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HEALTH & WELFARE

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September 27, 2019

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Dear Ms. Garner:

I am pleased to submit Idaho's application for an 1115 demonstration waiver relating to community engagement.

As you know, Idaho is currently in the process of expanding Medicaid to serve a larger adult population, many of whom are working-age adults who may have limited options for affordable healthcare coverage. As we expand Medicaid, we have an opportunity to encourage skills development and employment-readiness among service recipients.

This demonstration waiver will link the provision of Medicaid services to community engagement through a requirement for work, education, or volunteerism. Each of these activities will not only enhance communities throughout Idaho but will also serve to build skills and abilities of the recipients.

We know that not every person is capable of fulfilling this provision, and we have created this waiver with those concerns in mind. Having taken into consideration numerous public comments, we also have included a number of additional exemptions beyond simply an inability to learn, work, or volunteer.

This application is submitted in accordance with legislation enacted by the 2019 Idaho Legislature. Included within this transmittal is the text of the proposed demonstration, a description of how Idaho met the transparency requirements outlined in federal regulations and the budget neutrality calculations.

We appreciate your review of this application and we look forward to working with you towards its approval. Please direct any questions regarding the application to Matt Wimmer, Administrator for the Division of Medicaid at (208) 364-1804 or matt.wimmer@dhw.idaho.gov.

Sincerely,

A solid black rectangular box used to redact the signature of the Director.

DAVE JEPPESEN
Director

Enc:

cc: David Meacham

Idaho Department of Health and Welfare



Idaho Medicaid Reform Waiver

Section 1115 Medicaid Waiver Demonstration Project Application

September 27, 2019

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SECTION 1: EXECUTIVE SUMMARY

This Section 1115 waiver request is submitted in compliance with Senate Bill 1204, which directs the Idaho Department of Health and Welfare (IDHW) to request federal waiver approval for several initiatives aimed at reforming the Idaho Medicaid program in advance of the forthcoming expansion of the program.

As background, in November 2018, Idahoans voted, via a voter initiative, to expand Medicaid eligibility to individuals with income up to 138% of the federal poverty level (FPL) (Expansion Adult Group).¹ Through this vote, which was codified into law, access to health coverage will be significantly expanded to otherwise able-bodied working age adults, who were not previously eligible for public coverage under previously established eligibility categories (age, disability, parental status, etc.).² In March 2019, the Idaho Legislature undertook efforts to reform and adapt the Medicaid program to meet the needs of this new population. One such reform was to introduce incentives for these newly eligible adults to maintain a certain level of work or community engagement, including education or volunteerism.

More specifically, in order to receive and maintain Medicaid coverage, individuals in the Expansion Adult Group who are not otherwise exempt must demonstrate one or a combination of the following: (1) a commitment of at least 20 hours per week either working or participating in a work training program, or in a volunteer capacity; (2) enrollment in post-secondary education programs; or (3) compliance with a Temporary Assistance for Needy Families (TANF) or a Supplemental Nutrition Assistance Program (SNAP) workforce program (the Requirements). Idaho law exempts certain categories of persons from these Requirements on the basis of their meeting certain criteria such as age, pregnancy, disability, or status as an American Indian or Alaska Native eligible for services through the Indian Health Service or a tribal health program, among others.

It is the express intent of the Idaho Legislature, in establishing the Requirements, to “enable coverage of Medicaid participants while also promoting the participants’ health and financial independence.”³ There is increasing evidence showing a substantial connection between employment and improved health, suggesting that individuals who obtain gainful employment, participate in community engagement or enroll in higher education experience improved health and well-being. Nationally, the Centers for Medicare and Medicaid Services (CMS) has begun to recognize the growing body of evidence showing that “targeting health determinants, including productive work and community engagement, may improve health outcomes.”⁴ In support of its conclusions, CMS cited research demonstrating that higher earnings are positively correlated with a

¹ Idaho Code § 56-267(1).

² The IDHW is currently working to effectuate and operationalize Medicaid expansion in the state. As of the date of publication of this waiver application, the State Plan Amendments required for this expansion have not yet been approved by CMS but are expected to be effective on January 1, 2020.

³ Idaho Code § 56-253(10)(d).

⁴ SMD 18-002, *Opportunities to Promote Work and Community Engagement Among Medicaid Beneficiaries* (January 11, 2018).

longer lifespan,⁵ while unemployment is “generally harmful to health, including higher mortality; poorer general health; poorer mental health; and higher medical consultation and hospital admission rates.”⁶ CMS also cited studies showing a strong connection between volunteering and improved health outcomes.⁷

The inferences of this body of research align with the Legislative intent and program design, and allows for the policies to be further studied and evaluated under this Section 1115 waiver demonstration. Federal or State Medicaid policies can influence individual behavior, and this Waiver, by conditioning Medicaid eligibility on a person’s work and community engagement activities, provides such person a strong incentive to seek, obtain, and maintain gainful employment. The added benefit of such active engagement is that, while it improves individuals’ overall health and well-being, it also puts them in a better position to be financially independent and less dependent on public health coverage programs like Medicaid. Accordingly, this Waiver is expected to improve the health and well-being of Idahoans subject to the Requirements.

Idaho law directs the IDHW to seek necessary federal approval through a Section 1115 demonstration waiver in order to establish and implement these Medicaid eligibility Requirements.⁸ As such, the State of Idaho, through the IDHW, respectfully submits this Section 1115 Idaho Medicaid Reform demonstration waiver application (the Waiver or Section 1115 Waiver) to CMS for review and approval as set forth herein.

SECTION 2: PROGRAM OVERVIEW

As previously stated, individuals in the Expansion Adult Group must demonstrate one or a combination of the following in order to receive and maintain Idaho Medicaid coverage:

- At least 20 hours per week either working or participating in a work training program, or in a volunteer capacity, averaged on a monthly basis;
- Enrollment in post-secondary education programs and attending classes during normal class cycles at least half-time; or
- Compliance with a workforce program for TANF or SNAP.⁹

While these Requirements only affect individuals eligible for the Expansion Adult Group (an eligibility category not determined on the basis of a disability), Idaho law recognizes that some

⁵ *Id. citing* Chetty R, Stepner M, AbramS, *et al.*, *The association between income and life expectancy in the United States*, 2001-2014. JAMA (2016).

⁶ *Id. citing* Waddell, G and Burton, AK. *Is Work Good For Your Health and Well-Being* (2006) EurErg Centre for Health and Social Care Research, University of Huddersfield, UK.

⁷ *Id. citing* United Health Group. *Doing good is good for you.* (2013). Health and Volunteering Study. *See also* Jenkins, C. Dickens, A. Jones, K Thompson-Coon, J. Taylor and Rogers, M. *Is volunteering a public health intervention? A systematic review and meta-analysis of the health and survival of volunteers BMC Public Health* (2013).

⁸ Idaho Code § 56-253(10).

⁹ Idaho Code § 56-523(10)(a)(i)-(vi).

individuals within this group may have an illness or disability that may interfere with their ability to work and meet the Requirements. The Idaho Legislature outlined several exemption factors in state statute that would exempt an individual from the Requirements due to age, disability, or other protection under the law as detailed below (the Exemptions):

- Under 19 years of age;
- Over 59 years of age;
- Physically or intellectually unable to work (including behavioral health barriers);
- Pregnant;
- A parent or caretaker providing for a dependent under 18 years of age or persons with a serious medical condition;
- Applying for or receiving unemployment compensation and complying with related work requirements;
- Applying for Social Security Disability benefits;
- Participating in a drug addiction or alcohol treatment and rehabilitation program; or
- American Indian or Alaska Natives eligible for services through the Indian Health Service or tribal health program.¹⁰

Only non-exempt persons in the Expansion Adult Group are subject to the Requirements. Eligible individuals meeting any one of the Exemptions will be able to access Idaho's Medicaid coverage with no additional Requirements applied, so long as they continue to meet an Exemption.

As a condition of Medicaid eligibility, new applicants and beneficiaries will be required to either demonstrate compliance with the Requirements or otherwise establish an Exemption. Similar requirements for work participation are not unique to public health and welfare programs, and many individuals in the Expansion Adult Group currently participate in similar work and training programs associated with the TANF and SNAP programs. As such, IDHW intends to leverage, where possible, many of the same eligibility systems and processes used to verify and monitor compliance across these similar programs.

At application, IDHW will review each applicant who meets other eligibility criteria to verify if there are any applicable Exemptions. If an Exemption is present, the applicant will receive Medicaid coverage effective the first day month in which the applicant is determined eligible.¹¹ If no Exemptions are present, IDHW must verify current compliance through documentation (i.e., current paystub, proof of enrollment in post-secondary education, etc.) provided by the applicant, through interfaces, or through verbal verification with employers or educational facilities. Individuals demonstrating compliance will receive Medicaid coverage as described herein, while applicants who do not verify current compliance with the Requirements will be denied Medicaid eligibility. Such individuals may reapply for Medicaid at any time and submit evidence of

¹⁰ Idaho Code § 56-253(10)(b)(i)-(x).

