



State of Alabama

Medicaid Workforce
Initiative

Section 1115 Demonstration
Application

July 31, 2018

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Alabama Medicaid Workforce Initiative Application for a Section 1115 Demonstration

Introduction

As the single state agency for Medicaid in Alabama, the Alabama Medicaid Agency (Alabama Medicaid) is responsible for administration of the state's Medicaid program. In FY 2016, twenty-six percent of Alabama's population had full or partial Medicaid coverage at least one month of the year, including fifty-six percent of all Alabama children. The Alabama Medicaid program was designed and intended to provide health care coverage for the State's most vulnerable citizens, primarily children, the aged, and the disabled. With that as its principle tenet, the program currently provides broad health care coverage for over 1 million Alabama citizens.

As a vital component of the health care system of the State, Alabama Medicaid is also a significant component of the State's economy. In order to improve the overall economic growth and stability of the State and thus the wellbeing of its citizens, the State of Alabama has focused on job creation along with education and infrastructure as one of its three top policy priorities.

As a major component of the State's economy, it is of paramount importance that Alabama Medicaid effectively manage all the resources available to it and to structure its programs to align with the other policy goals of the State. A recent report issued by the Medicaid and CHIP Payment and Access Commission (MACPAC) in December 2017 noted that Alabama Medicaid has the third lowest cost per recipient nationally. This demonstrates Alabama Medicaid is an effective steward of both Federal and State resources provided to the State's Medicaid program. Even with this effective management, Alabama Medicaid continues to see an increase in healthcare expenditures, along with the rest of the nation, which places a burden upon the State's General Fund.

From 2013 through the current date, the able-bodied Parent or Caretaker Relative (POCR) eligibility group has more than doubled from 31,889 to more than 74,000. This has been during a time of steady economic growth and job creation in the state as reflected in the low unemployment rate. Thus, in keeping with the overall policy initiatives of the State, Alabama Medicaid's stewardship of limited resources, and the original Medicaid program design, Alabama Medicaid is proposing a work requirement for the able-bodied POCR eligibility group.

Currently, both the Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP) programs in Alabama contain certain work requirements for individuals participating in those programs. Alabama Medicaid plans to utilize the resources that have been successful in these programs to assist Medicaid recipients in gaining the tools necessary to become more self-sufficient.

Alabama Medicaid is seeking this Section 1115 Demonstration in order to assist able-bodied POCR recipients improve their health outcomes and improve their economic stability which will assist the state in having healthier citizens. We look forward to working with CMS as we move towards approval of this waiver application that will allow Alabama to have a more sustainable Medicaid program.

Section I - Program Description

1) Rationale for Demonstration

With an unparalleled focus on employment, the 1996 federal welfare reforms changed the nature of cash assistance programs for low-income families. The law was heralded as a “reassertion of America’s work ethic” by the U.S. Chamber of Commerce, largely in response to the bill’s workforce component. By the end of the decade, welfare caseloads had reached their lowest level since 1969. Unemployment rates among single mothers continued to decline throughout the 1990s. At the same time, child poverty declined steadily, reaching its lowest level since 1979, and the percent of low-income children living in families with at least one working parent increased.¹

As CMS has explained, there is “strong evidence that unemployment is generally harmful to health, including higher mortality; poorer general health; poorer mental health; and higher medical consultation and hospital admission rates.”² Thus, Alabama Medicaid believes that increasing employment through employment and job training requirements, will improve health outcomes.

Similarly, parental employment, and the economic security it brings, is critical to young children. A large and expanding body of research documents the associations between poverty and a wide-ranging set of negative child development outcomes. Poverty can impede a child’s cognitive development and ability to learn, and it can contribute to behavioral, social, and emotional problems. Also, it is well established that poverty can contribute to poor health outcomes among children.³

As of December 2017, Alabama boasts its lowest unemployment rate in state history at 3.5%. Alabama would like to extend opportunities to participate in this economic upturn to these Medicaid-eligible parents, whose numbers have increased dramatically within the last few years:

¹ Nancy K. Cauthen, National Center for Children in Poverty, *Improving Children’s Economic Security* (2002), http://www.nccp.org/publications/pdf/text_480.pdf

² CMS, SMD 18-002 (Jan. 11, 2018).

³ See Cauthen.

Period	Average Monthly POCR Eligibles
FY 2013	31,889
FY 2014	40,433
FY 2015	62,471
FY 2016	70,987
FY 2017	73,365
FY 2018 thru Dec. 2017	74,908

2) Summary of Proposed Demonstration Program

Unemployment has been shown to have a negative impact on physical and mental health outcomes. Alabama Medicaid seeks to implement programs for the able-bodied POCR eligibility group that will require unemployed or underemployed adults to become gainfully employed, or participate in training opportunities to enhance their potential for full employment. This change will put Alabamians on a path to better health outcomes.

There are three key objectives of this Demonstration:

- Identify individuals eligible for employment opportunities and assist them with accessing employment training activities.
- Improve the health outcomes and economic security of those eligible by requiring them to engage in employment activities.
- Improve the health outcomes of children enrolled in Medicaid, by assisting their parents in finding and succeeding in employment activities.

Alabama Medicaid has strong cooperative relationships with the Alabama Department of Human Resources (which administers the state's TANF work component, or "JOBS Program,") and the Alabama Department of Labor, (which provides support and systematic tracking for job search, employment and related activities). We plan to build on these relationships to support and encourage employment while ensuring the financial viability of the Alabama Medicaid program.

