthly since January 2012 and includes representatives from across MassHealth, as well as from the Health Connector and the team leading the development of the new HIX/IES system. This group serves two purposes: 1) to facilitate the organizational efforts required for the ACA transition, and 2) to keep MassHealth staff informed as key policy decisions relating to ACA implementation are made and other important developments affecting MassHealth occur at the state and federal levels.

The MassHealth Cross-Unit Workgroup has several subgroups focused on targeted issues, including:

- Communication, Outreach and Training;
- Customer Service Strategy;
- Eligibility;
- Federal Revenue, Financial Reporting and Claiming;
- Hearings/Appeals;
- Lawfully Present Immigrants;
- Member Transitions;
- Modified Adjusted Gross Income (MAGI);
- Noticing (for Applicants and Members);
- Premium Assistance; and
- State Plan Amendments.

In addition to the Workgroup efforts focused on subsidized health coverage, other staff groups are working to implement the many other sections of the ACA that impact MassHealth. These sections include those related to program integrity, primary care rates, and grants and demonstration activities such as Money Follows the Person and the Duals Demonstration.

### **3 | HIX/IES Development Project**

One of the Commonwealth's top priorities in the transition to 2014 remains the HIX/IES development project. The project is working to create a web-based platform to support a single, integrated process to determine eligibility for the full range of health coverage programs including Medicaid, CHIP, advance premium tax credits and cost-sharing subsidies, and State Wrap subsidies. Participants in this effort include MassHealth, the Health Connector, and UMass Medical School. Through funding from the Center for Consumer Information and Insurance Oversight (CCIIO), CMS and other sources, this group is undertaking a long-term, phased development process to build the new system.

By the October 2013 launch, the Health Insurance Exchange portal (HIX) will allow consumers to shop for health insurance, apply for financial assistance and enroll in private and public plans in real-time. The Integrated Eligibility System (IES) will determine eligibility for the Medicaid and CHIP programs - either directly or by 'talking' to MassHealth's existing eligibility system, MA21, in real time. It will also determine eligibility for Qualified Health Plans, and allow shoppers to be screened for subsidies, including premium tax credits, cost-sharing reductions, and State Wrap. Additionally, the HIX will provide a mechanism for eligible employers to offer employees high-quality employer subsidized health insurance coverage through the small group market. In the future, the HIX/IES system will expand to allow consumers to apply for other public assistance programs such as the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). The HIX/IES solution will require updating, leveraging, or replacing existing state systems; it also will require developing new systems that can communicate with health plans and with the federal data hub(s) to verify applicants' income and immigration status.

Over the last year, the HIX/IES team has entered into contracts with both a System Integration (SI) vendor who is building the system and an Independent Verification and Validation (IV&V) vendor who assesses that the right system is being built in the right way for Massachusetts. The business functions that the system must support such as eligibility, enrollment, notices, and others were organized across Work Tracks, and over the past several months, Joint Application Design (JAD) sessions have been held to identify the requirements and design of the system. Additionally, there has been much work done on establishing the technical infrastructure and architecture on which the new system will run.

With the JADs winding down, the project is turning its attention to developing and testing the new software. Close to 700 web pages, data interfaces, business rule groups, notices, and reports need to be built and ready for Open Enrollment starting on October 1, 2013 and the official launch of the ACA on January 1, 2014. MassHealth and Health Connector staff will continue to be involved in the development phase of the project to assist with reviewing and testing the system as it evolves and takes shape.

The HIX/IES project team continues to have the support of CMS and CCIIO through the Establishment Review process. A Detailed Design Consult (DDC) was held with CMS in October 2012, at which CMS staff indicated that they were pleased with our progress. The next scheduled review with CMS is the Final Detailed Design Review (FDDR) in early May 2013.

### **4 | Key State Stakeholders**

In addition to this internal work at MassHealth and the Health Connector, there are an array of legislative and regulatory changes that must occur to implement the ACA. In July 2012, the

Massachusetts legislature passed an initial package of legislative changes necessary for ACA implementation, including authorizing MassHealth to administer a Basic Health Program, designating the Health Connector to serve as the ACA-compliant state health Exchange and expanding its authorities, and authorizing the Division of Insurance to administer the reinsurance provisions of the ACA, among other changes. In January 2013, the Governor filed his fiscal year 2014 budget proposal, which included funding for key provisions in the ACA such as the Medicaid expansion and the State Wrap. The Administration continues to work to identify and reconcile areas requiring legislative or regulatory change. The state legislature will continue its deliberations on the budget in the coming months in anticipation of the July 1 start of the 2014 fiscal year. EOHHS is working closely with our partners throughout the Administration and in the legislature to ensure that the necessary actions move forward in a timely manner.

At the same time, MassHealth has a robust and ongoing stakeholder engagement process to keep the public informed of our progress in ACA transition planning and to seek input from members, advocates, health plans, providers, experts and other interested parties. The Commonwealth has built a strong foundation of consumer and stakeholder engagement in the course of developing and implementing state health care reform. We are leveraging this existing infrastructure to support an ACA transition planning process that is highly transparent, collaborative and inclusive.

As noted above, the Commonwealth holds quarterly open stakeholder meetings on the ACA. MassHealth and the Health Connector regularly participate in these meetings to provide updates and solicit feedback on planned changes in subsidized health coverage programs. In addition, MassHealth holds monthly meetings with advocates at which the ACA transition is a regular topic of discussion. These meetings are particularly helpful in soliciting advocates' input on key concerns for MassHealth and Commonwealth Care members and on the most effective strategies for outreach to these populations. Finally, MassHealth and partner agencies meet with individual stakeholder groups for more in-depth conversations about proposed changes for 2014. MassHealth will continue to partner with advocates and stakeholders throughout the transition as a core component of ACA planning and implementation processes.

MassHealth collaborates closely with the Health Connector in its stakeholder engagement processes. There are numerous areas that require coordination between the two agencies, including the design of the HIX/IES system, the development and implementation of the state QHP wrap program, the alignment of policies for mixed households with members who receive coverage through both the Health Connector and MassHealth, and the transition of certain populations from one agency to the other. Therefore, MassHealth and the Health Connector continue to engage in joint outreach and communication efforts on a regular basis.