¹¹ This Waiver does not seek to make any changes to retroactive Medicaid coverage, and eligible individuals will continue to receive covered benefits in accordance with 42 U.S.C. § 1396a(a)(34).

compliance with the Requirements or proof of meeting an Exemption, without any applicable penalty period being applied to the applicants.

Once enrolled, individuals receiving Medicaid coverage must continue to meet the Requirements, or an Exemption, to maintain such Medicaid eligibility. Non-exempt adults will be required to submit monthly reports to IDHW demonstrating compliance with the Requirements for each month. IDHW will establish streamlined reporting options for individuals to report work or community engagement activities in compliance with the Requirements. In addition to the Medicaid members' monthly reporting of hours, Idaho law directs IDHW to verify their compliance with the Requirements every six months.¹² IDHW will use electronic sources whenever possible to verify individual compliance. If electronic means are not available, the non-exempt beneficiary will be required to provide proof of current compliance with the Requirements. Those in compliance will continue receiving Medicaid coverage, while those individuals who fail to demonstrate and provide proof of current compliance will be subject to a two-month penalty period as outlined below.

Under Idaho law, a Medicaid member who fails to comply with the Requirements shall be ineligible for Medicaid for a period of two months.¹³ However, such individuals may reapply for Medicaid upon the earlier of: 1) after two months from the date of the ineligibility determination; or 2) at any time sooner, upon demonstrating compliance or an Exemption.¹⁴ IDHW intends to initiate this two-month penalty beginning the first day of the month following the event of noncompliance (Disenrollment Effective Date). Members may retain Medicaid coverage by either providing proof of meeting an Exemption or demonstrating compliance with the Requirements before the Disenrollment Effective Date.¹⁵ Otherwise, pursuant to Idaho law, a member who is disenrolled for noncompliance will need to reverify eligibility to regain Medicaid benefits. Since individuals may demonstrate compliance at any time within the two-month penalty period and regain Medicaid eligibility, this penalty period is not a fixed eligibility lock-out.

2.1 PURPOSE AND GOALS

State demonstration projects approved via Section 1115 of the Social Security Act (Act) must be designed to promote the objectives of Medicaid as set forth in the Act.¹⁶ These broad statutory objectives have been further refined and articulated by CMS to include the following specific goals for state demonstration projects:

¹² Idaho Code § 56-253(10)(c).

¹³ Idaho Code § 56-253(10)(c)(i).

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Section 1901 of the Social Security Act sets forth the purposes of Medicaid and authorizes appropriation of funds "enabling each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care."

- Improve access to high-quality, person-centered services that produce positive health outcomes for individuals;
- Promote efficiencies that ensure Medicaid's sustainability for beneficiaries over the long term;
- Support coordinated strategies to address certain health determinants that promote upward mobility, greater independence, and improved quality of life among individuals;
- Strengthen beneficiary engagement in their personal health care plan, including incentive structures that promote responsible decision-making;
- Enhance alignment between Medicaid policies and commercial health insurance products to facilitate smoother beneficiary transition; and
- Advance innovative delivery system and payment models to strengthen provider network capacity and drive greater value for Medicaid.¹⁷

IDHW believes that this Waiver aligns with these broad statutory goals. Recognizing the strong connection between socio-economic status, employment, and health, CMS has long promoted programs promoting employment of Medicaid beneficiaries, such as vocational rehabilitation and supportive employment programs for individuals with disabilities. The proposed Requirements for the Expansion Adult Group are aimed at encouraging non-disabled working age adults to participate in the workforce and take advantage of existing training opportunities available in the state. Ultimately, the goal of Medicaid expansion is not simply to provide these new beneficiaries a health insurance card but to support the individual's health more holistically. In that spirit, this initiative aims to promote upward mobility, greater independence, and improved health and quality of life among Medicaid beneficiaries by helping to address their underlying social determinants of health. In addition, as individuals take steps to achieve financial independence, they become less dependent on Medicaid or other public assistance programs over the long term. By encouraging and supporting individuals in these endeavors, it also promotes the long-term sustainability of Idaho's Medicaid program. Based on all of the above considerations, this Section 1115 Waiver clearly supports the objectives of the Medicaid program.

Idaho seeks to accomplish the following specific goals with this demonstration project:

- 1) Improve the workforce participation rates and family incomes of able-bodied working age adults receiving Medicaid.
- 2) Reduce the number of individuals within the Expansion Adult Group dependent upon public assistance programs.
- 3) Encourage participation in and successful outcomes associated with drug and alcohol treatment programs.
- 4) Improve overall health outcomes for participating Medicaid beneficiaries.

By engaging in employment, training or educational opportunities, non-exempt Medicaid beneficiaries will be better positioned to obtain gainful employment, thus setting them on a path to

¹⁷ CMS Medicaid Objectives <https://www.medicaid.gov/medicaid/section-1115-demo/about-1115/index.html>.

greater financial independence. It is well documented that employed individuals are generally healthier and more financially stable as a result of their employment. Therefore, the eligibility criteria to be established under this Waiver will not only incentivize a person to improve his or her socio-economic status but also his or her overall health and well-being.

2.2 HYPOTHESIS AND EVALUATION PLAN

The Waiver will be evaluated based on the following hypotheses, which are aligned with the goals of the demonstration as described in Section 2.1.

Goal 1: Improve the workforce participation rates and family incomes of able-bodied working age adults receiving Medicaid.

- Hypothesis: Establishing and enforcing the Requirements will incentivize individuals to seek and maintain employment or enroll in and complete post-secondary education.
- Evaluation Plan: IDHW will measure existing eligibility system data, including enrollment and disenrollment information, from the new Expansion Adult Group to measure employment and income improvement, particularly when changes to Medicaid eligibility are the result of increased income above 138% FPL.
- Data Source: IDHW will utilize eligibility and enrollment data and information obtained from the regular monthly compliance reporting and six-month verification data to run comparisons.

Goal 2: Reduce the number of individuals within the new Expansion Adult Group dependent upon public assistance programs.

- Hypothesis: Establishing and enforcing the Requirements will incentivize individuals to seek and maintain employment, thus resulting in fewer individuals dependent upon Medicaid and other public assistance programs.
- Evaluation Plan: IDHW has identified the likely number of individuals who will be subject to the Requirements. IDHW will monitor the status of these individuals, through the regular monthly compliance reporting and six-month verification process and actions, and track individuals who move off the Medicaid program due to financial ineligibility from increased household income.
- Data Source: IDHW will utilize information obtained from the six-month verification process, as well as monitor ongoing eligibility and enrollment data.

Goal 3: Encourage participation in and successful outcomes associated with drug and alcohol treatment programs.

- Hypothesis: Allowing a person's participation in a drug and alcohol treatment program to count as an Exemption criterion will incentivize successful drug and alcohol treatment and rehabilitation outcomes by encouraging continued participation through the full continuum of treatment.

- Evaluation Plan: IDHW will review and monitor participation in a drug and alcohol treatment program and ensure continued enrollment in Medicaid supports successful completion of treatment.
- Data Source: IDHW will utilize ongoing claims data to monitor a person's progress and participation in the drug and alcohol treatment program.

Goal 4: Improve health outcomes for participating Medicaid beneficiaries.

- Hypothesis: Establishing and enforcing the Requirements will improve health outcomes for participating Medicaid beneficiaries through increased employment opportunities and financial independence.
- Evaluation Plan: IDHW can analyze identified health utilization metrics, such as emergency department utilization and hospital admissions, as well as self-perception of physical and mental health status, for the group of individuals participating in the Requirements.
- Data Source: IDHW will utilize claims data, as well as self-reported information about health status provided by beneficiaries.

2.3 DEMONSTRATION AREA AND IMPACT TO MEDICAID AND CHIP

This Waiver will apply to all individuals made eligible under 42 U.S.C. § 1396a(a)(10)(A)(VIII) and Idaho Code Section 56-267 with a household income of up to 138% FPL. This Waiver will be implemented on a statewide basis. It will have no other impact to the Medicaid and CHIP programs in the State of Idaho.

2.4 PROPOSED TIMEFRAME

Idaho is requesting a five-year waiver approval for this demonstration. IDHW anticipates a period of six months from the CMS approval date to fully implement the Requirements in the Waiver, as detailed in the proposed implementation set forth in Section 5.1 of this application.

