Presentation to the Children, Families, Health, and Human Services Interim Committee on the Economic Livelihood Partnership (HELP) Program/Medicaid Expansion Waiver Amendment and Extension

July 30, 2019

Presentation Order

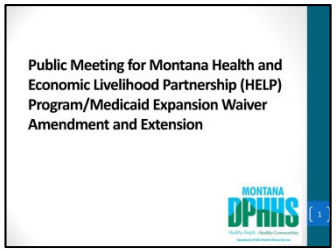
1. **Background**
2. Changes to the Waiver Required Under HB 658
3. Waiver Implementation and Evaluation
4. Submission of Public Comment

Objective of Today's Presentation

MCA 53-2-215: The department shall present a section 1115 waiver for review and comment at a public hearing prior to the submission of the proposal to the federal government for formal approval

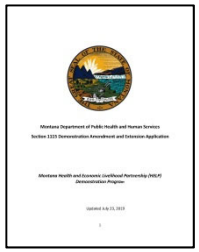
Accessing Montana HELP Materials

Information on Montana HELP Program/Medicaid Expansion Waiver Amendment and Extension can be found on the DPHHS web page:
https://dphhs.mt.gov/MedicaidExpExt



This Presentation

The Public Notice



The Montana HELP Waiver Amendment and Extension Application

Timeline and Public Comment Update

- **June 15, 2019:** DPHHS released a draft Waiver amendment and extension application for review and public comment.
- **Late June**: CMS notified the State that the Waiver amendment and extension application must include the interim federal evaluation of the current HELP Program/Medicaid Expansion Demonstration; the interim federal evaluation was made publicly available on July 22, 2019.
- **July 23, 2019:** DPHHS posted an updated Waiver amendment and extension application and Public Notice that included the interim federal evaluation findings and updated information on projected enrollment, disenrollment estimates due to work/community engagement and premium requirements, and projected program costs.
  - **July 24, 2019-August 23, 2019**: The State restarted the CMS-required 30-day public comment period.
  - **July 31, 2019** and **August 1, 2019**: Rescheduled public hearings.
  - **August 30, 2019**: Montana will consider public comments and submit the Waiver amendment and extension to CMS.

Montana Medicaid Expansion

Medicaid expansion has improved access to quality, affordable health care for low-income Montanans, and supported the state's economy.

Effects on Health Care

Medicaid expansion provides health insurance for **95,246 adults**, or 9.3% of the state population

- Nearly 9 in 10 enrollees are below the federal poverty level (FPL)

Medicaid expansion has enabled rural hospitals and providers to **keep their doors open**

- Hospitals have seen a **49% decrease in uncompensated care**
- Community health centers have seen a **$11.7 million increase in revenue**

Economic Effects

Medicaid expansion led to the creation of **15,000 new jobs between 2016 and 2018**

Medicaid expansion has contributed to more low-income adults **joining the workforce**

- 9% increase in non-disabled adults
- 6% increase in individuals with disabilities

Sources: Montana DPHHS; HELP Act Oversight Committee, 2018 Report to the Governor and Legislative Finance Committee; University of Montana Bureau of Business and Economic Research, The Economic Impact of Medicaid Expansion in Montana., April 2018

Background on Section 1115 Waiver Authority

- Under Section 1115 of the federal Social Security Act, the Secretary of Health and Human Services has authority to approve a state's requests to waive compliance with provisions of federal Medicaid law.

- An 1115 Waiver must be:
  - ✓ An experimental, pilot or demonstration project;
  - ✓ Likely to assist in promoting the objectives of the Medicaid program;
  - ✓ Budget neutral to the federal government; and
  - ✓ Limited in duration to the extent and period necessary to carry out the demonstration.

- States must provide a public process for notice and comment on proposed demonstration applications and extensions.

Source: Social Security Act (SSA) § 1115.

Summary of Montana's Current HELP Program/ Medicaid Expansion Waiver

After passage of the Montana HELP Act (SB 405) in 2015, Montana applied and was approved for a Section 1115 Waiver to implement Medicaid expansion.