Finally, MassHealth's stakeholder engagement process will include a public notice and consultation process regarding the 1115 Demonstration Amendment that the Commonwealth will file in 2013 in anticipation of ACA implementation. This public notice process will comply with all federal requirements, including STCs 7 and 14 of the current Demonstration, the State Notice Procedures set forth in 59 Fed. Reg. 49249, the tribal consultation requirements pursuant to section 1902(a)(73) as amended by section 5006(e) of the American Recovery and Reinvestment Act of 2009, and the tribal consultation process as outlined in the Massachusetts Medicaid State Plan.

## PART 3 | PROPOSAL FOR SUBSIDIZED HEALTH CARE COVERAGE IN 2014

### A | Subsidized Coverage Through MassHealth and the Health Connector

Based on the analyses and planning processes to date, the Commonwealth has developed a proposed new structure for subsidized health coverage programs in 2014 that will simplify and streamline current programs while expanding access to subsidized insurance programs in accordance with the ACA. Due to the history of incremental expansions of subsidized health coverage over time in Massachusetts, the current program structure is a patchwork of several different programs, each with its own set of benefits and eligibility rules based on both categorical and income-based eligibility. Through the ACA, MassHealth proposes a simplified redesign for most low income residents.

#### 1 | MassHealth-Administered Programs

Under the ACA, individuals ages 19-64 with incomes up to 133 percent FPL will become newly eligible for Medicaid State Plan coverage in Massachusetts. These individuals will be covered either in MassHealth's Standard benefit plan or in an Alternative Benefit Plan that includes the Essential Health Benefits (EHBs), as required by federal rules.

##### MASSHEALTH STANDARD

MassHealth Standard is MassHealth's most comprehensive benefit plan and includes all State Plan services. MassHealth Standard will continue to be available to those already eligible and also will be available to those newly eligible members up to 133 percent FPL who are exempt from mandatory enrollment in an ABP. In addition, MassHealth plans to submit a State Plan Amendment to extend MassHealth Standard eligibility to 19- and 20-year-olds with incomes between 133 and 150 percent FPL.

MassHealth Standard-equivalent coverage will also be available through a Medicaid Alternative Benefit Plan (ABP) for certain targeted groups with incomes up to 133 percent FPL. This ABP, referred to here as "ABP 1," will offer benefits identical to those provided in MassHealth Standard, including EPSDT, as well as any additional required EHB services.<sup>4</sup> The populations eligible for ABP 1 will include 19- and 20-year-olds, individuals who otherwise would be eligible for the Breast and Cervical Cancer Treatment Program, and individuals with serious and long-term mental illness who are receiving services from the Department of Mental Health or on a waiting list to receive such services. By combining this ABP with a State Plan Amendment to cover 19- and 20-year-olds as children up to 150 percent FPL, MassHealth will align coverage for 19- and 20-year olds as closely as possible with coverage for children up to age 18. This approach will similarly align Standard-equivalent coverage for individuals otherwise eligible for the Breast and Cervical Cancer Treatment Program.

##### MASSHEALTH CAREPLUS

MassHealth's second ABP, called MassHealth CarePlus, will provide coverage for adults ages 21-64 with incomes 0-133 percent FPL who are newly eligible for Medicaid State Plan benefits under the ACA.<sup>5</sup> Benefits offered in this plan will be similar to those offered in Commonwealth Care, in which many childless adults are currently enrolled as an Expansion Population under the 1115

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<sup>4</sup> MassHealth is preparing a State Plan Amendment (SPA) to implement the Alternative Benefit Plans and will describe in the SPA all Essential Health Benefits to be included in these plans.

<sup>5</sup> Due to the five percent income disregard, implementation of the MAGI methodology will result in an income threshold at 133% FPL that is equivalent to 138% FPL under the current state gross income standard.

Demonstration. MassHealth CarePlus will also include any additional required EHB services that are covered in the benchmark plan that MassHealth selects as the reference point for MassHealth CarePlus. The details of this benefit plan will be outlined in the State Plan Amendment that MassHealth submits to establish its ABPs for the Medicaid expansion population.

“Medically frail” individuals are statutorily exempt from mandatory enrollment in ABPs and will therefore be allowed to opt out of coverage in MassHealth CarePlus and choose MassHealth Standard.

The table below compares the benefits available under each of the MassHealth-administered subsidized benefit plans for newly State Plan eligible populations, as currently planned.

PRELIMINARY ACA SUBSIDIZED COVERAGE BENEFIT COMPARISON

<b>Benefits</b>	<b>MassHealth Standard</b>	<b>Alternative Benefit Plan 1:(Standard-Equivalent)</b>	<b>Alternative Benefit Plan 2: MassHealth CarePlus</b>
Ambulance (emergency)	X	X	X
Behavioral Health Services	X	X	X
Community Health Center (includes FQHC and RHC services)	X	X	X
Dental Services	X	X	X
DME and Supplies	X	X	X
Family Planning	X	X	X
Inpatient Acute Hospital	X	X	X
Laboratory/X-ray/ Imaging	X	X	X
Nurse Practitioner Services	X	X	X
Outpatient Hospital	X	X	X
Outpatient Surgery	X	X	X
Oxygen /Respiratory Therapy Equipment	X	X	X
Pharmacy	X	X	X
Physician	X	X	X
Podiatry	X	X	X
Prosthetics	X	X	X
Rehabilitation	X	X	X
Renal Dialysis Services	X	X	X
Speech and Hearing Services	X	X	X
Therapy: Physical, Occupational, and Speech/Language	X	X	X
Vision Care	X	X	X
Audiologist Services	X	X	X
Chiropractic Care	X	X	X
Hearing Aids	X	X	X
Home Health	X	X	X