A. Current Eligibility Policies for Parent/Caretakers

To become eligible for the POCR eligibility group in Alabama, an individual must be a parent or close relative of a child under age 19 in the home, and have family income at or below 13% of the federal poverty level (FPL). (If an individual exceeds the 13% FPL, a 5% disregard is applied, and the individual will still be eligible if income is less than or equal to 18% FPL). These income requirements translate into the following monthly dollar limits (as of February 2018):

2018 Alabama Income Limits for POCR:

Income after deductions cannot exceed \$183 per month for a family of 1

Income after deductions cannot exceed \$247 per month for a family of 2

Income after deductions cannot exceed \$312 per month for a family of 3

Income after deductions cannot exceed \$377 per month for a family of 4

B. Program Features

With a few exceptions, Alabama Medicaid's proposed work component will mirror the State's TANF JOBS Program. Alabama Medicaid will not be modeling the program after its SNAP work program, because the SNAP mandatory work program is not applicable for parents and caretakers of dependent children.

The TANF JOBS Program generally requires that individuals participate in 35 hours a week of employment-related activities, except for parents and caretaker relatives with a child under age 6 years, who must participate in 20 hours of employment-related activities. Alabama Medicaid seeks to impose the same requirements on the able-bodied POCR eligibility group.

The following will qualify as "employment-related activities":

- Employment
- On the job training
- Job search and job readiness activities
- Attendance in high school, GED certification classes, an institution of higher education or vocational classes.
- Volunteer work activities or Community Service
- Technical training

Alabama Medicaid plans to work with the Alabama Department of Labor in order to develop a process for tracking compliance with work requirements through electronic information exchanges that will minimize the burden on recipients.

Alabama Medicaid plans to address exemptions based on economic conditions related to unemployment rates by county as currently done in the TANF JOBS Program.

The State plans to provide information to recipients about community supports such as childcare and transportation as currently done in the TANF JOBS Program.

Alabama Medicaid will include a number of exceptions to the employment requirements which must be verified periodically. Specifically, the following individuals will not be subject to the employment requirements:

- 1) Anyone who has a disability, is medically frail, or has a medical condition that would prevent them from complying with the work requirement, as validated by a medical professional, including anyone receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI), or Medicare.
- 2) Anyone who is pregnant or receiving post-partum care
- 3) Anyone age 60 or older
- 4) Anyone required to care for a disabled child or adult
- 5) Anyone participating in an intensive, authorized medical treatment program for alcohol or substance abuse or addiction (including opioid addiction)
- 6) Anyone enrolled in and compliant with the TANF JOBS program
- 7) Anyone exempt from the TANF JOBS Program
- 8) Anyone who is a single custodial parent of a child age 12 months or younger
- 9) Anyone who is a single custodial parent caring for a child under the age of 6 for whom appropriate childcare is not available
- 10) Anyone who failed to meet the employment requirements for “good cause”, similar to those in the TANF JOBS Program

Medicaid eligible individuals who do not meet any of the above exceptions will be required to participate in one of the mandatory work-related activities to remain active on the Medicaid program.

At the start of the demonstration and upon the initial award of eligibility for new recipients during the demonstration period, recipients who meet the criteria for participation will receive notice of the requirements for the work participation. Individuals will be given 90 days to become compliant or provide proof they qualify for an exemption as listed above. After the 90 days, if non-compliant and non-exempt,

individuals will be terminated. If a recipient becomes non-compliant after being in the program they will have 90 days to become compliant, unless they meet an exemption.

Each adult in the household without an exemption must comply with the work requirement. Only one person in the household shall be exempted for any of the reasons related to being the parent or caretaker of a child or a disabled individual, unless there are valid extenuating circumstances giving rise to a “good cause” exemption. Individuals in an exempt status may voluntarily participate in job training or work participation.

Alabama Medicaid will jointly administer the Medicaid work requirements with the Alabama Department of Human Resources. The two agencies will enter a memorandum of understanding (MOU) specifying each agency’s respective roles and responsibilities.

To ensure that recipients fully understand their obligations under this Demonstration, the State will:

- Provide timely and adequate recipient notices in writing that specify:
 - when the work requirements will commence for that specific recipient;
 - whether a recipient is exempt, and under what conditions the exemption would end;
 - a list of the specific activities that may be used to satisfy the employment requirements;
 - information about resources that help connect recipients to opportunities for activities that would meet the employment requirements, and information about the community supports that are available to assist recipients in meeting the employment requirements;
 - information about how hours will be counted and documented;
 - what gives rise to a termination, what a termination would mean for the recipient, and how to remedy a termination pertaining to work requirements, including how to apply for a good cause exemption and what kinds of circumstances might give rise to good cause;
 - if a recipient is not in compliance for a particular month, that the recipient is out of compliance, and how the recipient can cure the non-compliance;
 - if a recipient has eligibility terminated, how to appeal a termination, how to have the termination lifted; and
 - if a recipient has requested a good cause exemption, whether the good cause exemption has been approved or denied, with an explanation of the basis for the decision and how to appeal a denial.
- Provide full appeal rights notification as required under 42 C.F.R., Part 431, subpart E when the recipient is terminated and observe all requirements for due process for recipients whose eligibility will be denied, or terminated for failing to

meet the employment requirements.

- Make good faith efforts to connect recipients to existing community supports (including childcare and transportation) that are available to assist recipients in meeting community engagement requirements.
- Provide recipients with written notice of the rights of people with disabilities to receive reasonable modifications related to meeting the employment requirements.
- Maintain a system that provides reasonable modifications related to meeting the employment requirements for recipients with disabilities as defined in the ADA, section 504 of the Rehabilitation Act, or section 1557 of the Patient Protection and Affordable Care Act.

In addition to the employment requirements, recipients covered by the Demonstration who become ineligible for Alabama Medicaid as a result of an increase in income will receive one eighteen-month period of transitional Medicaid.