SECTION 3: WAIVER ELIGIBILITY

3.1 ELIGIBILITY

Effective January 1, 2020, Idaho will expand Medicaid eligibility to the Expansion Adult Group as established in 42 U.S.C. § 1396a(a)(10)(A)(i)(VIII).¹⁸ Under this Waiver, IDHW seeks to waive certain restrictions in Section 1902 related to the Expansion Adult Group, by establishing the

¹⁸ Specifically, 42 U.S.C. 1396a § 1902(10)(A)(i)(VIII) provides that a State Plan for medical assistance must provide for making medical assistance available to all individuals “*who are under 65 years of age, not pregnant, not entitled to, or enrolled for, benefits under part A of title XVIII, or enrolled for benefits under part B of title XVIII, and are not described in a previous subclause of this clause, and whose income (as determined under subsection (e)(14) does not exceed 133 percent of the poverty line (as defined in section 2110(c)(5)) applicable to a family of the size involved, subject to subsection (k).*”

Requirements as a condition of eligibility for non-exempt Medicaid beneficiaries pursuant to Idaho law.

Table 3.1: Eligibility Categories Impacted by Waiver

| Eligibility Group Name | Social Security Act and CFR Citations | Income Level |
|-------------------------------|--|---------------------|
| Expansion Adult Group | 1902(a)(10)(A)(i)(VIII) 42 CFR 435.119 | Up to 138% FPL |

Unless otherwise exempted, an individual seeking Medicaid coverage under this Waiver must, as a condition of eligibility, demonstrate any one or a combination of the following:

- (1) Working at least 20 hours per week, average monthly, or earning wages equal to or greater than the federal minimum wages for 20 hours of work per week;
- (2) Participating in and complying with the requirements of a work training program at least 20 hours per week, as determined by the department;
- (3) Volunteering at least 20 hours per week, as determined by IDHW;
- (4) Enrolled at least half-time in post-secondary education or another recognized education program, as determined by IDHW, and remaining enrolled and attending classes during normal class cycles;
- (5) Meeting any combination of working, volunteering, and participating in a work program for a total of at least 20 hours per week, as determined by IDHW; or
- (6) Subject to and complying with a work program for TANF or participating and complying with a workforce program in SNAP.

Individuals are not subject to the above Requirements if such persons meet one of the following Exemptions:

- (1) Under the age of 19 years;
- (2) Over the age of 59 years;
- (3) Physically or intellectually unable to work (including behavioral health barriers);
- (4) Pregnant;
- (5) A parent or caretaker who is the primary caregiver of a dependent child under the age of 18;
- (6) A parent or caretaker personally providing care for a person with serious medical conditions or with a disability;
- (7) Applying for or receiving unemployment compensation and complying with work requirements that are part of the federal-state unemployment insurance program;
- (8) Participating in a drug addiction or alcohol treatment and rehabilitation program; or
- (9) An American Indian or Alaska Native who is eligible for services through the Indian Health Service or through a tribal health program pursuant to the Indian self-determination and education assistance act and the Indian health care improvement act.

3.2 PROJECTED ENROLLMENT AND COVERAGE IMPACT

The Requirements of this Waiver are only applicable to the Expansion Adult Group. As Idaho has not yet expanded Medicaid, the following table illustrates IDHW's initial estimates and projections for the potential impact of the Requirement on future Medicaid beneficiaries.

| Medicaid Projected Work Mandatory Individuals* | |
|---|---------------|
| Category | Count |
| Total number of current Medicaid beneficiaries in the State of Idaho | 270,000 |
| Total number of projected additional Medicaid eligible beneficiaries in the Expansion Adult Group subject to the Requirements or an Exemption as a condition of eligibility | 91,000 |
| Total number of projected Expansion Adult eligible beneficiaries estimated to meet an Exemption based on available eligibility data ¹⁹ | 50,100 |
| Total number of projected Expansion Adult eligible beneficiaries estimated to be in compliance with work and training programs associated with TANF or SNAP | 4,700 |
| Total number of projected Expansion Adult eligible beneficiaries estimated to be working and/or otherwise already meeting the Requirements | 19,900 |
| Total number of projected Expansion Adult eligible beneficiaries estimated to be potentially impacted by the Requirements in the Waiver | 16,300 |

* Note: Values are rounded to the nearest hundred. Projections are based on IDHW estimates from available eligibility system data from individuals currently participating in other IDHW public assistance programs with household income meeting Medicaid expansion eligibility thresholds.

Based on the above data analysis, roughly 11% of the total projected Medicaid population (or approximately 40,900 individuals out of an estimated total of 361,000) is estimated to be subject to the Requirements of this Waiver as a non-exempt expansion eligible adult. Of those individuals subject to the Requirements, approximately 24,600 individuals are projected to already meet the Requirements due to already having employment or through compliance with existing TANF or SNAP work and training programs. Therefore, IDHW estimates that only 16,300 individuals (or roughly 4% of the total projected Medicaid population in the State of Idaho) will be newly required to actively seek new employment, education or training opportunities to meet the Requirements of this Waiver in order to gain and maintain Medicaid eligibility.

¹⁹ These Exemptions are based on information available through eligibility data, such as age, household composition, pregnancy, members of federally recognized tribes, exemptions from work training programs, etc. As the State acquires health data on new Expansion Adult beneficiaries, other Exemptions, such as participation in drug and alcohol treatment programs, will become available via claims data.

SECTION 4: HEALTH PLAN COVERAGE

4.1 BENEFITS

This Waiver does not propose to make any changes to the underlying benefits available through Medicaid to the Expansion Adult Group. This Waiver simply seeks to allow IDHW to establish and enforce the Requirements as a condition of obtaining and maintaining Medicaid coverage for newly eligible Idahoans. Individuals who meet the Requirements, and those otherwise meeting an Exemption criteria, will receive all the health care services made available to Medicaid beneficiaries in Idaho under the terms of the approved alternative benefit plan.

4.2 DELIVERY SYSTEM

This Waiver does not propose any changes to the Medicaid delivery system. Individuals determined eligible under Idaho's Medicaid expansion will receive Medicaid benefits through existing delivery systems as are currently available to other Medicaid beneficiaries. The delivery system will be unaffected by this Waiver and will continue to operate as a statewide fee for service delivery system.

4.3 COST-SHARING

The Waiver does not impose new cost-sharing requirements. Rather, those individuals determined eligible for Medicaid will be subject to the same nominal copayments and cost sharing as authorized under Idaho's Medicaid state plan.

4.4 OTHER PROGRAM FEATURES

No other program features are proposed to be modified under Idaho's Medicaid program, beyond the eligibility changes requested under this Waiver to facilitate the new Requirements.

SECTION 5: WAIVER IMPLEMENTATION

5.1 IMPLEMENTATION PLAN

IDHW will implement the Waiver on a statewide basis on or about six months after initial CMS approval. IDHW will use this implementation period to make necessary eligibility system modifications, update internal policies and procedures, conduct training for eligibility staff, and design various options for reporting monthly hours of participation to facilitate ease of beneficiary compliance with the Requirements. In addition, IDHW will identify potential Medicaid beneficiaries affected by the Requirements and develop a detailed beneficiary communication and transition plan.

IDHW anticipates Idaho's Medicaid expansion to take effect before receiving CMS approval of this Waiver. Therefore, beneficiaries in the Expansion Adult Group will likely be receiving Medicaid benefits without compliance with the Requirements for a period of time prior to implementation of the Waiver. Accordingly, IDHW will have the means to specifically identify potentially affected beneficiaries and provide them the opportunity to understand and come into compliance with the

Requirements or demonstrate an Exemption prior to the effective date of any applicable eligibility penalty for noncompliance. Notices will be detailed and include information on the effective date of the Requirements, the number of required hours per week, specific activities that will satisfy the Requirements, the methods of reporting monthly compliance, and information on available Exemptions. Similarly, IDHW will also provide general communications to inform new applicants of the Requirements and Exemptions in order to give them an opportunity to demonstrate compliance on or before the implementation date. Following complete implementation, IDHW will expect applicants and beneficiaries to fully comply with the new Requirements or become subject to the two-month enrollment penalty.

5.2 DEMONSTRATION TIMELINE

IDHW anticipates its Medicaid expansion state plan will be approved for an effective date of January 1, 2020, which is likely prior to the approval of this Waiver. During the first year of the Waiver, IDHW will need a period of time to operationalize the approved Waiver and to familiarize and transition individuals who will become subject to the new Requirements and to identify individuals who are eligible for an Exemption. Accordingly, IDHW is seeking a five-year demonstration waiver period with full statewide implementation of the Waiver occurring on or around six months after the Waiver approval.

SECTION 6: DEMONSTRATION FINANCING AND BUDGET NEUTRALITY

The demonstration financing and budget neutrality worksheets are available in Appendix A, attached hereto.