Nurse Midwife Services	X	X	X
Orthotic Services	X	X	X
Chronic Disease and Rehabilitation Hospital Inpatient	X	X	Share of 100 days per year
Hospice	X	X	X
Adult Day Health	X	X	
Adult Foster Care	X	X	
Day Habilitation	X	X	
Medically Necessary Non-emergency Transport	X	X	X
Personal Care	X	X	
Private Duty Nursing	X	X	
Skilled Nursing Facility	X	X	Share of 100 days per year
Targeted Case Management	X	X	
EPSDT	X	X	
Early Intervention	X	X	
Chapter 766 Home Assessment	X	X	
Additional Essential Health Benefits, t.b.d.		X	X

#### HOSPITAL-DETERMINED PRESUMPTIVE ELIGIBILITY

The ACA requires states to allow hospitals to elect to make presumptive eligibility determinations for Medicaid benefits based on self-attested information reported by patients about key eligibility factors such as income and family size. As “qualified entities,” hospitals will be permitted to determine children, parents and caretaker relatives, pregnant women and childless adults presumptively eligible for Medicaid and therefore receive payment for services they provide to these individuals before a full eligibility determination is made. States have the option to allow hospitals to make presumptive eligibility determinations for Demonstration populations as well. MassHealth plans to allow hospitals to determine individuals presumptively eligible for the Breast and Cervical Cancer Treatment Program and the HIV-Family Assistance program under the Demonstration.

Such presumptive eligibility determinations will be subject to certain limitations. CMS’ proposed rule issued in January 2013 indicates that there may be standards that hospitals must meet in order to remain qualified entities, based on criteria such as the percentage of individuals determined presumptively eligible by a given hospital who fill out a full application during the presumptive period, or the percentage of individuals whom the hospital finds presumptively eligible who ultimately are determined eligible for Medicaid. MassHealth also plans to restrict presumptive eligibility by allowing only one presumptive eligibility determination per individual in a 12-month period and barring presumptive eligibility determinations for individuals who have been enrolled in Medicaid in the last year, as these individuals’ cases may be updated without a new application. These policies are consistent with provisions in federal guidance giving states flexibility to put in place reasonable safeguards for program integrity. In addition, through the 1115 Demonstration, MassHealth proposes to allow hospitals to make presumptive eligibility determinations for up to 90 days or the date when a full eligibility determination is made. This will standardize the timeframe for hospital-determined

presumptive eligibility and align it with the timeframes that MassHealth will use for post-eligibility verifications.

**2 | Health Connector/Exchange Programs**

**QUALIFIED HEALTH PLANS WITH FEDERAL AND STATE SUBSIDIES**

Individuals with incomes between 133 and 300 percent FPL will be eligible to purchase a Qualified Health Plan (QHP) through the Exchange and receive federal subsidies. The Commonwealth is preparing to offer additional premium and cost sharing subsidies known as State Wrap for a selection of high-value Silver tier plans to further reduce the premium and cost sharing burden for enrollees in this group, who currently are eligible for Commonwealth Care under the 1115 Demonstration. These subsidies also will be available for lawfully present immigrants with incomes zero to 300 percent FPL. State Wrap will make coverage under the ACA as affordable for low-income individuals as coverage that is available in Commonwealth Care today.

**QUALIFIED HEALTH PLANS WITH FEDERAL TAX CREDITS ONLY**

Individuals with incomes 300 to 400 percent FPL will be eligible to purchase a QHP through the Exchange and receive federal tax credits at levels outlined in the ACA.

**B | ACA-Related Coverage Changes**

**1 | Static Populations**

The ACA does not require any change in coverage for many of the populations that are considered Base Populations in the current 1115 Demonstration and are eligible for continued State Plan coverage under the ACA. In addition, MassHealth proposes to retain certain Demonstration programs in order to maintain benefits, premiums and cost sharing for vulnerable populations such as individuals with disabilities, breast or cervical cancer, or HIV. MassHealth refers to these groups as “Static Populations.”

The table below lists the “Static Populations” for whom coverage will not change under the ACA.

<b>Population<sup>6</sup></b>	<b>MassHealth Program Eligibility</b>
Children up to age 19 0-300% FPL	MassHealth Standard or Family Assistance (CHIP)
Parents 0-133% FPL	MassHealth Standard
Pregnant Women 0-200%	MassHealth Standard
Disabled Adults 0-133% FPL	MassHealth Standard
Disabled adults and children who are not eligible for MassHealth Standard based on income	CommonHealth (1115 Demonstration)
Individuals Receiving Treatment for Breast or Cervical Cancer 133-250% FPL	MassHealth Standard (1115 Demonstration)
Individuals who are HIV positive 133-200% FPL	Family Assistance (1115 Demonstration)

<sup>6</sup> All base populations include only citizens, qualified immigrants, and Lawfully Present children and pregnant women.

A previous version of this Transition Plan indicated that individuals in the Breast and Cervical Cancer Treatment Program and the HIV-Family Assistance program would shift to the new subsidized coverage types, including BHP. However, in the absence of a BHP, MassHealth has reconsidered its approach to these populations. In order to provide continuity of coverage for these populations with unique health needs, MassHealth now plans to continue these Demonstration programs for members over 133 percent FPL.

In addition, while coverage options for disabled adults will not change, MassHealth proposes to change the income determination methodology for disabled individuals. MassHealth currently uses gross income for eligibility determination for most populations under the Demonstration, including disabled and non-disabled adults. Under the ACA, states are required to use Modified Adjusted Gross Income (MAGI) for many populations, including children, parents and the new adult group. MAGI includes a five percent income disregard, making the effective income threshold for these groups 138 percent FPL. Disabled individuals, however, are exempt from MAGI. In order to ensure that disabled individuals are not disadvantaged in comparison to non-disabled individuals, MassHealth proposes to utilize MAGI income counting methodologies, including the five percent income disregard, for disabled adults. However, the Commonwealth will use non-tax filer household composition rules for all disabled adults, regardless of tax filer status. The use of non-filer household composition rules will ensure that disabled adults are not adversely affected by the fact that they may be claimed as dependents on a parent's or caretaker's taxes and therefore have other family members' income counted toward the calculation of their FPL. Non-filer household composition rules are similar to the rules MassHealth currently uses for household composition and therefore promote continuity for disabled members.

This approach will enable disabled adults up to an effective income threshold of 138 percent FPL to qualify for MassHealth Standard benefits. Disabled adults above this threshold could continue to qualify for CommonHealth if they meet the existing eligibility requirements.