3) Hypothesis and Evaluation

As stated above, the overall goal of the demonstration is to improve health outcomes, both of parents and children, by assisting the POCR eligibility group in preparing for or finding full employment.

Alabama Medicaid is proposing to test a series of hypotheses that will allow the state to evaluate the success in achieving the overall goal of the demonstration and identify opportunities for improvement to strengthen the demonstration. The table below outlines the proposed hypotheses for this demonstration and potential performance measures that would allow Alabama Medicaid to effectively test each of the specific hypotheses:

Hypotheses	Methodology	Performance Measure
Providing workforce opportunities will result in transition to other health insurance	Monthly, track the number of individuals enrolled in the POCR or Transitional Medicaid eligibility group who have other health insurance using information from the eligibility system and data matches with insurers	The number and percentage of individuals enrolled in the POCR or Transitional Medicaid eligibility group who have obtained other health insurance

<p>Providing workforce opportunities will result in an increase in the number of individuals entering the workforce, or participating in workforce activities</p>	<p>Track the POCR and Transitional Medicaid participation rates for employment, new hires and workforce activities using the Department of Labor data</p> <p>Track the participation rates for employment or other workforce activities self-reported by POCR recipients using eligibility system data</p>	<p>The number and percentage of individuals enrolled in the POCR or Transitional Medicaid eligibility group who become or remain employed during the demonstration period or participate in workforce activities such as education training or community service</p>
<p>Over the five-year demonstration, the number of POCR individuals with earned income will increase for Medicaid parents and caretaker relatives who are or were covered by this Demonstration</p>	<p>Track the number of POCR and Transitional Medicaid individuals with earned income for each quarter of the demonstration using Department of Labor data and data within the eligibility system</p>	<p>The number and percentage of individuals enrolled in the POCR and transitional Medicaid eligibility group with earnings</p>
<p>More parents and caretaker relatives will receive transitional Medicaid in the short-term, due to increased income and the change in the transition period</p>	<p>Track the number of newly enrolled and individuals continuing to receive transitional Medicaid for each month of the demonstration using eligibility data</p>	<p>The number of new and continuing individuals enrolled in transitional Medicaid each month</p>
<p>Fewer parents and caretaker relatives will need to rely on Medicaid, and thus the POCR eligibility group will decrease in size, due to increased income</p>	<p>Track the number of individuals enrolled in the POCR group for each month of the demonstration using eligibility data</p>	<p>The number and percentage of individuals enrolled in the POCR eligibility group</p>

Alabama Medicaid will utilize Consumer Assessment of Healthcare Providers and Systems (CAHPS®) Health Plan Surveys to determine if the objectives and goals of the demonstration are met. The Agency will also utilize claims data, for those that obtain work activities or community engagement, to determine if improvement in health and well-being is realized during the 18-month transition period. The Agency will utilize the CAHPS survey to assess the health and well-being of those that obtain work activities or community engagement after the 18-month transition period. Through utilization of the CAHPS survey and available claims data, the Agency will determine if utilization of emergency room has decreased; Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Testing (HA1C-AD) has increased; and cervical cancer screenings have increased. The Agency will focus on utilizing CAHPS and available claims data to determine if the Medicaid beneficiaries have achieved improved health and well-being due to community engagement or employment activities.

A comprehensive evaluation design, consisting of both interim evaluations and a final evaluation, will be developed for CMS's review and approval. This evaluation will measure these hypotheses throughout the demonstration period, using wage and employment records available through the Department of Labor; internal system records regarding program terminations and transitional Medicaid; and surveys to determine the effect of the changes on individuals who have left the program.

4) Regions

The demonstration will be a statewide demonstration.

5) Timeframe

Alabama Medicaid requests a five-year demonstration period.

6) Impact on other components of the State's current Medicaid and CHIP program

The Demonstration will not include any changes to the State's delivery system or payment rates.

Section II - Demonstration Eligibility

If the demonstration is approved, Alabama Medicaid expects approximately 75,000 recipients will be subject to the employment requirements, though many of those will be eligible for exemptions. These Medicaid-eligible individuals are in the following eligibility groups:

Eligibility Group Name	Social Security Act and CFR Citation
Low Income Families	§ 1931; 42 C.F.R. §§ 435.110-.115
Transitional Medical Assistance	§ 408(a)(11)(A); § 1902(a)(52); § 1925; § 1931(c)(2)

Section III – Demonstration Benefits and Cost Sharing Requirements

The Demonstration will not include any changes to the State’s Medicaid benefits or cost sharing requirements. Alabama Medicaid will continue to provide standard Medicaid State Plan benefits to individuals eligible for Medicaid. Alabama Medicaid will not charge a premium as a condition of eligibility, which is the current policy. Copayments will be imposed as outlined in Attachment 4.19-A of the Alabama Medicaid State Plan. Copayments range from \$0.65 for low-cost prescriptions to \$50.00 for an inpatient hospital admission.

Section IV – Delivery System and Payment Rates for Services

Alabama will continue to rely on the existing fee-for-service delivery system for much of the covered population, Primary Care Case Management delivery system for the Patient 1st program and the Prepaid Ambulatory Health Plans (PAHP) delivery system for the covered Maternity populations. Payments made to performing providers will be the same as current payment rates as described in Attachment 4.19-B of the Alabama Medicaid State Plan.

Section V – Implementation of Demonstration

Alabama Medicaid plans to begin implementation of the employment requirements within six months of waiver approval.

Once the waiver commences, within three months of the waiver start date, or for new recipients within three months after initial award of Medicaid eligibility, individuals will be notified in writing of the employment requirement, including exceptions, allowed work activities, a timetable and instructions for compliance and consequences for non-compliance.