In December 2017, Montana amended the HELP Program/ Medicaid Expansion Waiver.

The 1115 Waiver included the following features:

- Medicaid expansion to newly eligible adults up to 138% FPL, effective January 1, 2016
- 12-month continuous eligibility for all newly eligible adults
- Premiums equal to 2 percent of an enrollee's income
- Copay not charged until they exceeded the amount of the enrollee's premiums. Total copay + premiums was then capped at 5 percent of an enrollee's income (*later removed in 2017 amendment)*.
- Administration of Medicaid through a Third Party Administrator *(later removed in 2017 amendment)*
- Maximum co-payments allowable under federal law

Summary of Montana's Current HELP Program/ Medicaid Expansion Waiver – Cont.

After passage of the Montana HELP Act (SB 405) in 2015, Montana applied and was approved for a Section 1115 Waiver to implement Medicaid expansion.

In December 2017, Montana amended the HELP Program/ Medicaid Expansion Waiver.

The 1115 Waiver currently exempts the following populations from waiver features other than the continuous eligibility provisions.

a. Individuals who are medically frail;

b. Individuals who the state determines have exceptional health care needs…;

c. Individuals who live in a region (that may include all or part of an Indian reservation), where the state is unable to contract with sufficient providers;

d. Individuals who the state determines, in accordance with objective standards approved by CMS, require continuity of coverage that is not available;

e. Individuals exempted by federal law from premium or cost sharing obligations, whose exemption is not waived by CMS, including all individuals with incomes up to 50 percent of the FPL.

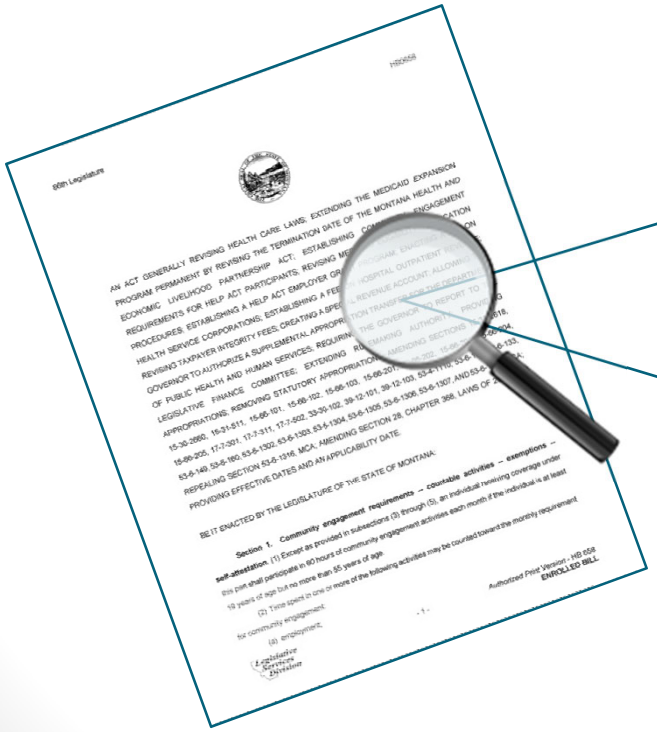
Agenda

1. Background
2. **Changes to the Waiver Required Under HB 658**
3. Waiver Implementation and Evaluation
4. Submission of Public Comment

State Law Requires Waiver Changes

In May 2019, HB 658 became law, reauthorizing Medicaid expansion and requiring new changes to the HELP Program.

There are no proposed changes to benefit coverage or the health care delivery system for HELP Program/Medicaid Expansion enrollees.



- **Revised Medicaid Eligibility Verification**
- **Work/Community Engagement Requirements**
- **Premium Increases Based on Coverage Duration**
- **Elimination of Copays**

Revised Medicaid Eligibility Verification Processes

The Department will leverage available federal and state data sources to assist with verifying eligibility for Medicaid applicants at the point of application.

This enhanced data verification process will help to minimize the number of requests for paper documentation, thus increasing accuracy.