SECTION 7: LIST OF PROPOSED WAIVERS AND EXPENDITURE AUTHORITIES

Section 1115 of the Act allows for a waiver of compliance with any of the requirements of Section 1902 of the Act. Idaho requests the following waivers to support the demonstration project:

1. Eligibility: Section 1902(a)(10)(A)

To the extent necessary to enable Idaho to make a determination of ineligibility for individuals subject to and noncompliant with the Requirements at the time of application; and, to the extent necessary to enable Idaho to terminate Medicaid eligibility for individuals who are subject to but become noncompliant with the Requirements during their benefit period.

2. Reasonable Promptness: Section 1902(a)(3)

To the extent necessary to enable Idaho to suspend Medicaid benefits for a period of two months when individuals fail to meet the Requirements.

SECTION 8: TRANSPARENCY

8.1 PUBLIC NOTICE

IDHW is providing the public the opportunity to review and provide input on this Waiver application in accordance with the transparency requirements set forth at 42 CFR §431.408. On

Friday, August 23, 2019, the draft Waiver was publicly posted on the IDHW website, which serves to formally open the public comment period. In addition, formal public notice was also published in newspapers in the State which serve cities with populations of at least 100,000, which includes the Idaho Statesman serving the cities of Boise (population 228,790) and Meridian (population 106,804).

Two public hearings will be held in two different locations: (1) September 3, 2019, in Boise, Idaho, which will have statewide teleconference capabilities; and (2) a special public meeting at the Medical Care Advisory Committee (MAC) on September 6, 2019. See Appendix B for a copy of the formal public notice document. Public comments will be received in person and in writing at each of the hearings, as well as in writing via mail and electronically via email through the comment period, which ends at the end of the day on Sunday, September 22, 2019.

8.2 TRIBAL NOTICE AND CONSULTATION

Separate notice to tribal representatives was provided on May 13, 2019. An update to that notice was also provided on August 23, 2019. See Appendix C for a copy of the tribal notices. A tribal meeting covering all of the concepts contained in Senate Bill 1204, the state legislation underlying this Waiver, was held on June 17, 2019. Further, following the posting of this Waiver, IDHW has offered to provide an additional opportunity to meet with tribal representatives to cover any additional comments on the specific draft Section 1115 Waiver application prior to submission to CMS, if requested.

8.3 PUBLIC COMMENT

IDHW's formal public comment period on the draft of the waiver application was held between August 23, 2019, through September 22, 2019. Idaho used the following methods to provide notice to the public about the opportunity for public comment for this proposed Waiver:

1. **Web postings** – On August 23, 2019, on the IDHW's website at <https://healthandwelfare.idaho.gov>, a banner message specific to the Waiver ran throughout the comment period. The messaging provided comprehensive information and simple links to access the complete Waiver application and all noticing. The comprehensive public notice and tribal update were also posted on this date on the Medicaid Expansion website located at <https://medicaidexpansion.idaho.gov>. An abbreviated version of the public notice was published in the Idaho Statesman on August 23, 2019.
2. **E-mail** – Established a dedicated e-mail box named 1115.comments@dhw.idaho.gov, which received a total of 1,388 e-mails by the September 22, 2019 deadline.
3. **Mailed** – IDHW provided a U.S. Postal Service address: Comments were sent to the Division of Medicaid through either traditional mail to the IDHW physical address at 3232 Elder St, Boise, ID 83705 or to the P.O. Box 83720, Boise, Idaho 83720, as provided on the notices. A total of 202 comments were delivered via this method prior to the September 22, 2019 deadline.

- 4. Testimony at public hearings** – The IDHW held two public hearings to receive the public’s feedback on the Waiver. The first hearing was held on September 3, 2019 at the Lincoln Auditorium within the Idaho State Capital Building in Boise, Idaho. The second, was held on September 20, 2019 during a Medical Care Advisory Committee meeting also held in Boise. Statewide access to both hearings was provided via teleconference lines and both were recorded for documentation. The Deputy Division Administrator who provides oversight for Medicaid eligibility determination provided an overview of the Waiver application and the process for providing feedback. Individuals volunteered to provide oral testimony both in person and via the teleconference line option in addition to written comments that were submitted in person. Sixty-four individuals provided comments during the hearings.

The public comment period for this Section 1115 Waiver generated robust public input, with nearly 1,654 comments in total being submitted by various stakeholders during the comment period. Commenters included current Medicaid participants, medical providers, advocacy organizations, legislators and other interested parties. With some responses conveying support and others opposition, a variety of common themes were raised, as discussed below.

Many commenters compared the program elements as enacted by the Idaho legislature to the language of Proposition 2 as originally voted by the citizens to expand Medicaid eligibility. The IDHW appreciates and acknowledges that the intent of Idaho voters was to expand access to Medicaid to individuals with income up to 138% FPL. This Waiver does not delay or otherwise alter that directive, and IDHW has been working promptly and diligently to expand Medicaid eligibility to all eligible participants with income up to 138% FPL by January 1, 2020. This Waiver and our planned implementation of the additional work requirement features of Medicaid expansion are being undertaken pursuant to the subsequently-enacted SB 1204, which upon passage of Proposition 2 and following significant public input during the legislative process, the Idaho legislature passed in Spring 2019. The intent of the legislation is not to eliminate Proposition 2, but to “enable coverage of Medicaid participants while also promoting the participants’ health and financial independence.”²⁰ As the administrative branch of government, it is the IDHW’s duty to implement Medicaid expansion in accordance with *all* applicable state and federal laws, at the lowest cost possible for Idaho taxpayers and to the greatest benefit possible to Idahoans in need of health coverage. While acknowledging these public comments, the IDHW must comply with the requirements set forth in law and is submitting this Waiver as required by statute (Idaho code 56-253).

Several commenters discussed the cost of implementation for the Waiver, while others noted the Waiver’s positive impact in keeping cost down by helping individuals move out of poverty. The IDHW constantly strives to reduce the overall cost of its programs and will do the same for the proposed requirements under this Waiver. The IDHW has consistently been recognized nationally for our efficient and low-cost approaches to the administration of public benefit programs,

²⁰ Idaho Code § 56-253(10)(d).

including Medicaid, and will continue to adopt policies and processes that limit administrative costs and reduce burdens on taxpayers wherever possible. While there will be some cost associated with administering work requirements, the IDHW expects actual administrative costs in Idaho to fall well below the estimates provided by other states, as Idaho plans to leverage its existing eligibility infrastructure to support the requirements of this Waiver. In addition to ongoing reporting under the Waiver, the IDHW will be prepared to discuss the costs associated with this program annually with the Idaho Joint Finance and Appropriations Committee (JFAC) within the Idaho Legislature. We support a robust discussion of the cost-effectiveness of this proposed waiver and will promote full transparency of that information. The IDHW values the importance of fiscal considerations in implementing this Waiver and will closely monitor the resulting costs and well as any savings generated as individuals successfully transition from Medicaid to private employer-sponsored health coverage.

In addition to costs, many public comments focused on an individuals' ability to maintain Medicaid coverage under the Waiver. While some commenters were concerned that the Waiver might reduce Medicaid enrollment and increase the uninsured rate, others supported policies in government programs intended to promote self-sufficiency while providing a temporary health care benefit. Some commenters, as previous participants, noted that they had appreciated having Medicaid as a temporary support while in a difficult personal situation and that they would be glad to work or go to school while receiving such temporary support. The IDHW recognizes that consistent employment experience and additional training and skills-building are key factors in long-term career advancement and higher wages, as well as positively contributing to an individual's health. These are critical drivers for poverty reduction, both on an individual level and for populations as whole.

It is the goal of IDHW that any reductions in Medicaid enrollment as result of the Waiver are the direct result of successful compliance with the requirements leading to transition to employer-based or other commercial coverage, rather than a loss due to non-compliance. For the benefit of the Idahoans we serve, we are committed to reducing administrative burdens and have already streamlined the application and recertification process for each of the existing programs we administer. At the same time, we are a national leader both in program integrity and low error rates. To support compliance with the Waiver requirements, we fully plan to leverage this same successful approach by providing a variety of efficient, easy-to-use reporting options for individuals subject to the Waiver requirements, so that no individual who is otherwise compliant with the requirements will lose coverage for not being able to report their compliance.

Several commenters discussed the importance of creating an operational design to reduce administrative barriers for participants. For example, internet access was noted as a possible barrier to reporting in a few comments. The IDHW recognizes that Idaho is a large and diverse state, with regional variability in several factors that would impact implementation of the Waiver, such as internet access, local infrastructure and services, and public transportation options. We will consider all these factors when developing solutions to meeting the reporting requirements outlined in this Waiver application. Our plans are to offer online options, as well as phone, mail, fax, email, and in-person submission when online is not a viable option for the individual. It is also

noted that the Department's Welfare division, which will be responsible for tracking eligibility and compliance under the Waiver, already administers several mandatory work or training activity tracking programs, including SNAP, TANF and Child Care subsidies, and has had to address similar challenges. The IDHW is confident that best practices applied in these similar programs can be leveraged to reduce errors and minimize barriers to Medicaid coverage under this Waiver.