Section VI – Demonstration Financing and Budget Neutrality

1) Without- and With-Waiver Projections for Historical Medicaid Populations

A. Recent Historical Actual or Estimated Data

Actual historical data has been provided for the time periods fiscal year 2012 (FY12) through fiscal year 2016 (FY16). Sub-populations include the POOCR as well as the Transitional eligibility groups. The Low-Income Families and Extended Medicaid Due to Spousal Support Collections eligibility groups from section 2 crosswalk to the POOCR sub-population.

The historical data in the table is based on five years of fee-for-service claims and eligibility data from 10/01/2011 through 09/30/2016. The data included represents all State Plan Medicaid service expenditures for these populations.

Please see the “Historical Data” table in Appendix I for additional detail.

B. Bridge Period

The demonstration bridge period is 10/1/2016 to 9/30/2018.

C. Without-Waiver Trend Rates, Per Member Per Month (PMPM) costs and Member Months with Justification

The without-waiver (WOW) table in Appendix I shows projections for what the cost of the coverage for the Medicaid eligible populations would be in the absence of the demonstration. Per CMS direction, the calculation projects the WOW PMPM expenditures using the trend derived from five years of historical PMPM data by sub-population. Historical enrollment is used for member month growth assumptions. Neither sub-populations historical trends were greater than the president's budget trends. Projected eligible member months, PMPM cost, and total expenditures are shown for the demonstration period of FY19 through FY23 for each sub-population.

D. Risk

CMS has stated that technical assistance will be provided to states to establish an appropriate budget neutrality methodology for their demonstration requests. Potential methodologies include:

PER CAPITA METHOD: The state will be at risk for the per capita (PMPM) cost of individuals served by the demonstration, to the extent these costs exceed those that would have been incurred absent the demonstration (based on data shown and to be agreed to above). The state shall be at risk to repay CMS for the federal share of any costs in excess of the "Without Demonstration" cost, based on historical data shown above, which are the sum of the estimated PMPM costs times the number of member months by population. The state shall not be at risk for the number of member months of participation in the demonstration, to the extent that they may increase above initial projections.

AGGREGATE METHOD: The state will be at risk for both the number of member months used under the demonstration, as well as the per capita cost for demonstration participants; to the extent these exceed the "without waiver" costs and member months that are agreed to based on the data provided above.

Alabama Medicaid will be using the aggregate method for the proposed 1115 waiver.

E. Historical Medicaid Populations: With-Waiver PMPM Cost and Member Month Projections

The With Waiver (WW) table in Appendix I shows projections for what the cost of the coverage for the Medicaid eligible populations would be under the Demonstration. Projected eligible member months, PMPM cost, and total expenditures are shown for the Demonstration period of FY19 through FY23 for each sub-population.

Enrollment assumptions in the WW table vary from the WOW table to account for loss of enrollment under the work requirement due to individuals obtaining a job and transitioning out of Medicaid or due to individuals not being in compliance with the requirements or qualifying for any of the exemptions. Additionally, enrollment in the transitional sub-population varies due to the State policy decision to increase the maximum eligibility limit from 12 months to 18 months.

PMPM assumptions in the WW table vary from the WOW table to account for anticipated differentials in acuity for those who remain in each sub-population.

F. Justification for With-Waiver Trend Rates, PMPM Costs and Member Months

Enrollment Trends

Enrollment for FY12-FY16 represents actual historic enrollment. FY17-FY18 enrollment uses membership projections based on five-year population trends for both WW and WOW projections. FY19-FY23 WOW membership extends these projections.

FY19 WW membership is based on the same projections as the WOW, with a decrease in POCR enrollment for FY19 as a result of the expected impact of the work requirement on the POCR population and an increase in transitional enrollment from those moving from POCR as well as the increased transitional eligibility period. FY20-FY23 POCR population membership uses the same membership trend projections as WOW, but are applied to the FY19 WW projected enrollment. The transitional population continues to have enrollment from those moving from POCR due to the increased transitional eligibility period. Subsequently, the FY21 WW transitional enrollment is expected to return to WOW levels after the majority of the work requirement impact is seen in FY19-FY20. Transitional WW enrollment in FY21-FY23 is expected to increase above the WOW due to the increased transitional eligibility period.

PMPM Trends

PMPM trends for FY12-FY16 represent actual historical PMPM trends. FY17-FY18 PMPM trends are based on the five-year historical trends calculated for each sub-population. These derived trends are used to project PMPMs into the demonstration years, FY19-FY23, for both the WOW and WW tables.

The WW projections contain an additional acuity adjustment after applying trend assumptions. FY19-FY23 WW PMPMs for the POCR sub-population are adjusted to reflect the expected change in acuity as a result of the membership impact from the work

requirement. FY19-FY20 WW PMPMs for the transitional population are adjusted to reflect the expected change in acuity as a result of the membership impact from the work requirement. FY21-FY23 WW PMPMs for the transitional population are adjusted to reflect acuity levels seen prior to the impact of the work requirement.

2) Cost Projections for New Populations

No new populations are being added for this waiver.

3) Disproportionate Share Hospital Expenditure Offset

The state is not proposing to use any reductions to DSH claims to offset any demonstration costs in the calculation of budget neutrality.

4) Summary of Budget Neutrality

The “Summary” table in Appendix I shows an initial assessment of budget neutrality for the demonstration.

5) Budget Neutrality Worksheets

Please see Appendix I for the budget neutrality worksheets.