Examples of Federal and State Data Sources include but are not limited to:

- Social Security Administration data (e.g., SSI and Title II)
- Department of Homeland Security (SAVE)
- Vital Statistics
- Department of Revenue wage and tax information
- State Wage Information Collection Agency
- State Unemployment Compensation
- SNAP and TANF data

Source: 2019 Montana House Bill 658

Work and Community Engagement: Overview

Summary of New State Law (HB 658)

- Montana will implement **work/community engagement requirements** for individuals who receive Medicaid coverage under the HELP Program/Medicaid expansion.
- Non-exempt enrollees between the ages of 19 and 55 with incomes up to 138% of the federal poverty level (FPL) will be subject to these work/community engagement requirements.

Source: 2019 Montana House Bill 658

Work and Community Engagement: Exemptions

Per HB 658 some enrollees will be exempt from – meaning they do not have to meet – work/community engagement requirements.

Standard Exemptions:

Individuals who are:

- ✓ Medically frail as defined in 42 CFR 440.315
- ✓ Blind, disabled, or pregnant
- ✓ Experiencing an acute medical condition requiring immediate medical treatment
- ✓ Mentally or physically unable to work
- ✓ A primary caregiver for a person unable to provide self-care
- ✓ A foster parent
- ✓ A full-time student in secondary school
- ✓ A student enrolled in the equivalent of at least six credits in a post-secondary or vocational institution
- ✓ Experiencing chronic homelessness
- ✓ A victim of domestic violence
- ✓ Living in an area with a high-poverty designation
- ✓ Participating in or exempt from the work requirements of the Supplemental Nutrition Assistance Program (SNAP) and/or the Temporary Assistance for Needy Families (TANF) program
- ✓ Individuals under supervision of the Department of Corrections, a county jail, or another entity as directed by a court, the Department of Corrections, or the Board of Pardons and Parole
- ✓ A member of an entity subject to the fee provided for in 15-30-2660(3);
- ✓ Otherwise exempt under federal law
- ✓ In receipt of income exceeding the average of 80 hours per month multiplied by the minimum wage

Work and Community Engagement: Exemptions

Per HB 658 enrollees who meet a hardship or good cause exemption will also be exempt from work/community engagement requirements.

The length of the hardship/good cause exemption will depend on the exemption and the individual's circumstance.

Hardship/Good Cause Exemptions:

Individuals who:

- ✓ Are hospitalized or are caring for an immediate family member who has been hospitalized
- ✓ Have a documented serious illness or incapacity, or are caring for an immediate family member with a documented serious illness or incapacity
- ✓ Are impacted by a catastrophic event or hardship as defined by DPHHS, preventing enrollees from complying with the work/community engagement requirements

Work and Community Engagement: Participation Requirements

Per HB 658 enrollees who are not exempt must complete 80 hours per month of qualifying work/community engagement activity.

DPHHS will notify enrollees who do not meet work/community engagement requirements that they have 180 days to come into compliance before their Medicaid coverage is suspended.

Qualifying Activities

- Employment
- Work readiness and workforce training activities
- Secondary, postsecondary, or vocational education
- Substance abuse education or substance use disorder treatment
- Other work or work/community engagement activities that promote work or work readiness or advance the health purpose of the Medicaid program
- Community service or volunteer opportunities
- Any other activity required by CMS for the purpose of obtaining necessary waivers

Work and Community Engagement: Projected Impact

The State estimates between 4% and 12% of enrollees will not report or fail to meet the work/community engagement requirement.

However, because work/community engagement requirements is a new policy, and one with little precedent nationally, it is impossible to predict future enrollment effects with certainty, and coverage losses could be greater.

	Number	Percent of Total
Subject to requirement (average during year)	100,000	100%
No reporting obligation; State determines through available administrative data that the enrollee is either exempt from or compliant with work/community engagement requirements	74,030	74%
Has reporting obligation	25,970	26%
Does not report or fails to meet the work requirement	4,000 – 12,000	4 – 12%

Notes: Sums of components may not equal totals due to rounding. Figures reflect Montana Department of Health and Human Services administrative data and the application of assumptions developed from a variety of sources (e.g., available SNAP data and survey data on characteristics of the HELP population). Please refer to application for additional information.