A variety of commenters noted possible impacts on access to care, particularly for individuals who may require accommodations to navigate the reporting requirements and people with mental or physical barriers or challenges that may make it difficult for them to obtain and maintain exemption status. The IDHW recognizes the daily struggles that many low-income Idahoans and their families face. We also understand that many Idahoans, especially those living below, at or slightly above poverty levels, often work non-traditional hours or have irregular work schedules. We are also familiar with the unique seasonal and fluctuating schedules in many of our major industries such as construction, forestry, agriculture, service and tourism. Even in more traditional fields, such as education or manufacturing, temporary variations in hours may occur. As noted above, the IDHW has a history of working diligently to make our programs accessible to Idahoans and we are determined to apply common sense standards for the Waiver requirements to ensure eligible participants are not penalized from month to month and have ample time and opportunity to comply with the requirements of the Waiver. For persons with mental or physical barriers, we will provide general education regarding qualifying exemptions to stakeholders, including healthcare providers, and offer a variety of reporting means which may better enable a family member or other trusted person to assist the person with obtaining the available exemptions.

To address situations such as job loss or lack of access to employment, which can occur even in times of low unemployment and sometimes at no fault of the individual, the proposed Waiver outlines a variety of qualifying activities other than employment, as well as specific exemptions to address these cases. For example, individuals applying for or receiving unemployment benefits while they search for a new job, will be categorically exempt. Individuals who lose a job or find they are unable to work due to factors such as a mental or physical health issue are also exempt, as are those who stay home to care for children or provide care to sick or disabled loved ones. Finally, volunteer activities, education or skills training may be a viable qualifying option for those unable to find work.

Some comments also noted that volunteer activities or self-employment may present reporting challenges as they are not easily verified directly. The IDHW recognizes that volunteer activities, like self-employment or other non-traditional work arrangements, may require a different approach. While we will leverage online verification wherever possible, we will also have processes in place specifically to handle situations where more specialized verification methods may be needed. The IDHW plans to develop volunteer reporting forms and evaluation standards to address self-employment situations. In addition, while tracking and reporting hours is a monthly activity, the statute only requires verification to occur every six months, which will ease any administrative burden associated with using these forms both for the individual and any organizations at which they volunteer. The IDHW is dedicated to ensuring that Medicaid recipients who engage in any type of approved activities can claim these activities without undue verification burdens.

Finally, several commenters expressed concerns about results from other states' work requirement programs. Others asked if the court cases in other states had been considered or what impacts to the Idaho uninsured rate might occur here. While it is often helpful to consider the experience of other states, each state is unique, and a variety of factors may impact the effectiveness of the programs in those states. However, IDHW will review the experiences in other states to date and implement best practices strategies and lessons learned to improve the implementation of the Waiver to ensure Idahoans subject to the Waiver understand the requirements and are equipped to comply well in advance of the effective date. Idaho is committed to applying common sense protections for participants and we are working closely with the federal government (CMS) with the shared goal that the final waiver approval in Idaho withstands legal scrutiny.

The IDHW is confident that Idaho has many unique features that will support a successful implementation of this Waiver, such as our low unemployment rate and our dedication to implementing processes that reduces administrative burden. Our approach for this proposed Waiver is to implement processes and safeguards that prevent Medicaid eligible individuals from losing coverage or experiencing a permanent gap in coverage. We will monitor our programs to provide the best possible value for Idaho's healthcare system, just as we always have. For example, today the IDHW provides 10 days' notice before any negative eligibility actions or closures go into effect, which provides enough time for participants to remedy any missed or forgotten deadlines prior to losing coverage. We have processes in place to ensure that benefits are reinstated without a gap in the rare cases where administrative errors occur. We also include a 3-month retroactive Medicaid eligibility clause that should more than cover temporary lapses due to paperwork errors or delays, if an actual cancellation should occur. The IDHW remains solely focused on its core values and mission to improve the health and safety of all Idahoans.

IDHW is bound by the mandated language contained in Idaho Code § 56-253 and is therefore unable to significantly alter the Waiver application based on public comments. However, all comments received will continue to be considered as IDHW works to operationalize the requirements and develop an approach that best meets the needs of the Idahoans we serve. IDHW is committed to reducing the overall administrative burdens and cost of the program while maximizing the benefit for the citizens of Idaho.

8.4 DEMONSTRATION ADMINISTRATION CONTACT

Matt Wimmer
Administrator, Division of Medicaid
Idaho Department of Health and Welfare
matt.wimmer@dhw.idaho.gov
(208) 364-1804

APPENDICES

APPENDIX A: DEMONSTRATION FINANCING AND BUDGET NEUTRALITY

APPENDIX A: Demonstration Financing and Budget Neutrality

The Centers for Medicare and Medicaid Services (CMS) requires all 1115 Waivers to demonstrate budget neutrality. Budget neutrality is a comparison of without waiver expenditures (WoW) to with waiver expenditures (WW). CMS recommends two potential methodologies of demonstrating budget neutrality:

1. Per Capita Method: Assessment of the per member per month (PMPM) cost of the Demonstration
2. Aggregate Method: Assessment of both the number of members and PMPM cost of the Demonstration

Budget neutrality for the Idaho Medicaid Reform Waiver (Waiver) will be demonstrated through the use of the per capita method. The budget neutrality projections were developed using CMS budget neutrality requirements.

The member months, per member per month (PMPM) expense values, and aggregate costs without and with the waiver reflect the Medicaid expansion population in aggregate, including the categories of Medicaid members subject to and exempted from the Requirements. The WW expenditures also take into account the number of members who are not expected to meet the Requirements. Because of the general uncertainty of future Medicaid expansion enrollment and costs, the budget neutrality form illustrates estimated member months and costs for the entire Medicaid expansion population.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. It should be emphasized that the values in the Budget Neutrality Form are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this analysis.

Without- and With-Waiver Projections for Historical Medicaid Populations

Idaho's Medicaid expansion is scheduled to be implemented on January 1, 2020. Therefore, there is no historical data available for the population that will become Medicaid eligible in 2020. The Medicaid expansion populations presented here are consistent with the State's budget appropriation, and will be updated once the expansion program is implemented and enrollment and costs are known.

Cost Projections for New Populations

PMPM cost and enrollment changes were estimated through the use of available agency data, including eligibility data and other information from other IDHW operated programs, to develop without and with-waiver projection estimates as appropriate. The cost projections do not reflect any anticipated increase in administrative costs to the IDHW in relation to the execution of this waiver.

Enrollment Projection

IDHW anticipates a total of 91,000 individuals in the Adult Expansion Group becoming Medicaid eligible and therefore subject to the Requirements. As described in Section 3.2 of the Waiver, IDHW estimates that approximately 50,100 individuals will be exempt from the Requirements. This leaves approximately 40,900 individuals subject to the Requirements. However, IDHW estimates that 24,600 are already meeting the Requirements (19,900 through employment and another 4,700 through participation in TANF or SNAP work programs). Therefore, it is estimated that a total of 16,300 individuals in Adult Expansion Group, approximately 18% of all individuals in the Adult Expansion Group, will be required to begin actively participating in work or other qualifying activity to enroll in Medicaid. Estimates of projections for Year 1 With Waiver assume that 18% (16,300) of day one individuals subject to the requirements will have their eligibility affected by the new requirements, as it may impact their decision to apply for Medicaid or their ability to maintain Medicaid.

The above estimates are based on inferences from other program data extrapolated and applied to initial Medicaid expansion eligibility, which are also estimates. It is anticipated that actual enrollment in Medicaid will likely vary and fluctuate over the course of this waiver for a variety of reasons, such as more or less individuals choosing to initially enroll in Medicaid following expansion, beneficiary non-compliance with the Requirements leading to loss of eligibility, or successful beneficiary compliance with the Requirements leading to moving on to commercial health insurance or Marketplace insurance. Over time, as Medicaid expansion enrollment settles in the State and as people become familiar with the Requirements, we expect more stability in enrollment.

Medicaid Cost PMPM Estimates

The starting cost CY2020 PMPMs (Demonstration Year 1) is based on Medicaid projecting expansion population which is consistent with the state budget appropriation and an annual increase in average member months of one percent (1%) compounded with an expenditure increases that reflect the anticipated effect on the durational enrollment. The initial year over year increases in the resulting PMPMs are consistent with historical state budget appropriations over the last three years and reflect the expenditures for both state plan services as well as the administrative operations to launch the new program. The duration adjustment reflects observations that for the first three (3) years of Medicaid expansion there is an increase in costs beyond normal trend. In the third year, costs have stabilized in the experience observed from other states. Based on this observed experience, a PMPM adjustment factor was applied to costs in the second and third years of the demonstration based on the estimated duration of enrollment for the Medicaid expansion population.