## **2 | Transition Populations**

Many populations currently covered in Demonstration programs will transition to new types of coverage as Massachusetts implements the ACA. Massachusetts has previously extended coverage under the 1115 Demonstration for various adult populations who are not otherwise eligible for Medicaid. These groups are currently covered through a variety of programs with different income thresholds, including MassHealth Basic, MassHealth Essential, the Medical Security Plan, the Insurance Partnership, HIV-Family Assistance, and Commonwealth Care. These populations will become eligible for subsidized coverage under the ACA, and MassHealth proposes that they transition to one of the new coverage types outlined above, based on income.

The table below provides a detailed summary of the "transition populations" whose coverage will change, including the program for which they are currently eligible ("As Is") and as of 2014 ("To Be"). These transitions are described in more detail after the table.

"As Is"		"To Be"		Approximate Population Size
2013		2014 +		
Current Eligibility Levels	Current Program	New Eligibility Levels	New Program	
<b>Individuals Receiving Treatment for Breast or Cervical Cancer</b>				
≤ 250% FPL	MassHealth Standard (BCCTP)	≤ 133% FPL	MassHealth Standard/ABP 1	150
		134-250% FPL	MassHealth Standard	190
<b>HIV+ Individuals</b>				
≤ 200% FPL	MassHealth Family Assistance	≤ 133% FPL	MassHealth CarePlus	1,000
		134-200% FPL	MassHealth Family Assistance	360
<b>Childless Adults Who are Long Term Unemployed and Receiving Mental Health Services</b>				
≤ 100% FPL	MassHealth Basic	≤ 100% FPL	MassHealth Standard/ABP 1	16,000
<b>Childless Adults Who are Long Term Unemployed</b>				
≤ 100% FPL	MassHealth Essential	≤ 100% FPL	MassHealth CarePlus	117,000
<b>Individuals Eligible for Unemployment Compensation</b>				
≤ 400% FPL	Medical Security Plan	≤ 133% FPL	MassHealth CarePlus	1,900
		134-300% FPL	QHP + State Wrap	7,400
		301-400% FPL	QHP	16,000
<b>Employees of Small Employers Who are Receiving Premium Assistance</b>				
≤ 300% FPL	Insurance Partnership	≤ 133% FPL	MassHealth CarePlus	2,200
		134-300% FPL	QHP + State Wrap or MassHealth ESI Premium Assistance <sup>7</sup>	6,800
<b>Low Income Adults Not Previously Eligible for MassHealth</b>				
≤ 300% FPL	Commonwealth Care	19-20 yr olds: ≤ 133% FPL	MassHealth Standard/ABP 1	2,000
		19-20 yr olds: 134-150% FPL	MassHealth Standard	500
		19-20 yr olds: 151-300% FPL	QHP + State Wrap	1,800
		21-64 yr olds: ≤133% FPL	MassHealth CarePlus	104,000

<sup>7</sup> See below for a detailed description of MassHealth’s proposed ESI Premium Assistance program.

"As Is"		"To Be"		Approximate Population Size
2013		2014 +		
Current Eligibility Levels	Current Program	New Eligibility Levels	New Program	
		21-64 yr olds: 134-300% FPL	QHP + State Wrap	133,000
<b>Lawfully Present Immigrants (AWSS)<sup>8</sup></b>				
≤ 300% FPL	Commonwealth Care	0-300% FPL	QHP + State Wrap	51,850
<b>Health Safety Net (Not Previously Eligible for Commonwealth Care Due to Access to ESI)</b>				
≤ 300% FPL	Health Safety Net	0-133% FPL	MassHealth CarePlus	36,000
		134-300% FPL	QHP + State Wrap	60,000

**MASSEALTH BREAST AND CERVICAL CANCER TREATMENT PROGRAM**

Currently, individuals with incomes up to 250 percent FPL who are receiving treatment for breast or cervical cancer and who are otherwise uninsured for this treatment may be eligible for MassHealth Standard coverage through the Breast and Cervical Treatment Program under MassHealth’s 1115 Demonstration. Under the ACA, those up to 133 percent FPL will be eligible for Medicaid State Plan coverage as part of the “new adult group.” As noted above, this population will continue to be eligible for Standard-equivalent benefits through ABP 1; those with incomes between 133 and 250 percent FPL will remain in MassHealth Standard through the Demonstration program.

**MASSEALTH HIV-FAMILY ASSISTANCE**

Currently, individuals who are HIV positive and have incomes up to 200 percent FPL are eligible for MassHealth’s HIV-Family Assistance program. Under the ACA, those up to 133 percent FPL will be eligible for Medicaid State Plan coverage in MassHealth CarePlus. As noted above, those with incomes between 133 and 200 percent FPL will remain in MassHealth Family Assistance through the Demonstration program.

**MASSEALTH BASIC AND ESSENTIAL**

Currently, individuals who are long-term unemployed and have incomes up to 100 percent FPL are eligible for MassHealth Essential. Those who also have serious and long-term mental illness and are receiving services through the Department of Mental Health are eligible for MassHealth Basic, which offers slightly richer benefits. Under the ACA, both of these populations will be part of the new adult group up to 133 percent FPL that is eligible for Medicaid State Plan coverage. Essential members will transition to MassHealth CarePlus, while Basic members will transition to ABP 1.

**MEDICAL SECURITY PLAN**

Currently, individuals who are receiving unemployment assistance and whose incomes are up to 400 percent FPL are eligible to participate in the Medical Security Plan (MSP), a health insurance program

<sup>8</sup> Five-year-bar legal immigrants will be considered Lawfully Present under the ACA.

authorized under the 1115 Demonstration and administered by the Massachusetts Division of Unemployment Assistance. Some MSP participants receive assistance with COBRA premiums, while others enroll in direct coverage. Under the ACA, MSP members up to 133 percent FPL will be eligible for MassHealth CarePlus, while those with incomes between 133 and 400 percent FPL may purchase subsidized QHP coverage through the Health Connector. QHP enrollees up to 300 percent FPL also will be eligible for State Wrap subsidies.