Premium Structure Changes: Overview

Summary of New State Law (HB 658)

- For enrollees with incomes greater than 50% FPL, Montana will **increase premiums** based on duration of enrollment in the HELP Program/Medicaid expansion.
- Enrollees exempt from work/community engagement requirements will also be exempt from premium increases.

Source: 2019 Montana House Bill 658

Premium Increases Based on Coverage Duration

Per HB 658 premiums for enrollees with incomes greater than 50% FPL will increase to up to 4% of income based on duration of enrollment in Medicaid.

Per HB 658 enrollees who fail to make payment for overdue premiums will have their premium debt assessed against their income taxes. Those with incomes above 100% FPL who fail to pay premiums will be suspended from coverage until they pay overdue premiums or until their premium debt is assessed against their taxes. Based on experience to date, the State estimates approximately 2.9% of enrollees will lose coverage each year due to non-payment of premiums.

Year of Coverage in HELP Program/Medicaid Expansion	Premium Amount
Year 1	2% of an enrollee's income
Year 2	2% of an enrollee's income
Year 3	2.5% of an enrollee's income
Year 4	3% of an enrollee's income
Year 5	3.5% of an enrollee's income
Year 6 and Beyond	4% of an enrollee's income

Removal of Co-Payments

Per HB 658 HELP Program/Medicaid Expansion enrollees will not be subject to any co-payments, coinsurance, or deductibles.

- Enrollees in the HELP Program/Medicaid Expansion are currently subject to co-payments.
  - Under the proposed Waiver amendment and extension and associated cost share state plan, HELP Program/Medicaid Expansion enrollees will not be subject to co-payments.

Requested Waiver Authorities

These proposed changes to the HELP Program/Medicaid Expansion will require amending and extending the current HELP Program/Medicaid Expansion Waiver.

Requested Waiver Authority	Use of Waiver	Currently Approved Waiver Request?
§ 1902(a)(8)	To waive the reasonable promptness requirement to permit suspension or termination of eligibility for HELP Program/Medicaid expansion enrollees who fail to comply with certain requirements.	No
§ 1902(a)(14) § 1916	To impose monthly premiums not to exceed 4% of household income.	No

Demonstration enrollees are currently subject to co-payments. Under this amendment and extension application, Demonstration enrollees will not be subject to co-payments and therefore the State is no longer requesting waiver authority of § 1902(a)(17).

The State is seeking § 1115(a)(2) expenditure authority to apply 12-month continuous eligibility to Medicaid eligible adults. This expenditure authority was approved under the current demonstration.

Presentation Order

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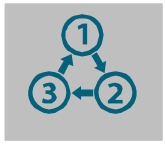
HELP Program /Medicaid Expansion Implementation Approach

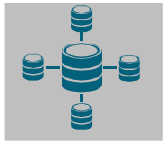
Specific implementation target dates for changes to the Waiver depend on policy negotiations with and Waiver approval by CMS.

Changes to the program under this application require:



Large and complex business processes development

Infrastructure planning and deployment

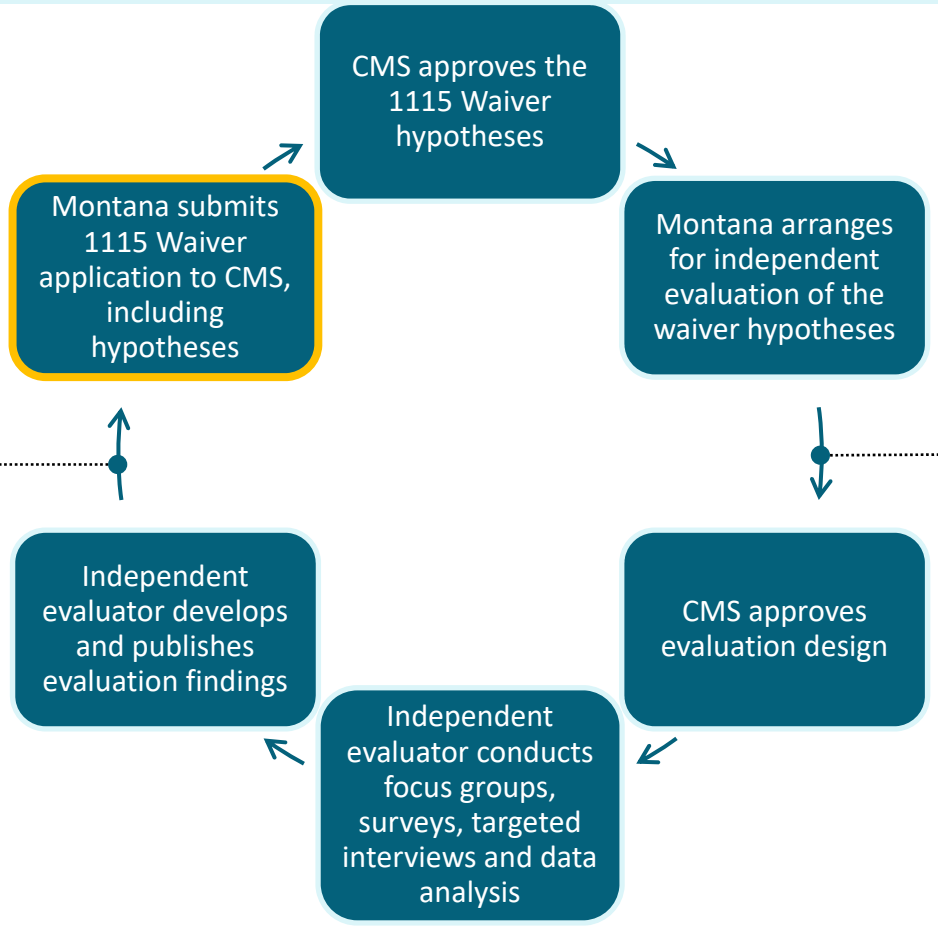


Information systems modifications

Montana proposes to implement new HELP Program/Medicaid Expansion features once all of the operational infrastructure is in place.

Waiver Application Evaluation Cycle

For each approved 1115 Waiver, Montana is required to arrange for an independent evaluation of the waiver's objectives and hypotheses that it wants to test. The current 1115 Waiver that created the HELP Demonstration Program is part of a federal evaluation.



States are required to address previous evaluation findings in their applications to renew or extend 1115 Waivers.

The current federal evaluation of Montana's 1115 Waiver will conclude in late 2019. Montana will contract with a new independent evaluator to continue to test the hypotheses from its original Waiver and test new hypotheses in the Waiver amendment and extension.

Federal Evaluation: Objectives

The federal evaluation sought to achieve the following objectives.

Federal Evaluation Objectives
1. Understand the design, implementation, and administrative costs of the HELP Demonstration Program
2. Document enrollee understanding of and experiences with the HELP Demonstration Program, including experiences with premiums, co-payments, enrollment, and disenrollment
3. Estimate the impacts of Montana's Medicaid expansion, including the third-party administrator (TPA) plan, on health insurance coverage, access to and use of health care, quality of health care, health care affordability, and health behaviors
4. Provide timely information on the HELP Demonstration Program that can inform CMS, Montana, and other states as they consider ways to improve the Medicaid program

Federal Evaluation: Interim Results

The interim federal evaluation results suggest that the HELP Program/Medicaid Expansion achieved a key state goal of significantly expanding health insurance coverage; as of September 2018, nearly 100,000 Montanans were enrolled.

Data Source	Findings
Informational interviews with HELP stakeholders	• There was deep collaboration between the State and stakeholders in implementing the HELP Program • More enrollees reported obtaining preventive care • Revisiting and revising the program design based on actual experience resulted in elimination of some program features (e.g., premium credit)
Focus groups with HELP enrollees and HELP beneficiary surveys (2017 and 2018)	• Satisfaction with the HELP Program/Medicaid Expansion was high among current enrollees • HELP enrollees and disenrollees had limited understanding of the individual features of HELP • Access to health care improved for many enrollees
Impact analyses using Medicaid administrative data and national survey data	• Health insurance coverage increased in Montana • Early evidence suggests that the use of preventive care increased in Montana relative to similar states, regardless of Medicaid expansion status

Goals and Objectives

Montana seeks to accomplish the following goals and objectives in its proposed HELP Program/Medicaid Expansion Waiver Amendment and Extension.