For a given Medicaid expansion enrollee, it is assumed the Waiver does not impact that person's Medicaid expenditures. Therefore, under the waiver, no changes in the PMPM cost for Medicaid expansion enrollees have been assumed. Additionally, IDHW's program design leverages existing eligibility systems and processes and will not result in administrative

costs in excess of what is necessary for Medicaid administration. Accordingly, IDHW does not identify any increase in administrative costs in order to implement this Waiver.

Summary of Budget Neutrality

There is currently no historical data that exists for this demonstration. The state budget appropriation for the last six months of state fiscal year 2020 is \$197,636,700. This appropriation is developed with an assumed day one enrollment on January 1st, 2020 of 91,000 members. Year 1 of the waiver reflects the expenditure increase of six percent per state fiscal year, and the underlying enrollment growth of one percent.

Without Waiver Projection

| | |
|--|---|
| | SFY20 S1171: Appropriation |
| Six Month Appropriation | \$ 197,636,700 |
| Enrollment Effective 1/1/20 | 91,000 |

Without Waiver (WOW)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Average Member Months | 91,454 | 92,369 | 93,293 | 94,226 | 95,168 |
| PMPM | \$356.83 | \$360.15 | \$374.72 | \$384.54 | \$394.57 |
| Expenditures | \$ 391,600,000 | \$ 399,200,000 | \$ 419,500,000 | \$ 434,800,000 | \$ 450,600,000 |

With Waiver Projection

Estimates of projections for Year 1 With Waiver assume that 18% (16,300) of day one individuals subject to the requirements will have their eligibility affected by the new requirements, as it may impact their decision to apply for Medicaid or their ability to maintain Medicaid. Overall, IDHW expects a year over year percentage rate of 82 percent compliance for the average member months of the without waiver projection. The WW expenditures are then 82 percent of the WOW expenditures.

With Waiver (WW)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------------------|----------|----------|----------|----------|----------|
| Average Member Months | 75,073 | 75,824 | 76,582 | 77,348 | 78,121 |
| PMPM | \$356.83 | \$360.15 | \$374.72 | \$384.54 | \$394.57 |

| | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|
| Expenditures | \$ 321,460,000 | \$ 327,696,000 | \$ 344,362,000 | \$ 356,921,000 | \$ 369,890,000 |
| Percent of WOW: | 82% | 82% | 82% | 82% | 82% |

Additional Information to Demonstrate Budget Neutrality

We do not believe there is any other information necessary for CMS to complete its analysis of the budget neutrality submission.

APPENDIX B: PUBLIC NOTICE



BRAD LITTLE – Governor
DAVE JEPPESEN – Director

IDAHO DEPARTMENT OF HEALTH & WELFARE

MATT WIMMER - Administrator
DIVISION OF MEDICAID
Post Office Box 83720
Boise, Idaho 83720-0009
PHONE: (208) 334-5747
FAX: (208) 364-1811

Idaho Department of Health and Welfare Idaho Medicaid Reform Demonstration Waiver Notice of Public Hearing and Public Comment Period

Program Description and Affected Beneficiaries

Pursuant to 42 CFR §431.408, the Idaho Department of Health and Welfare (IDHW) gives notice of its intent to apply on or after **September 27, 2019**, to the Centers for Medicare and Medicaid Services (CMS) for approval of a Section 1115 demonstration waiver. The purpose of the *Idaho Medicaid Reform Waiver* (Waiver) is to implement work, community engagement, education or volunteerism requirements as a condition of Medicaid eligibility for certain individuals with incomes up to 138% of the Federal Poverty Level (FPL) made eligible under Idaho's forthcoming Medicaid expansion. IDHW is requesting a five-year demonstration period and anticipates full implementation of the Waiver occurring within six months of federal approval.

Idahoans voted, via an initiative in November 2018, to expand Medicaid eligibility to otherwise able-bodied working adults with incomes up to 138% FPL (Expansion Adult Group). In March of 2019, the Idaho Legislature undertook efforts to reform and adapt the Medicaid program to meet the needs of this new population, namely: (1) working of at least 20 hours per week either working or participating in a work training program, or in a volunteer capacity; (2) enrollment in post-secondary education programs and attending classes during normal class cycles at least half-time; or (3) compliance with a Temporary Assistance for Needy Families (TANF) or a Supplemental Nutrition Assistance Program (SNAP) workforce program.

These new requirements will only affect individuals eligible for the Expansion Adult Group (an eligibility category not determined on the basis of a disability), and within the Expansion Adult Group, many individuals will be exempt from the requirement or are already meeting the requirements. In total, IDHW estimates that only 16,300 individuals (or 4% of the total Medicaid projected population in the State of Idaho) will be newly required to actively seek new employment, education or training opportunities as a result of this Waiver in order to gain and maintain Medicaid eligibility.

The Idaho Legislature outlined several factors in state statute that would exempt an individual from the requirements, which include the following: individual under 19 and over 59 years of age, physically or intellectually unable to work, pregnant, a parent or caretaker providing for a dependent under 18 years of age or for persons with a serious medical condition (including behavioral health barriers), applying for or receiving unemployment compensation and complying with related work requirements, applying for Social Security Disability benefits, participating in a drug or alcohol treatment or rehabilitative program, or who are American Indian or Alaska Natives eligible for services through the Indian Health Service or tribal health program. IDHW has included all such exemptions in its Waiver application.

Once fully implemented, new applicants and beneficiaries will be required to either demonstrate compliance with the new requirements or otherwise establish an Exemption. Non-exempt adults will be required to submit monthly reports to IDHW demonstrating compliance with the new requirements for each month, and IDHW will verify a Medicaid member's compliance with the requirements every six months. Those in compliance will continue receiving Medicaid coverage, while those individuals who fail to demonstrate and provide proof of current compliance will be subject to a two-month penalty period.

Under Idaho law, a Medicaid member who fails to comply with the Requirements shall be ineligible for Medicaid for a period of two months. However, such individuals may become eligible for Medicaid upon the earlier of: 1) after two months from the date of the ineligibility determination; or 2) earlier if in compliance. IDHW intends to initiate this two-month penalty beginning the first day of the month following the event of noncompliance (Disenrollment Effective Date). Members may retain Medicaid coverage by either providing proof of meeting an Exemption or demonstrating compliance with the Requirements before the Disenrollment Effective Date. Otherwise, pursuant to Idaho law, a member who is disenrolled for noncompliance will need to reverify eligibility to regain Medicaid benefits. Since individuals may demonstrate compliance at any time within the two-month penalty period and regain Medicaid eligibility, this penalty period is not a fixed eligibility lock-out.

Goals

As stated in its demonstration waiver application, the goals of the Section 1115 demonstration waiver are to:

- 1) Improve the workforce participation rates and family incomes of able-bodied working age adults receiving Medicaid.
- 2) Reduce the number of individuals within the Expansion Adult Group dependent upon public assistance programs.
- 3) Encourage participation in and successful outcomes associated with drug and alcohol treatment programs.
- 4) Improve overall health outcomes for participating Medicaid beneficiaries.

Hypotheses and Evaluation

IDHW will test the following hypotheses for this demonstration:

- Establishing and enforcing the Requirements will incentivize individuals to seek and maintain employment or enroll in and complete post-secondary education.
- Establishing and enforcing the Requirements will incentivize individuals to seek and maintain employment, thus resulting in fewer individuals dependent upon Medicaid and other public assistance programs.
- Allowing a person's participation in a drug and alcohol treatment program to count as an Exemption criterion will incentivize successful drug and alcohol treatment and rehabilitation outcomes by encouraging continued participation through the full continuum of treatment.
- Establishing and enforcing the Requirements will improve health outcomes for participating Medicaid beneficiaries through increased employment opportunities and financial independence.

The proposed evaluation of the above hypotheses will focus on closely monitoring eligibility and enrollment data, claims data, and information obtained during monthly and reverification periods.