#### MASSHEALTH INSURANCE PARTNERSHIP

Currently, MassHealth's Insurance Partnership program encourages small employers to offer health insurance by providing assistance with premiums for small businesses and their low income employees (up to 300 percent FPL). Under the ACA, MassHealth plans to discontinue the employer-side subsidy, in light of changes to federal and state employer responsibility provisions and the availability of federal tax credits and state wellness rebates to certain small businesses that purchase coverage through the Exchange.

On the employee side, many current Insurance Partnership participants will be eligible for other subsidized coverage options under the ACA. Those with incomes up to 133 percent FPL will be eligible for MassHealth CarePlus. Of those with incomes between 133 and 300 percent FPL, some will be eligible for QHP coverage with federal subsidies and State Wrap through the Health Connector. This includes all those who are self-employed, who make up about half of Insurance Partnership participants, and those whose employer insurance offer costs more than 9.5 percent of their household income and is therefore considered to be unaffordable under the ACA.

However, there is a small group of current Insurance Partnership members who will not be eligible for MassHealth CarePlus or for QHP coverage and would not otherwise have access to affordable insurance. This group includes those with incomes between 133 and 300 percent FPL who work for small businesses and whose employer-sponsored insurance offer costs less than 9.5 percent of their household income but more than Commonwealth affordability thresholds. MassHealth plans to continue to support this group by offering premium assistance for employer sponsored insurance. After a transition period of one year, the Commonwealth plans to require that small employers purchase insurance through the Exchange in order for their employees to be eligible for the premium assistance. This will allow eligible employers to have access to federal tax credits and the Health Connector's wellness rebates.

#### COMMONWEALTH CARE

Currently, adults with incomes up to 300 percent FPL who do not have access to other insurance, including MassHealth coverage or employer sponsored insurance, are eligible for Commonwealth Care. Commonwealth Care provides coverage through Managed Care Organizations (MCOs) procured by the Health Connector. Enrollees include citizens, qualified aliens and immigrants who are considered "Aliens With Special Status" under state law, including five-year barred immigrants and others who are permanently residing under color of law. Enrollees with incomes up to 100 percent FPL pay no premiums and nominal co-pays, equal to the co-pays paid by MassHealth members.

Under the ACA, current Commonwealth Care members with incomes up to 133 percent FPL who are citizens or qualified aliens will be eligible for MassHealth CarePlus. Those with incomes between 133 and 300 percent FPL, as well as those lawfully present immigrants who are ineligible for MassHealth with incomes zero to 300 percent FPL, will transition to QHP coverage and will be eligible for federal and state subsidies. As described above, the State Wrap will include premium assistance and cost

sharing reductions to ensure that coverage remains affordable for this population. The Health Connector will select a subset of QHPs that are qualified to offer Wrap plans.

As agreed upon by CMS and the Commonwealth, Federal Financial Participation (FFP) will be available for the premium assistance component of State Wrap for citizens and qualified aliens for calendar year 2014.

#### HEALTH SAFETY NET

The Health Safety Net (HSN) reimburses hospitals and community health centers for certain health care services provided to uninsured or underinsured low income individuals with incomes up to 400 percent FPL who are not eligible for any subsidized coverage under the Demonstration. Under the ACA, many HSN participants will become eligible for MassHealth CarePlus or for subsidized QHP coverage through the Health Connector. The HSN will continue to provide payments to acute hospitals and community health centers for those who remain uninsured.

### 3 | Demonstration Programs That Will Be Discontinued

In order to simplify subsidized coverage programs, MassHealth plans to discontinue the following programs in 2014:

- **MassHealth Essential;**
- **MassHealth Basic;**
- **MassHealth Insurance Partnership;**
- **Commonwealth Care;**
- **Medical Security Plan.**

As described above, all of these Demonstration populations will be eligible for new programs under the ACA with similar or richer benefits as compared with the benefits they receive today.

## C | Ensuring Seamless Transitions

The Commonwealth is committed to making the transition to the redesigned subsidized coverage programs under the ACA as smooth as possible for current and newly eligible members. In accordance with the Guiding Principles defined by agency leaders, MassHealth's top priorities are to minimize gaps in coverage and to promote access to affordable health insurance by maximizing enrollment in subsidized coverage options for eligible individuals and families. The Commonwealth has therefore taken a multi-pronged approach to planning for a seamless transition process for members.

### 1 | Subsidized Program Design

Massachusetts has designed its current proposal for the new coverage types described above to ensure continuity of care and coverage to the greatest extent possible. The Commonwealth seeks to minimize any reductions in benefits or increases in cost sharing as a result of the ACA transition. For example, MassHealth CarePlus is designed to mirror Commonwealth Care, in which many CarePlus members may currently be enrolled. In addition, the State Wrap to supplement federal tax credits and cost-sharing reductions for QHP members 0-300 percent FPL is essential in order to maintain the affordability standards for health coverage that have been established through Commonwealth Care.

## 2 | Eligibility Determination

The eligibility determination process for subsidized coverage programs will be significantly enhanced compared to the current process.

### ONE-STOP SHOPPING THROUGH THE HIX/IES SYSTEM

MassHealth and the Health Connector are collaborating closely to develop the integrated eligibility determination system that will allow residents to apply for and enroll in subsidized health coverage through a single, efficient and easy-to-navigate system. Applicants for subsidized coverage will go through a single application, and eligible members will be directed to the program for which they qualify, regardless of whether that program is administered by MassHealth or by the Health Connector.

The new HIX/IES system will be central to ensuring a seamless transition process. First, the HIX/IES system will be the platform for the single web-based portal through which residents will apply for all subsidized coverage programs. The system will be designed to be as user-friendly as possible so that it is intuitive to navigate and easily understood by individuals with varying literacy levels. To the greatest extent possible, the HIX/IES system will have the capability to collect and verify all information that is necessary to determine eligibility. As discussed above, the system will have the capability to communicate in real time with the federal data hub(s) to verify an applicant's reported income, residency and immigration status. In addition, eligible members will have the opportunity to select a health plan in which to enroll during the application session, once eligibility has been determined. The goal is for members to be able to apply for and enroll in coverage in one sitting.