Goals and Objectives

- Improve the health, well-being, and financial stability of Montanans through participation in work/community engagement requirements;
- Encourage HELP Program/Medicaid Expansion enrollees to be discerning health care purchasers, take personal responsibility for their health care decisions, and ultimately improve their health through changes to the premium structure;
- Improve continuity of coverage and care through 12-month continuous eligibility;
- Increase the availability of high quality health care to Montanans;
- Provide greater value for the tax dollars spent on the Montana Medicaid program;
- Reduce health care costs;
- Boost Montana's economy; and
- Reduce the costs of uncompensated care and the resulting cost-shifting to patients with health insurance.

Waiver Evaluation Approach: Work/Community Engagement

Montana will work with CMS to develop an evaluation design for the work/community engagement requirements and test the below hypotheses.

Work/Community Engagement Requirements Hypotheses

- Enrollees enrolled in the HELP Program/Medicaid expansion will secure sustained employment.
- Work/community engagement requirements will increase the likelihood that Medicaid beneficiaries transition to commercial health insurance after separating from Medicaid, compared to Medicaid beneficiaries not subject to the requirements.
- Work/community engagement requirements will not deter eligible enrollees from applying for or renewing Medicaid coverage.
- Participation in work/community engagement requirements will improve current and former enrollee health and well-being, compared to Medicaid beneficiaries not subject to the requirements.
- Work/community engagement requirements will increase the average income of Medicaid beneficiaries subject to the requirements, compared to Medicaid beneficiaries not subject to the requirements.

Waiver Evaluation Approach: Premium Increases

The State will also work with CMS to develop an evaluation design for the new premium increase structure, testing the hypotheses below.

Premium Structure Hypotheses

- Conditioning coverage among enrollees with incomes above 100% FPL on payment of gradually increasing premiums will promote continuous coverage and continuity of care.
- Premiums will not deter eligible individuals from applying for, enrolling in, or renewing Medicaid coverage.
- Enrollees who are required to make premium payments will gain familiarity with a common feature of commercial health insurance.