Enrollment and Annual Expenditures

- Annual Medicaid Expenditures. The Waiver is expected to reduce Medicaid expenditures each year of the 5 year demonstration compared against estimated Medicaid expenditures without the Waiver in effect. IDHW estimates that 16,300 individuals made eligible under Idaho's Medicaid expansion will be subject to the new requirements, and that there will be at 82% member compliance rate over the course of the 5 year demonstration. As such, IDHW anticipates a reduction in Medicaid expenditures of approximately \$70.1 million for year 1 of the plan demonstration.
- Estimated Enrollment Impact. The requirements of this Waiver are only applicable to the Expansion Adult Group. As Idaho has not yet expanded Medicaid, the following table illustrates IDHW's initial estimates and projections for the potential impact of the requirement on future Medicaid beneficiaries.

| Medicaid Projected Work Mandatory Individuals* | |
|--|--------------|
| Category | Count |
| Total number of eligible Medicaid beneficiaries in the State of Idaho | 270,000 |
| Total number of projected Medicaid eligible beneficiaries in the Expansion Adult Group subject to the requirements or an exemption as a condition of eligibility | 91,000 |

| | |
|--|---------------|
| Total number of projected Expansion Adult eligible beneficiaries estimated to meet an exemption based on available eligibility data ¹ | 50,100 |
| Total number of Expansion Adult eligible beneficiaries in compliance with work and training programs associated with TANF or SNAP | 4,700 |
| Total number of Expansion Adult eligible beneficiaries estimated to be working and/or otherwise already meeting the requirements | 19,900 |
| Total number of Expansion Adult eligible beneficiaries estimated to be potentially impacted by the requirements in the Waiver | 16,300 |

* Note: Values are rounded to the nearest hundred. Projections are based on available eligibility system data from individuals currently participating in other IDHW public assistance programs with household income meeting Medicaid expansion eligibility thresholds.

| Without Waiver (WOW) | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Average Member Months | 91,454 | 92,369 | 93,293 | 94,226 | 95,168 |
| PMPM | \$356.83 | \$360.15 | \$374.72 | \$384.54 | \$394.57 |
| Expenditures | \$ 391,600,000 | \$ 399,200,000 | \$ 419,500,000 | \$ 434,800,000 | \$ 450,600,000 |

Estimates of projections for Year 1 With Waiver assume that 18% (16,300) of day one individuals subject to the requirements will have their eligibility affected by the new requirements, as it may impact their decision to apply for Medicaid or their ability to maintain Medicaid. Overall, IDHW expects a year over year percentage rate of 82 percent compliance for the average member months of the without waiver projection. The WW expenditures are then 82 percent of the WOW expenditures.

The above estimates are based on inferences from other program data extrapolated and applied to initial Medicaid expansion eligibility, which are also estimates. It is anticipated that actual enrollment in Medicaid will likely vary and fluctuate over the course of this waiver for a variety of reasons, such as more or less individuals choosing to initially enroll in Medicaid following expansion, beneficiary non-compliance with the Requirements leading to loss of eligibility, or successful beneficiary compliance with the Requirements leading to moving on to commercial health insurance or Marketplace insurance. Over time, as Medicaid expansion enrollment settles in the State and as people become familiar with the Requirements, we expect more stability in enrollment.

¹ These exemptions are based on information available through eligibility data, such as age, household composition, pregnancy, members of federally recognized tribes, exemptions from work training programs, etc. As the State acquires health data on new Expansion Adult beneficiaries, other exemptions, such as participation in drug and alcohol treatment programs, will become available via claims data.

| With Waiver (WW) | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Average Member Months | 75,073 | 75,824 | 76,582 | 77,348 | 78,121 |
| PMPM | \$356.83 | \$360.15 | \$374.72 | \$384.54 | \$394.57 |
| Expenditures | \$ 321,460,000 | \$ 327,696,000 | \$ 344,362,000 | \$ 356,921,000 | \$ 369,890,000 |
| Percent of WOW: | 82% | 82% | 82% | 82% | 82% |

Program Features

The purpose of this Waiver is to implement work, community engagement, education or volunteerism requirements as a condition of Medicaid eligibility for certain individuals determined eligible under Idaho's Medicaid expansion. Other than eligibility, this demonstration waiver does not propose any changes to existing program features or coverage options under Idaho's Medicaid program, and individuals will be subject to the applicable program features for their coverage category, including health care delivery system, benefit coverage, and cost-sharing requirements.

The Waiver does not impose new cost-sharing requirements. Rather, those individuals determined eligible for Medicaid will be subject to the same nominal copayments and cost sharing as authorized under Idaho's Medicaid state plan. No other program features are proposed to be modified under Idaho's Medicaid program, beyond the eligibility changes requested under this Waiver to facilitate the new requirements.

Waiver Authorities

IDHW is requesting waivers of the following authorities to support the demonstration project:

- 1) Eligibility. Section 1902(a)(10)(A) To the extent necessary to enable Idaho to make a determination of ineligibility for individuals subject to and noncompliant with the Requirements at the time of application and to enable Idaho to suspend Medicaid benefits for a period of two months when individuals fail to meet the requirements.
- 2) Reasonable Promptness: Section 1902(a)(3) To the extent necessary to enable Idaho to suspend Medicaid benefits for a period of two months when individuals fail to meet the Requirements.

Public Hearings

IDHW is seeking public comment through public hearings, via email or traditional mail, as indicated below. Public hearings will be held on the following dates and locations:

| | |
|---|--|
| <u>Boise Public Hearing</u> September 3, 2019, 1:00 – 3:00 PM Idaho State Capital Building 700 West Jefferson Street, Boise, ID 83720 Lincoln Auditorium, WW-02 Or call in to 1-877-820-7831, 301388# | <u>Public Meeting – Medical Care Advisory Committee</u> September 6, 2019, 1:00 – 3:00 PM Joe R. Williams Building East Conference Room 700 W State Street, Boise, Idaho 83720 Or call in to 1-877-820-7831, 301388# |
|---|--|

Written Comments

Interested persons may submit written comments instead of attending any of the public hearings. IDHW will carefully review and consider all public comments received related to the Waiver prior to submitting the full application for review and approval. Written comments may be submitted via email or traditional USPS mail to:

Attention: Cindy Brock
Medicaid Program Policy Analyst
Division of Medicaid
P.O. Box 83720
Boise, Idaho 83720-0009
E-mail to: 1115.comments@dhw.idaho.gov

Public comments will be accepted through Sunday, September 22, 2019.

Individuals may request hard copies of the waiver packet, or may view it online, by visiting our website at <https://medicaidexpansion.idaho.gov/>. In addition to the full waiver application, the website also contains a copy of IDHW's abbreviated notice, all tribal communications, and other information supporting the Waiver. This website will be periodically updated throughout the comment and review process.



BRAD LITTLE – Governor
DAVE JEPPESEN – Director

IDAHO DEPARTMENT OF HEALTH & WELFARE

MATT WIMMER - Administrator
DIVISION OF MEDICAID
Post Office Box 83720
Boise, Idaho 83720-0009
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FAX: (208) 364-1811

Idaho Department of Health and Welfare Coverage Choice Demonstration Waiver Abbreviated Notice of Public Hearing and Public Comment Period

The Idaho Department of Health and Welfare (IDHW) gives notice of its intent to apply to the Centers for Medicare and Medicaid Services (CMS) for approval of a Section 1115 demonstration waiver on or after September 27, 2019. The purpose of the *Idaho Medicaid Reform Waiver* (Waiver) is to implement work, community engagement, education or volunteerism requirements as a condition of Medicaid eligibility for certain individuals with incomes up to 138% of the Federal Poverty Level (FPL) made eligible under Idaho's forthcoming Medicaid expansion. IDHW is requesting a five-year demonstration period and anticipates full implementation of the Waiver occurring within six months of federal approval.

In November 2018, Idahoans voted to approve Medicaid expansion to able-bodied working adults with incomes up to 138% of the FPL for the Expansion Adult Group. The Idaho legislature further conditioned Medicaid eligibility for the Expansion Adult Group on meeting certain work, community engagement, education or volunteerism requirements. These new eligibility requirements do not apply to certain individuals within the Expansion Adult Group based on characteristics or statuses such as age, pregnancy or caretaker of dependents or persons with a serious medical condition applying for or receiving unemployment compensation, applying for Social Security benefits or American Indian or Alaska Natives eligible for services through the Indian Health Service or tribal health program. IDHW has included all of these exemptions in its Waiver application.

IDHW's comprehensive public notice, tribal notice, and the waiver application are available on our website at <https://medicaidexpansion.idaho.gov/>. This website may be periodically updated throughout the comment and review process.

Public hearings will be held on the following dates and locations:

| | |
|---|--|
| <u>Boise Public Hearing</u> September 3, 2019, 1:00 – 3:00 PM Idaho State Capital Building 700 West Jefferson Street, Boise, ID 83720 Lincoln Auditorium, WW-02 Or call in to 1-877-820-7831, 301388# | <u>Public Meeting – Medical Care Advisory Committee</u> September 6, 2019, 1:00 – 3:00 PM Joe R. Williams Building East Conference Room 700 W State Street, Boise, Idaho 83720 Or call in to 1-877-820-7831, 301388# |
|---|--|

Interested parties may also request hard copies of the waiver packet or submit comments via email or traditional USPS mail to:

Attention: Cindy Brock
Medicaid Program Policy Analyst
Division of Medicaid
P.O. Box 83720
Boise, Idaho 83720-0009
E-mail to: 1115.comments@dhw.idaho.gov

Interested persons may submit written comments instead of attending any of the public hearings. IDHW will carefully review and consider all public comments received related to the Waiver prior to submitting the full application for review and approval.