Section VII – List of Proposed Waivers and Expenditure Authorities

The State seeks the following waiver and expenditure authorities as part of this Demonstration:

1) Sections 1902(a)(8) and 1902(a)(10)

Waiver of Section 1902(a)(8) and 1902(a)(10), to the extent necessary to enable Alabama to suspend eligibility for, and not make medical assistance available to, Alabama Medicaid recipients in the parent and other caretaker relative eligibility group, eligible pursuant to 42 C.F.R. §§ 435.110-.115 who fail to comply with the employment requirement, subject to the exceptions and other provisions in the special terms and conditions.

2) Section 1902(a)(52)

Waiver of Section 1902(a)(52), to the extent it incorporates the requirement in Section 1925(b) that the State provide an additional 6-month extension of transitional Medicaid, after expiration of the first 6-month period, for individuals who no longer meet Medicaid eligibility requirements due to increased income from employment. The state intends to provide a period of 18 months of transitional Medicaid.

Section VIII - Public Notice

Alabama Medicaid conducted public hearings and public notice in accordance with the requirements in 42 C.F.R. 431.408. The following describes the actions taken by Alabama Medicaid to ensure the public was informed and had the opportunity to provide input on the proposed waiver.

Alabama Medicaid published long and short versions of public notice of the Agency's intent to submit a Section 1115 Demonstration Proposal to require unemployed and under-employed able-bodied POCRs to become gainfully employed, or participate in employment related activities such as job search, training, education, vocational or volunteer opportunities to enhance their chances of full employment. These notices were posted in February of 2018. As required by federal regulation, Alabama Medicaid opened a thirty (30) day comment period for interested parties and directed them to:

http://www.medicaid.alabama.gov/content/2.0_Newsroom/2.7_Special_Initiatives/2.7.5_Work_Requirements.aspx

A copy of the draft Demonstration proposal was also made available upon request for public review at each county office of the Department of Human Resources and the State Office of the Alabama Medicaid Agency.

Written comments concerning the changes were to be submitted on or before April 2, 2018 to the following e-mail address: PublicComment@medicaid.alabama.gov, or mailed hardcopy to: Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, P.O. Box 5624, Montgomery, Alabama 36103-5624. All written comments were available for review by the public during normal business hours at the above address.

Two opportunities for public comment were held. The first public hearing and teleconference was held on March 5, 2018 at 11:00 a.m. at the Alabama Industrial Development and Training Auditorium; One Technology Court; Montgomery, AL 36116. Dial-in information was provided on the Medicaid website at

http://www.medicaid.alabama.gov/content/2.0_Newsroom/2.7_Special_Initiatives/2.7.5_Work_Requirements.aspx

The second public hearing was held on March 6, 2018 at 11:00 a.m. at Hoover Public Library; 200 Municipal Drive; Hoover, AL 35216.

Notice of the events was placed prominently on the Agency's website and additional notification was made via the agency's email listserv groups, through RSS feeds and social media. Notifications of the hearings were also sent to state news media outlets.

Per regulation, notification was also made via Alabama's larger newspaper publications: The Huntsville Times, Birmingham News, Montgomery Advertiser, and the Mobile Press.

A copy of the draft Medicaid Workforce Initiative Section 1115 Demonstration Application dated February 27, 2018 was placed on the Alabama Medicaid Agency website for the public. The initial submission of the Medicaid Workforce Initiative Section 1115 Demonstration Application dated June 29, 2018 was placed on the Alabama Medicaid Agency website and the revised application was placed on the Alabama Medicaid Agency website on July 31, 2018.

A letter was also sent to the Tribal Chair and CEO of the Poarch Band of Creek Indians in February of 2018 giving the Tribal government notice as pursuant to the Social Security Act and Federal Regulations. The Agency has not received comments from the Poarch Band of Creek Indians. See Appendix II for the consultation letter.

In July 2018, Alabama Medicaid published an updated long version of the public notice. As required by federal regulation, Alabama Medicaid opened an additional thirty (30) day comment period for interested parties and directed them to:

http://www.medicaid.alabama.gov/content/2.0_Newsroom/2.7_Special_Initiatives/2.7.5_Work_Requirements.aspx.

A letter was sent to the Tribal Chair and CEO of the Poarch Band of Creek Indians in July of 2018 giving the Tribal government notice of the second comment period as pursuant to the Social Security Act and Federal Regulations. The Agency has not received comments from the Poarch Band of Creek Indians. See Appendix II.

Written comments concerning the changes were to be submitted on or before August 30, 2018 to the following e-mail address: PublicComment@medicaid.alabama.gov, or mailed hardcopy to: Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, P.O. Box 5624, Montgomery, Alabama 36103-5624. All written comments were available for review by the public during normal business hours at the above address.

Alabama Medicaid received approximately 800 comments from individuals and organizations during the first public comment period and approximately 550 comments during the second comment period. Public comments and suggestions were reviewed and considered to determine whether changes were needed to the proposed waiver that would further protect and support beneficiaries as well as promote the objectives of the Medicaid Program.

A summary of the comments and Alabama Medicaid's response are in Appendix III.

The comments are in Appendix IV.