Agenda

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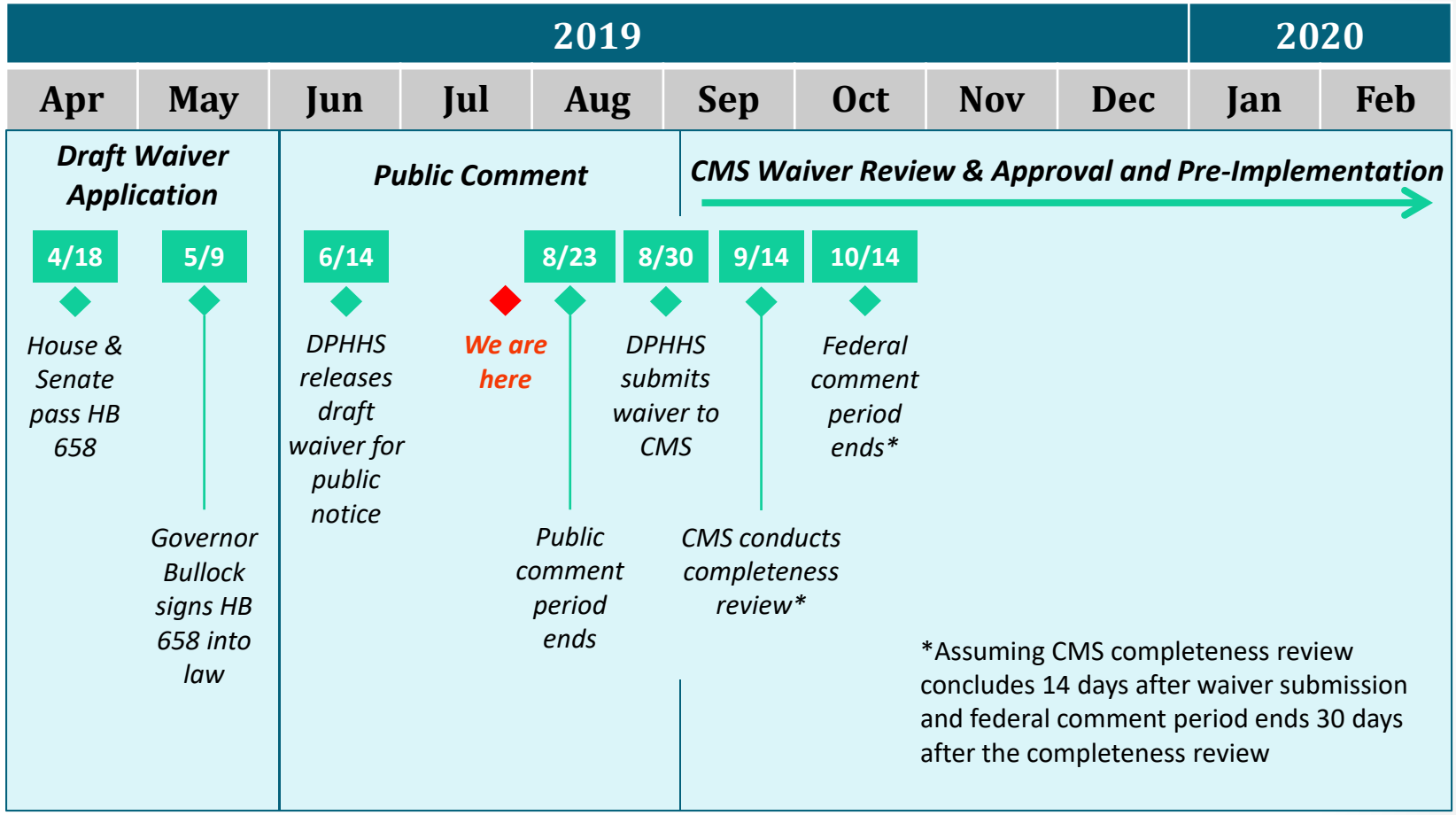
Timeline for HELP Program/Medicaid Expansion Waiver



DPHHS = Montana Department of Public Health & Human Services
CMS = Federal Centers for Medicare & Medicaid Services

Ways to Provide Public Comments

Submit public comments by email, regular mail, or in-person until midnight on Thursday, August 23, 2019.

A hard copy of the draft waiver application and public notice documents are available at the DPHHS Director's Office, 111 North Sanders St, Room 301, Helena, MT.

By Phone	(406) 444-2584
By Email	dphhscomments@mt.gov
By Regular Mail	Medicaid Expansion Extension Director's Office PO Box 4210 Helena, MT 59604-4210
In Person	Public Hearings

Opportunities to Provide Public Comment: Public Hearing

The Montana DPHHS is holding two public hearings, with telephone/web conference capabilities. All public comments should be limited to 2 minutes each.

Registration and additional information can be found on the DPHHS web page: https://dphhs.mt.gov/MedicaidExpExt

Wednesday, July 31st 11:30 AM – 1:30 PM	Thursday, August 1st 11:00 AM – 1:00 PM
Billings Clinic Conference Center 2800 10th Ave North Billings, MT 59101 **Join by Phone:** 1-408-792-6300 **Meeting number:** 802 264 681	**Sanders Auditorium** 111 North Sanders Street Helena, MT 59601 **Join by Phone:** 1-408-792-6300 **Meeting number:** 808 398 379

Public Comment Process

DPHHS will listen and collect comments in an organized manner.

All comments will be reviewed and considered equally whether they are received in person or over the phone.

- DPHHS will take comments from attendees in the order they line up (in-person) or sign up (phone).
- Please be courteous to others by keeping to your allotted time of 2 minutes and being quiet while others are speaking.