Public comments will be accepted through Sunday, September 22, 2019.

Idaho Statesman

Keeping you connected | IdahoStatesman.com

Order Confirmation

Customer

ID DEPT OF H&W / MEDICAID

Customer Account

262720

Customer Address

3232 ELDER ST
BOISE ID 837054711 USA

Customer Phone

208-364-1804

Customer Fax

208-334-2465

Sales Rep

jhildreth@idahostatesman.com

Payor Customer

ID DEPT OF H&W / MEDICAID

Payor Account

262720

Payor Address

3232 ELDER ST
BOISE ID 837054711 USA

Payor Phone

208-364-1804

Customer EMail

kellomD@dhw.idaho.gov

Order Taker

loperez@mcclatchy.com

PO Number

8/26/2019

Payment Method

Invoice

Blind Box**Tear Sheets**

1

Proofs

0

Affidavits

1

Net Amount

\$117.28

Tax Amount

\$0.00

Total Amount

\$117.28

Payment Amount

\$0.00

Amount Due

\$117.28

Ad Order Number

0004356691

Order Source**Ordered By**

Robin Butrick

Special Pricing**Invoice Text**

8/26/2019

Promo Type**Package Buy****Materials**

Ad Order Information

| | | | | |
|--|--------------------------------|--------------------------|-------------------------|--|
| <u>Ad Number</u> | <u>Ad Type</u> | <u>Production Method</u> | <u>Production Notes</u> | |
| 0004356691-01 | BOI-Legal Liner | AdBooker | | |
| <u>External Ad Number</u> | <u>Ad Attributes</u> | <u>Ad Released</u> | <u>Pick Up</u> | |
| | | No | | |
| <u>Ad Size</u> | <u>Color</u> | | | |
| 1 X 128 li | | | | |
| | | | | |
| <u>Product</u> | <u>Placement</u> | <u>Times Run</u> | <u>Schedule Cost</u> | |
| BOI-Idaho Statesman | 0300 - Legals Classified | 1 | \$117.28 | |
| <u>Run Schedule Invoice Text</u> | <u>Position</u> | | | |
| Idaho Department of Health and Welfare M | 0301 - Legals & Public Notices | | | |
| <u>Run Dates</u> | | | | |
| 08/27/2019 | | | | |

**Idaho Department of Health
and Welfare Medicaid Reform
Demonstration Waiver
Abbreviated Notice of Public
Hearing and Public Comment
Period**

The Idaho Department of Health and Welfare (IDHW) gives notice of its intent to apply to the Centers for Medicare and Medicaid Services (CMS) for approval of a Section 1115 demonstration waiver on or after September 27, 2019. The purpose of the Idaho Medicaid Reform Waiver (Waiver) is to implement work, community engagement, education or volunteerism requirements as a condition of Medicaid eligibility for certain individuals with incomes up to 138% of the Federal Poverty Level (FPL) made eligible under Idaho's forthcoming Medicaid expansion. IDHW is requesting a five-year demonstration period and anticipates full implementation of the Waiver occurring within six months of federal approval.

In November 2018, Idahoans voted to approve Medicaid expansion to able-bodied working adults with incomes up to 138% of the FPL for the Expansion Adult Group. The Idaho legislature further conditioned Medicaid eligibility for the Expansion Adult Group on meeting certain work, community engagement, education or volunteerism requirements. These new eligibility requirements do not apply to certain individuals within the Expansion Adult Group based on characteristics or statuses such as age, pregnancy or caretaker of dependents or persons with a serious medical condition applying for or receiving unemployment compensation, applying for Social Security benefits or American Indian or Alaska Natives eligible for services through the Indian Health Service or tribal health program. IDHW has included all of these exemptions in its Waiver application.

IDHW's comprehensive public notice, tribal notice, and the waiver application are available on our website at <https://medicaidexpansion.idaho.gov/>. This website may be periodically updated throughout the comment and review process.

Public hearings will be held on the following dates and locations:

Boise Public Hearing

September 3, 2019, 1:00 – 3:00 PM

Idaho State Capital Building 700 West Jefferson Street, Boise, ID 83720

Lincoln Auditorium, WW-02

Or call in to 1-877-820-7831, 301388#

Public Meeting –

Medical Care Advisory Committee

September 6, 2019, 1:00 – 3:00 PM

Joe R. Williams Building

East Conference Room

700 W State Street Boise Idaho

83720
Or call in to 1-877-820-7831,
301388#

Interested parties may also request hard copies of the waiver packet or submit comments via email or traditional USPS mail to:

Attention: Cindy Brock
Medicaid Program Policy Analyst
Division of Medicaid
P.O. Box 83720

Boise, Idaho 83720-0009
E-mail to: 1115.comments@dhw.idaho.gov

Interested persons may submit written comments instead of attending any of the public hearings.

IDHW will carefully review and consider all public comments received related to the Waiver prior to submitting the full application for review and approval.

Public comments will be accepted through Sunday, September 22, 2019.

0004356691-01

APPENDIX C: TRIBAL NOTICE



BRAD LITTLE – Governor
DAVE JEPPESEN – Director

IDAHO DEPARTMENT OF HEALTH & WELFARE

MATT WIMMER - Administrator
DIVISION OF MEDICAID
Post Office Box 83720
Boise, Idaho 83720-0009
PHONE: (208) 334-5747
FAX: (208) 364-1811

August 23, 2019

Dear Tribal Representative:

We are writing to update you on our efforts to pursue Medicaid program waivers as described in the notice we sent to you on May 13, 2019 (attached). These waivers are being pursued to comply with new provisions in Idaho Code established during this year's legislative session.

The Department intends to apply for an 1115 demonstration waiver to the Centers for Medicare and Medicaid Services (CMS) on or after **September 27, 2019**. We are posting formal public notice of this intent today (also attached). The purpose of the waiver, the *Idaho Medicaid Reform Waiver*, is to implement work, community engagement, education, or volunteerism requirements as a condition of Medicaid eligibility for nonexempt individuals with incomes up to 138% of the Federal Poverty Level (FPL) made eligible under Idaho's forthcoming Medicaid expansion. IDHW is requesting a five-year demonstration period, and anticipates full implementation of the Idaho Medicaid Reform Waiver within six months of federal approval.

Idaho Law Exempts Tribal Members from All Requirements of this Waiver

Section 56-253(10)(b)(x), Idaho Code, explicitly and fully exempts from any requirements under this waiver "any American Indian or Alaska native who is eligible for services through the Indian health service or through a tribal health program pursuant to the Indian self-determination and education assistance act and the Indian health care improvement act." Due to this specific exemption set forth in state statute, there are little to no impacts anticipated from this waiver with regard to Indians, Indian health service or tribal health programs, or Urban Indian Organizations.

The waiver application is available for review at <https://medicaidexpansion.idaho.gov/>.

Public hearings will be held on the following dates and locations:

Boise Public Hearing

September 3, 2019, 1:00 – 3:00 PM
Idaho State Capital Building
700 West Jefferson Street, Boise, ID 83720
Lincoln Auditorium, WW-02
Or call in to 1-877-820-7831, 301388#

Medical Care Advisory Committee (MCAC)

September 6, 2019, 1:00–3:00 PM
Joe R. Williams (JRW) Building East
700 W. State St.
Boise, ID 83702
Or call in to 1-877-820-7831, 301388#

August 23, 2019

Page 2

Interested parties may also request hard copies of the waiver packet or submit comments via email or traditional USPS mail to:

Attention: Clay Lord
Medicaid Program Policy Analyst, Division of Medicaid
P.O. Box 83720; Boise, Idaho 83720-0009
E-mail to: 1115.comments@dhw.idaho.gov

Public comments will be accepted until Monday, September 22, 2019.

We discussed this planned submission with representatives from tribal health programs in Idaho at our regularly scheduled meeting in Fort Hall on August 14th. We appreciated the perspectives shared there and would be interested in hearing more and working with you on these waivers.

If your tribe would like to set up a time for formal government-to-government consultation, please contact us as soon as possible so that we can work with you to arrange a meeting between our Director and your tribe's governmental leadership.

Sincerely,



MATT WIMMER
Administrator

MW/cl

Attachments: Tribal Notice dated May 13, 2019
Public Notice dated August 23, 2019

https://healthandwelfare.idaho.gov/meditribe/Home/tabid/1331/Default.aspxMedicaid Idaho Tribes Tea...

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General (ECM - Medicaid)... Idaho Medicaid Expansion Department of Health and... The Best Way to Manage ... How to build Interactive E...

Promoting and protecting the health and safety of all IdahoansAugust 23, 2019Select Language

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1115 Waiver Community Engagement