Because of the complexity involved in obtaining a disability determination, the HIX/IES system will not have the capability to make an immediate eligibility determination of disability status. However, some applicants may have a federal disability determination which can be accessed through a federal service data match. In cases where an applicant self-identifies as disabled and there is no federal disability determination available, HIX/IES will generate the appropriate notices to the applicant with instructions on how to complete the disability determination process. Disabled applicants for certain programs (including Long Term Care, Disabled Adult Children, Disabled Widows, former SSI recipients) will continue to be processed through the existing MA21 system.

### MEMBER COMMUNICATIONS AND CUSTOMER SERVICE

At the time of application and eligibility (re)determination, MassHealth and the Health Connector will continue to provide assistance to members through MassHealth Enrollment Centers and other telephone and in-person avenues. Applicants will continue to have the option to use a paper application rather than the web portal or to apply in person or by phone if they prefer. MassHealth staff and others who are designated to assist applicants and members with enrollment will be trained thoroughly in the new coverage programs and eligibility systems.

MassHealth and the Health Connector also have a number of efforts underway to enhance member communications and customer service with the goals of facilitating enrollment, easing transitions across programs, and improving the member experience for members once they are enrolled in subsidized coverage. The MassHealth Cross-Unit Workgroup has dedicated subgroups focused on Noticing, Member Communications, and Customer Service. Each of these subgroups has representatives from both MassHealth and the Health Connector to develop a coordinated approach.

## STRATEGIES TO PROMOTE CONTINUITY AND ALIGNMENT BETWEEN MASSHEALTH AND THE HEALTH CONNECTOR

The Commonwealth has significant experience with the challenges that members face in navigating between programs administered by the Medicaid program and an Exchange (the Health Connector). As we make the transition to the ACA, one of MassHealth's and the Health Connector's key shared priorities is to align policies as closely as possible in an effort to reduce confusion for applicants and members, streamline eligibility processes and minimize unnecessary gaps in coverage. Specifically, we propose three key strategies to create continuity.

First, we aim to align eligibility requirements and processes at MassHealth and the Health Connector as closely as possible. In particular, MassHealth is requesting federal authority through the 1115 Demonstration to provide an initial 90-day eligibility period based on self-attestation that mirrors the Health Connector's required "inconsistency period" for APTC applicants, such that new applicants can be granted eligibility pending post-eligibility verification within 90 days of factors such as income in cases where it is not possible to verify these factors through federal and state data hubs in the HIX.

Second, MassHealth seeks authority through the 1115 Demonstration to extend coverage to the end of the month for members transitioning from MassHealth to subsidized non-group QHP coverage through the Health Connector to align with QHP effective dates, which are always the first of the month. MassHealth intends to extend its coverage until the last day of the month before QHP coverage begins, which may require extending coverage to the end of the following month after an individual's redetermination if it would otherwise be too late to effectuate enrollment in QHP coverage for the first of the next month.

Third, it is our goal that annual redeterminations for both MassHealth and Health Connector members in mixed households will be coordinated so that families only have to undergo a full eligibility review once per year. Therefore, MassHealth will use information submitted by QHP enrollees in the same household to update the MassHealth member's eligibility information whenever possible. For example, when a QHP enrollee submits updated eligibility information as part of the Exchange open enrollment process, this information will be applied to the MassHealth member(s) in the household and will result in a new anniversary date for annual reviews in the future. Thereafter, all household members' annual reviews will take place at the same time each year, in conjunction with the Exchange open enrollment period.

Taken together, these three provisions will go a long way toward ensuring that Massachusetts residents benefiting from Health Connector and MassHealth programs have a good experience in obtaining coverage and staying enrolled in the programs for which they are eligible.

### **3 | Timeline and Process for Transitions**

The Commonwealth has developed transition plans for current Demonstration members, as well as for new applicants, during the open enrollment period from October 2013 through March 2014. This transition period presents a unique challenge because not only will eligibility rules be changing and members shifting to new coverage, but the Commonwealth will also be implementing the new HIX/IES system simultaneously. As part of the preparation to meet this challenge, MassHealth and the Health Connector are planning for increased staffing levels for customer service representatives and eligibility workers during the transition period to handle an anticipated surge in the volume of applications and inquiries. Staff will be trained to provide accurate information and helpful guidance to applicants and members seeking assistance in understanding their eligibility status and benefits.

## TRANSITION PROCESS FOR CURRENT MEMBERS UNDER THE DEMONSTRATION

The Commonwealth is committed to making the transition to 2014 coverage as seamless as possible for members currently enrolled in subsidized coverage programs under the Demonstration. MassHealth's and the Health Connector's shared goal is to ensure that all members are enrolled in the health coverage for which they are eligible on January 1, 2014, with no gap in insurance. The two agencies are jointly developing a tailored transition plan for each Demonstration population to realize this goal.

### **Members Newly Eligible for Medicaid State Plan Coverage**

MassHealth proposes to utilize an administrative process of eligibility mapping to shift individuals with gross incomes up to 138 percent FPL into Medicaid State Plan coverage, including MassHealth's ABPs. Based on information already available in MassHealth's eligibility system, MassHealth will identify individuals currently enrolled in a Demonstration program who are eligible for State Plan coverage and will issue a new eligibility determination on January 1, 2014, without requiring members to reapply or provide additional information.

MassHealth will conduct a preliminary analysis in October 2013 to identify all members who meet the eligibility criteria for new State Plan coverage. Those identified as newly State Plan eligible will receive a communication alerting them to the change that will occur as of January 1. They will be instructed that they do not have to take action but will be automatically enrolled in the new coverage type as of January 1, unless their circumstances change before that date. This group includes certain members who are currently enrolled in MassHealth Essential, MassHealth Basic, MassHealth HIV-Family Assistance, MassHealth Breast and Cervical Cancer Treatment Program, MassHealth Insurance Partnership, Commonwealth Care, and individuals for whom acute hospitals and community health centers may receive payments through the Health Safety Net.