Section IX - Demonstration Administration

The State of Alabama's point of contact for this demonstration will be:

Name and Title: Gretel Felton, Deputy Commissioner, Beneficiary Services
Telephone Number: (334) 242-1720
Email Address: gretel.felton@medicaid.alabama.gov

Appendix I. Budget Neutrality Worksheets

Table 1: Historical Data

5 Years of Historic Data - As of June 18, 2018

Specify Time Period and Eligibility Group Served:

SFY	2012	2013	2014	2015	2016	5-Years
Medicaid Pop 1	POCR					
Total Expenditures	\$ 136,503,648	\$ 135,801,900	\$ 179,723,722	\$ 279,268,662	\$ 313,643,266	\$ 1,044,941,198
Eligible Member Months	376,436	362,239	480,486	706,416	802,638	2,728,215
PMPM Cost	\$ 362.62	\$ 374.90	\$ 374.05	\$ 395.33	\$ 390.77	\$ 383.01
Trend Rates	Annual Change					5-Year Average
Total Expenditures	-0.51%					23.12%
Eligible Member Months	-3.77%					20.84%
PMPM Cost	3.39%					1.89%

Medicaid Pop 2	Transitional					
Total Expenditures	\$ 3,035,797	\$ 2,718,831	\$ 2,440,213	\$ 3,424,272	\$ 5,772,802	\$ 17,391,914
Eligible Member Months	16,056	13,867	12,560	16,074	27,661	86,218
PMPM Cost	\$ 189.08	\$ 196.06	\$ 194.28	\$ 213.03	\$ 208.70	\$ 201.72
Trend Rates	Annual Change					5-Year Average
Total Expenditures	-10.44%					17.43%
Eligible Member Months	-13.63%					14.57%
PMPM Cost	3.70%					2.50%

Table 2: WOW**Without Waiver Projection - As of June 18, 2018**

Medicaid Populations										
Eligibility Group	Trend Rate 1	Months Of Aging	Base Year FY18	Trend Rate 2	Demonstration Years					Total WOW
					FY19	FY20	FY21	FY22	FY23	
Medicaid Pop 1	POCR									
Eligible Member Months		24	851,519		877,046	903,366	930,476	958,392	987,124	
PMPM Cost	1.89%		\$ 405.65	1.89%	\$ 413.29	\$ 421.09	\$ 429.04	\$ 437.13	\$ 445.37	
Total Expenditure			\$345,415,633		\$362,477,170	\$380,402,151	\$399,214,112	\$418,942,125	\$439,635,446	\$ 2,000,671,004
Medicaid Pop 2	Transitional									
Eligible Member Months		24	28,779		29,354	29,941	30,540	31,151	31,773	
PMPM Cost	2.50%		\$ 219.26	2.50%	\$ 224.74	\$ 230.36	\$ 236.12	\$ 242.02	\$ 248.06	
Total Expenditure			\$ 6,309,991		\$ 6,596,849	\$ 6,897,114	\$ 7,211,054	\$ 7,538,985	\$ 7,881,715	\$ 36,125,717

Notes

Historic trends are adjusted if they fall below a CPI threshold of 1.1% or above an upper limit of 4%.

"Base Year" is the year immediately prior to the planned first year of the demonstration.

"Trend Rate 1" is the trend rate that projects from the last historical year to the Base Year.

"Months of Aging" equals the # of months of trend factor needed to trend from the last historical year to the Base Year. There are 24 months from the last historical year and the base year.

"Trend Rate 2" is the trend rate that projects all DYs, starting from the Base Year.

Table 3: WW

With Waiver Projection - As of June 18, 2018

Medicaid Populations														
Eligibility Group	Base Year FY18	Demo Trend Rate	Demonstration Years		1115 Waiver Impact - FY20		1115 Waiver Impact - FY21		1115 Waiver Impact - FY22		1115 Waiver Impact - FY23		Total WW	
			1115 Waiver Impact - FY19	FY19		FY20		FY21		FY22		FY23		
Medicaid Pop 1	POCR													
Eligible Member Months	851,519			748,307		727,209		749,033		771,505		794,634		
PMPM Cost	\$ 405.65	1.89%	2.29%	\$ 422.77	-0.30%	\$ 429.46	0.00%	\$ 437.57	0.00%	\$ 445.82	0.00%	\$ 454.22		
Total Expenditure	\$345,415,633			\$316,365,479		\$312,310,317		\$327,754,945		\$343,951,652		\$360,940,877		\$ 1,661,323,270
Medicaid Pop 2	Transitional													
Eligible Member Months	28,779			158,440		159,321		45,810		46,726		47,660		
PMPM Cost	\$ 219.26	2.50%	42.88%	\$ 321.09	0.00%	\$ 329.13	-30.01%	\$ 236.12	0.00%	\$ 242.02	0.00%	\$ 248.06		
Total Expenditure	\$ 6,309,991			\$ 50,874,227		\$ 52,436,520		\$ 10,816,580		\$ 11,308,478		\$ 11,822,572		\$ 137,258,377

Notes

"1115 Waiver Impact" reflects the effect of all program changes as a result of the waiver after accounting for trend.

Table 4: Summary

Budget Neutrality Summary: CMS Methodology - As of June 18, 2018

Without-Waiver Total Expenditures

		Demonstration Years (DY)					Total
		DY 01 - FY19	DY 02 - FY20	DY 03 - FY21	DY 04 - FY22	DY 05 - FY23	
Medicaid Pop 1	POCR	\$ 362,477,170	\$ 380,402,151	\$ 399,214,112	\$ 418,942,125	\$ 439,635,446	\$ 2,000,671,004
Medicaid Pop 2	Transitional	\$ 6,596,849	\$ 6,897,114	\$ 7,211,054	\$ 7,538,985	\$ 7,881,715	\$ 36,125,717
WW Subtotal		\$ 369,074,019	\$ 387,299,265	\$ 406,425,165	\$ 426,481,111	\$ 447,517,161	\$ 2,036,796,721

With-Waiver Total Expenditures

		Demonstration Years (DY)					Total
		DY 01 - FY19	DY 02 - FY20	DY 03 - FY21	DY 04 - FY22	DY 05 - FY23	
Medicaid Pop 1	POCR	\$ 316,365,479	\$ 312,310,317	\$ 327,754,945	\$ 343,951,652	\$ 360,940,877	\$ 1,661,323,270
Medicaid Pop 2	Transitional	\$ 50,874,227	\$ 52,436,520	\$ 10,816,580	\$ 11,308,478	\$ 11,822,572	\$ 137,258,377
WOW Subtotal		\$ 367,239,705	\$ 364,746,837	\$ 338,571,525	\$ 355,260,130	\$ 372,763,449	\$ 1,798,581,647