Starting on December 31, MassHealth will convert member data into the new HIX/IES system; new eligibility determinations will be processed for transition populations, and eligibility notices will be sent out to members. In order to support continuity of care, individuals may be automatically enrolled in the managed care plan with which they were previously enrolled, if available. Otherwise, members will be covered on a fee-for-service basis until they select a plan. If, after 14 days an individual has not selected a health plan, he or she will be auto-enrolled into one of the available plans.

The only Demonstration population that cannot follow this administrative transition process are individuals currently enrolled in MSP. Income eligibility for MSP is based on a methodology that is distinct from MassHealth's, and eligibility information is stored in a separate system maintained by the Department of Unemployment Assistance (DUA) rather than in MassHealth's eligibility system. As a result, there is no reliable way to identify MSP enrollees who are eligible for MassHealth. Instead, MSP enrollees will apply for 2014 coverage through the HIX/IES during the open enrollment period in 2013. They will receive a MAGI determination and enroll in MassHealth, if eligible, for January 1, 2014 coverage. MassHealth, the Health Connector, and DUA are working together to provide MSP enrollees with timely information and assistance to help them enroll in 2014 coverage.

### **Members Eligible to Enroll in a Subsidized QHP**

Members who are enrolled in a Demonstration program and who will be eligible to purchase

a subsidized QHP for 2014 coverage must necessarily follow a different process. Commonwealth Care and the Insurance Partnership will end on December 31, 2013, and therefore individuals enrolled in these programs who are not eligible for Medicaid State Plan coverage will need to apply for federal and state subsidies for QHP coverage through the Health Connector. As noted above, MSP enrollees also must apply for QHP coverage. The Health Connector, MassHealth, and DUA are working together to coordinate outreach efforts to ensure that current Demonstration enrollees complete a HIX/IES application and are able to enroll in their new coverage as of January 1, 2014. Enrollees will receive mailings and may also receive follow-up phone calls to assist them with application and enrollment.

Insurance Partnership members with incomes between 138 and 300 percent FPL who apply for QHP coverage and are ineligible due to access to affordable Minimum Essential Coverage (MEC) will be referred to MassHealth's new premium assistance option for employees of small employers.

In addition, the Commonwealth plans to suspend annual reviews for a short period of time during the transition in order to minimize member confusion and devote internal resources to the transition process. Commonwealth Care reviews will stop beginning in September 2013, as all Commonwealth Care members who are not transitioning to MassHealth coverage will be required to apply through the HIX for QHP coverage. Most MassHealth reviews will also be suspended temporarily in September through December 2013 in order to reduce the volume of member data that must be processed in MassHealth's current eligibility system, MA21, just as MassHealth is converting member data and switching over to the new eligibility system. Annual reviews, including for those members whose reviews would have occurred at the end of 2013, will resume starting in January 2014. Changes in circumstance will continue to be processed in MA21 through the end of 2013.

#### TRANSITION PROCESS FOR NEW APPLICANTS DURING 2013 OPEN ENROLLMENT

The first half of the open enrollment period, from October through December 2013, poses a particular challenge for new applicants. The HIX/IES system will be accepting applications for ACA programs, but eligibility determinations through the new system will be for coverage effective January 1. Yet many of the individuals who will be eligible for 2014 coverage also would be eligible for 2013 coverage under the Demonstration. Therefore, during this short period, the Commonwealth must accommodate applicants under both current eligibility rules and under 2014 MAGI-based eligibility rules. Consistent with the CMS proposed rule issued in January 2013, the Commonwealth plans to place a prominent disclaimer on the HIX/IES website instructing prospective applicants that the system is for coverage effective January 1 only and directing individuals who are seeking to apply for coverage prior to January 1 to fill out an application for 2013 eligibility. Those seeking immediate coverage may either apply electronically through the Commonwealth's Virtual Gateway or fill out a paper application, a link to which will be available on the HIX/IES website. The paper application will be the same as the new paper application for 2014 eligibility, but it will also include a supplement with additional information that is needed to determine 2013 eligibility. These applications will be processed in MassHealth's current eligibility system, MA21.

Individuals who apply for and are determined eligible for Demonstration programs during this period will enroll as normal and will then follow the transition processes for current enrollees, as described above. They will receive communications notifying them of the upcoming change. Those who are eligible for 2014 Medicaid State Plan coverage will be transitioned administratively. Those who may be eligible for QHP coverage may need to take additional action; the Commonwealth will use the

information available on the application to determine QHP eligibility through the new HIX/IES if possible, but if the information is not sufficient, the individual will need to complete a new application or provide additional information.

#### **4 | Ensuring Access to Care and Adequate Provider Supply**

Because Massachusetts already has significantly expanded eligibility for subsidized health coverage through the 1115 Demonstration, the Commonwealth has developed an extensive provider network that we project will be adequate to meet the demand of the ACA transition. MassHealth will continue to monitor our provider network to ensure that current and new members will continue to have sufficient access to both primary and specialty care.

The Commonwealth is also alert to the importance of bolstering primary care as health coverage expands further under the ACA. Massachusetts looks forward to partnering with CMS on various initiatives to support and expand primary care, such as the enhanced Medicaid reimbursement rates that were made available to primary care providers beginning in 2013. In addition, we view high-quality primary care modeled on Patient Centered Medical Home (PCMH) principles as the foundation of delivery system and payment reform in the support of the Triple Aims of better care, improved health for populations, and cost-effective care. The Commonwealth is actively pursuing opportunities for innovation, such as the Patient Centered Medical Home Initiative (PCMH)<sup>9</sup> and MassHealth's new Primary Care Payment Reform Initiative,<sup>10</sup> to promote access to patient-centered, coordinated care for low-income residents.

## **PART 4 | REQUIRED FEDERAL AUTHORITIES**

### **A | State Plan Amendments**

Implementation of the redesigned subsidized coverage structure will require Amendments to the Medicaid State Plan. The Commonwealth so far has identified the following necessary State Plan Amendments (SPAs):

1. A SPA(s) to implement the Medicaid Alternative Benefit Plans;
2. A SPA to implement changes in eligibility for State Plan coverage, including the addition of 19- and 20-year-olds between 133 and 150 percent FPL as children in MassHealth Standard;
3. A SPA to include lawfully present 19- and 20-year-olds with incomes up to 150 percent FPL as children eligible for State Plan benefits;
4. A SPA to implement the conversion to the MAGI methodology for income eligibility determination;
5. A SPA to establish Massachusetts' streamlined application for ACA insurance affordability programs.