Total Savings	\$ 1,834,314	\$ 22,552,428	\$ 67,853,640	\$ 71,220,981	\$ 74,753,712	\$ 238,215,074
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Savings from Employment	\$ -	\$ 19,017,207	\$ 64,130,021	\$ 67,299,143	\$ 70,623,332	\$ 221,069,703
Savings from Non-Compliance	\$ 5,132,738	\$ 6,983,778	\$ 7,329,145	\$ 7,691,331	\$ 8,071,238	\$ 35,208,230
New Cost from Transitional Change	\$ (3,298,425)	\$ (3,448,557)	\$ (3,605,527)	\$ (3,769,493)	\$ (3,940,857)	\$ (18,062,858)

Transitional is impacted by the work requirement in FY19 and FY20 and eligibility duration in all years.
FY19 and FY20 roughly approximate the impact of both changes; later years approximate the duration change.

Appendix II. Tribal Notification Letter

The attached letter was sent by certified mail on February 27, 2018:



KAY IVEY
Governor

Alabama Medicaid Agency

501 Dexter Avenue
P.O. Box 5624
Montgomery, Alabama 36103-5624
www.medicaid.alabama.gov
e-mail: almedicaid@medicaid.alabama.gov

Telecommunication for the Deaf: 1-800-253-0799
334-242-5000 1-800-382-1504



STEPHANIE MCGEE AZAR
Commissioner

February 27, 2018

Ms. Stephanie A. Bryan
Tribal Chair and CEO
Poarch Band of Creek Indians
5811 Jack Springs Road
Atmore, AL 36502

Re: Tribal Consultation Proposed Section 1115 Demonstration Waiver

Dear Ms. Bryan,

As directed by the Tribal Consultation Section 1902(a)(73) of the Social Security Act and Federal Regulation, this notice to the Tribal Government is hereby given to notify the tribe of the Alabama Medicaid Agency's (Alabama Medicaid) intent to seek approval of a Section 1115 Demonstration project to require unemployed or underemployed able-bodied Parents or Caretaker Relatives (POCRs) to become gainfully employed, or participate in employment related activities such as: job search, training, education, vocational or volunteer opportunities to enhance their chances of full employment.

Unemployment has been shown to have a negative impact on physical and mental health outcomes. Alabama Medicaid seeks to implement programs for the able-bodied POCR eligibility group that will require unemployed or underemployed adults to become gainfully employed, or participate in training opportunities to enhance their potential for full employment. This change will put Alabamians on a path to better health outcomes.

There are three key objectives of this Demonstration:

- Identify individuals eligible for employment opportunities and assist them with accessing employment training activities.
- Improve the health outcomes and economic security of those eligible by requiring them to engage in employment activities.
- Improve the health outcomes of children enrolled in Medicaid, by assisting their parents in finding and succeeding in employment activities.

A copy of the public notice and the Demonstration application have been included for your reference.

Two public hearings will be held on this Demonstration application:

March 5, 2018 at 11:00 a.m.	March 6, 2018 at 11:00 a.m.
Alabama Industrial Development and Training (AIDT) Auditorium	Hoover Public Library
One Technology Court	200 Municipal Drive
Montgomery, Alabama 36116	Hoover, Alabama 35216

Alabama Medicaid is making teleconference access available for the March 5, 2018, meeting at Montgomery, Alabama. For dial-in information, in addition to other Demonstration application information, please see the Alabama Medicaid website at http://www.medicaid.alabama.gov/content/2.0_Newsroom/2.7_Special_Initiatives/2.7.5_Work_Requirements.aspx



If you have any comments concerning this Demonstration application, please submit them in writing on or before April 2, 2018, to the following e-mail address: PublicComment@medicaid.alabama.gov or mailed hardcopy to: Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, P.O. Box 5624, Montgomery, Alabama 36103-5624. All written comments will be available for review by the public during normal business hours at the above address.

If you have any questions, please do not hesitate to ask.

Sincerely,



James Hartin
Assistant General Counsel

Cc: Lisa Parker (via )
Cristi Malone (via )

The attached letter was sent by certified mail on July 31, 2018:



KAY IVEY
Governor

Alabama Medicaid Agency

501 Dexter Avenue
P.O. Box 5624
Montgomery, Alabama 36103-5624
www.medicaid.alabama.gov
e-mail: almedicaid@medicaid.alabama.gov

Telecommunication for the Deaf: 1-800-253-0789
334-242-5000 1-800-362-1504



STEPHANIE MCGEE AZAR
Commissioner

July 31, 2018

Ms. Stephanie A. Bryan
Tribal Chair and CEO
Poarch Band of Creek Indians
5811 Jack Springs Road
Atmore, AL 36502

Re: Tribal Consultation Proposed Section 1115 Demonstration Waiver

Dear Ms. Bryan,

As directed by the Tribal Consultation Section 1902(a)(73) of the Social Security Act and Federal Regulation, this notice to the Tribal Government is hereby given to notify the tribe of the Alabama Medicaid Agency's (Alabama Medicaid) intent to submit a revised Section 1115 Demonstration project to require unemployed or underemployed able-bodied Parents or Caretaker Relatives (POCRs) to become gainfully employed, or participate in employment related activities such as: job search, training, education, vocational or volunteer opportunities to enhance their chances of full employment. This Demonstration is a revision of the proposal submitted for tribal consultation on February 27, 2018; the proposal has been updated to include more information on the evaluation parameters and methodology for testing the proposal's hypotheses.

Unemployment has been shown to have a negative impact on physical and mental health outcomes. Alabama Medicaid seeks to implement programs for the able-bodied POCR eligibility group that will require unemployed or underemployed adults to become gainfully employed or participate in training opportunities to enhance their potential for full employment. This change will put Alabamians on a path to better health outcomes.

There are three key objectives of this Demonstration:

- Identify individuals eligible for employment opportunities and assist them with accessing employment training activities.
- Improve the health outcomes and economic security of those eligible by requiring them to engage in employment activities.
- Improve the health outcomes of children enrolled in Medicaid, by assisting their parents in finding and succeeding in employment activities.

A copy of the revised public notice and the revised Demonstration application can be found on the Agency's website at [http://www.medicaid.alabama.gov/content/2.0 Newsroom/2.7 Special Initiatives/2.7.5 Work Requirements.aspx](http://www.medicaid.alabama.gov/content/2.0%20Newsroom/2.7%20Special%20Initiatives/2.7.5%20Work%20Requirements.aspx).

Our Mission - to provide a system of financing health care for eligible Alabamians in accordance with established statutes and Executive Orders.

Written comments concerning these changes should be submitted on or before August 30, 2018, to the following e-mail address: PublicComment@medicaid.alabama.gov or mailed hardcopy to: Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, P.O. Box 5624, Montgomery, Alabama 36103-5624. All written comments will be available for review by the public during normal business hours at the above address.

During the first public comment period held February 27, 2018 through April 2, 2018, two opportunities for public comment were held at the following locations:

March 5, 2018 at 11:00 a.m.	March 6, 2018 at 11:00 a.m.
Alabama Industrial Development and Training (AIDT) Auditorium	Hoover Public Library
One Technology Court	200 Municipal Drive
Montgomery, AL 36116	Hoover, AL 35216

Medicaid provided teleconference access for the March 5, 2018, meeting at Montgomery, Alabama. A summary of the public comments submitted during the first public comment period are available for review by the public during normal business hours at the above address.

If you have any questions, please do not hesitate to ask.

Sincerely,

James Hartin
Assistant General Counsel

Cc: Edie Jackson (via [REDACTED])
Cristi Malone (via [REDACTED])

Appendix III. Summary of Public Comments and Responses

The following summarizes the comments received by Alabama Medicaid during the 30-day public notice period as well as Alabama Medicaid's responses.

Administrative Burden

Comment: Several commenters suggested the work requirements would add a significant administrative burden to the Alabama Medicaid Agency, healthcare providers, and the State of Alabama.

Response: If work requirements are implemented, Alabama Medicaid intends to build on the strong cooperative relationships with the Alabama Department of Human Resources and the Alabama Department of Labor in order to support and encourage employment and ensure the financial viability of the Medicaid program. We will also look to leverage existing technology systems to minimize any issues for recipients, providers and the State.

Childcare, Transportation Barriers

Comment: Several commenters expressed concern that the recipients in the eligibility group affected by the work requirements waiver would not be able to afford child care and transportation in order to maintain the ability to meet the work requirements.

Response: Parents and caretaker relatives that do not meet an exception as discussed in the waiver will be linked with community supports as is currently done in the Alabama TANF JOBS Program.

Inability to find work

Comment: Several commenters expressed concern that the recipients in the eligibility group affected by the work requirements waiver would not be able find work.

Response: Parents and caretaker relatives that do not meet an exception as discussed in the waiver will be linked with community supports as is currently done in the Alabama TANF JOBS Program. Those eligible could fulfill the work requirement with other "employment-related activities" such as: on the job training, job search and job readiness activities, attendance in high school, GED certification classes, an institution of higher education, vocational or other job training program or on the job training, volunteer work activities or community service, or technical training.

Coverage Gap

Comment: Several commenters expressed concern that those in the eligibility group affected by the work requirements waiver would lose Medicaid coverage if they fulfilled the work requirement with employment. Concern was expressed that once Medicaid income limits were exceeded, recipients would not be able to afford private insurance.

Response: Alabama Medicaid proposed to include a six-month period of transitional Medicaid for those who became ineligible for Alabama Medicaid as a result of an increase in income. Based on the comments received, Alabama Medicaid will be proposing to increase the transitional Medicaid from a six-month period to an eighteen-month period.

Less Access to Care

Comment: Several commenters stated implementing the work requirements would decrease the access to care due to the increased administrative burden on providers.

Response: Alabama Medicaid does not anticipate an increased administrative burden on providers due to the work requirements.

Disability/Medically Frail Exemption

Comment: Several commenters expressed concern regarding the process for reviewing and deciding how individuals would be approved for a disability or medically frail exemption.

Response: Alabama Medicaid intends to use data from the Medicaid system to identify chronic conditions or disabilities. Information will also be retrieved from the Federal Marketplace, or other federal systems that validate an exemption without the person having to provide further information. Self-reported conditions will trigger allowance of a timeframe for validation of an exemption. Alabama Medicaid will also consult with CMS to further define the conditions that meet the criteria to qualify for an exemption. Since individuals would have Medicaid eligibility for at least 90 days prior to being in jeopardy of being denied/terminated, they could also see a qualified Medicaid provider for an examination to substantiate their claim of exemption due to disability/Medical frailty.

General Position

Comment: Several commenters sent in comments stating a general disapproval of the proposed waiver.

Response: Alabama Medicaid feels this work requirement will be a positive change for recipients.

In Favor of Requirement

Comment: Several commenters sent in comments stating a general approval of the proposed waiver.

Appendix IV. Public Comments Received on Waiver

First Comment Period



Second Comment Period