Additional SPAs may be required to implement other ACA provisions, and MassHealth will work with CMS to identify and formulate these SPAs.

### **B | 1115 Demonstration Amendment**

As many of the Expansion Populations whose coverage historically has been authorized through the Demonstration shift to receive coverage under the State Plan or through the Exchange, there will be significant changes in the provisions of the Demonstration. While the Commonwealth expects to retain many or all of the

<sup>9</sup> <http://www.mass.gov/eohhs/gov/commissions-and-initiatives/healthcare-reform/pcmhi/>

<sup>10</sup> <http://www.mass.gov/eohhs/gov/newsroom/masshealth/providers/primary-care-payment-reform-initiative.html>

Waiver Authorities in the Demonstration, several Expenditure Authorities are anticipated to expire with the implementation of the ACA.

### **1 | Authorities Expected to Expire December 31, 2013**

Based on current assumptions, the Commonwealth has identified the following Expenditure Authorities (EA) that may expire on December 31, 2013:

- I. DEMONSTRATION POPULATION EXPENDITURES
  - EA 6: Basic
  - EA 7: Essential
  - EA 8: Medical Security Plan
  - EA 9: Commonwealth Care

### **2 | Authorities Expected to Change**

- I. DEMONSTRATION POPULATION EXPENDITURES
  - EA 3a: e-HIV/Family Assistance: MassHealth will request to amend this authority to cover individuals with incomes between 133 and 200 percent FPL.
  - EA 4: Breast and Cervical Cancer Treatment Program MassHealth will request to amend this authority to cover individuals with incomes between 133 and 250 percent FPL.
  - EA 5: Insurance Partnership: MassHealth will request to replace authority for this program with authority to provide premium assistance for individuals with incomes between 133 and 300 percent FPL who work for small employers and are ineligible for other subsidized coverage through MassHealth or the Health Connector.

### **3 | New Authorities Requested**

The Commonwealth is requesting additional Waiver Authorities in accordance with the proposals outlined in this Transition Plan. These include:

- Waiver Authority to provide coverage during an initial 90 day approval period for all eligible applicants based on self-attestation, with verifications required during the 90 day post eligibility period (called “provisional eligibility”);
- Expenditure Authority to extend MassHealth coverage to the end of the month before QHP coverage begins for members transitioning from MassHealth to the subsidized QHP coverage through the Health Connector.
- Waiver Authority to use MAGI income, including the five percent income disregard, with non-tax filer household composition rules to calculate income eligibility for disabled individuals.
- Expenditure Authority to claim FFP for the premium assistance portion of State Wrap for citizens and qualified aliens with incomes up to 300 percent FPL who are enrolled in QHP coverage through the Health Connector. This authority is expected to be claimed through an extension of the Designated State Health Programs provision of the Safety Net Care Pool;
- Waiver Authority to utilize MAGI methodologies for annual renewals and changes in circumstance for current members beginning January 1, 2014, rather than waiting until the later of March 31 or the individual’s regularly scheduled annual review in 2014;

- Waiver authority to effectuate the transition process for ACA coverage for current members enrolled in the Demonstration, as described in this plan.

Additional requested authorities are described in detail in the Commonwealth's 1115 amendment request.

#### 4 | Authorities Expected to Continue

The Commonwealth expects that all Waiver Authorities in the 1115 Demonstration will continue. In addition, Expenditure Authorities that are not listed as expiring above are anticipated to continue. These include but are not limited to:

- Demonstration Population-related Authorities for CommonHealth, HIV-Family Assistance, the Breast and Cervical Cancer Treatment Program, and for Family Assistance for children up to 300 percent FPL;
- Service-related Authorities to provide premium assistance, early intervention services for children with autism, and diversionary behavioral health programs;
- Medicaid Eligibility Quality Control Expenditure Authorities;
- Express Lane Eligibility for children and Express Lane Eligibility for parents/care-takers enrolled in MassHealth;
- Authorities for innovative payment and delivery system reform initiatives such as the Pediatric Asthma Bundled Payment Pilot Program, the PCMH and Delivery System Transformation Initiatives;
- Safety Net Care Pool authorities.

#### SAFETY NET CARE POOL

The Safety Net Care Pool (SNCP) has been a critical vehicle for state health care reforms in Massachusetts since 2006. In addition to authorizing funding for Commonwealth Care, the SNCP has supported providers to continue providing care for large numbers of newly-insured and uninsured low-income residents. The SNCP also has provided funding to help hospitals, community health centers, and other providers to invest in infrastructure and delivery system reforms that support the Commonwealth's move toward more integrated systems of care and alternative payment arrangements that reward quality and outcomes.

The Commonwealth therefore expects that the SNCP will continue to support the objectives of federal and state health care reform and of the Demonstration. SNCP funding is particularly important to maintaining the gains in health care access and quality achieved under state health reform, and it will continue to be vital as Massachusetts works to advance further progress through statewide payment reform and the ACA. Key SNCP components include:

- **Provider Payments**, including the Health Safety Net, which make available payments to certain providers for uncompensated costs of care for Medicaid and uninsured patients;
- **Delivery System Transformation Initiatives (DSTI)**, an innovative program that incents and rewards safety net providers for investing in integrated delivery systems and capabilities necessary for payment reform;
- **Infrastructure and Capacity Building Funds**, which support grants for hospitals and community health centers for the maintenance, expansion and improvement of care provided to low-income and uninsured patients.

## PART 6 | CONCLUSION

For Massachusetts, the ACA represents a positive development and a promising opportunity to build on the substantial success of state health care reform. The Commonwealth already has made significant progress in developing a robust transition plan for ACA implementation in 2014, as outlined in this plan. MassHealth looks forward to a continuing collaboration with CMS as we prepare for a smooth and successful transition to 2014.