



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

VIA ELECTRONIC MAIL ONLY

June 4, 2014

Terri Frasier, Project Officer
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
7500 Security Boulevard
Mailstop: S2-01-16
Baltimore, MD 21244-1850

Dear Terri:

Louisiana DHH respectfully requests an expedited CMS review and approval of this amendment to the GNOCHC Demonstration Waiver to increase the budget neutrality limit so as to avoid any breaks in continuity of coverage under this program. The current demonstration budget neutrality limit of \$105.6 million is estimated to fund the program only through August 2014.

In addition to the documents inserted in the amendment, the supporting budget neutrality document is enclosed.

We thank you for your cooperation through this amendment process and look forward to receiving your favorable approval.

Sincerely,

A large black rectangular redaction box covering the signature of J. Ruth Kennedy.

J. Ruth Kennedy
Medicaid Director

JRK:SB

c: Cindy Mann
Andrea Casart
Bill Brooks

**Louisiana Greater New Orleans Community Health Connection
Section 1115 Demonstration Amendment Request to the
Centers for Medicare & Medicaid Services**

I. Background

In the aftermath of Hurricanes Katrina and Rita, the State of Louisiana Department of Health and Hospitals (DHH) was awarded a \$100 million Primary Care Access Stabilization Grant (PCASG) program for the period July 2007 through September 30, 2010. This three-year program was designed to restore and expand access to primary care services, including mental health care services and dental care services, in the Greater New Orleans area without regard to a patient's ability to pay, by providing short-term financial relief to outpatient provider organizations. The PCASG program was also intended to decrease costly reliance on emergency room usage for primary care services for patients who are uninsured, underinsured, or receiving Medicaid. To be eligible to receive PCASG funding, provider organizations (federally qualified health centers, mental health clinics, and physician groups) were required to meet several requirements, including creating referral relationships with local specialists and hospitals, establishing a quality assurance or improvement program, and providing a long-term sustainability plan.

The Greater New Orleans area, comprised of Orleans, Jefferson, St. Bernard and Plaquemines parishes, is one of the largest population centers in the state. It is home to over 800,000 individuals, and represents roughly 20 percent of the state's population. According to the 2012 U.S. Census Bureau's American Community Survey, 16.5 percent of individuals aged 18-64 living in the Greater New Orleans area had incomes below poverty and nearly 20 percent of that age group who were employed were uninsured, 53 percent of those unemployed were uninsured, and 22.5 percent of those not in the labor force were uninsured. According to the Louisiana Health Insurance Survey, 124,904 of the residents or roughly 15 percent of the population are under 100 percent of the Federal Poverty Level (FPL) making the area one of the most vulnerable in the Nation.

In 2010, DHH submitted a proposal to CMS for a Medicaid section 1115 demonstration in the Greater New Orleans area for the continued funding of the PCASG provider organizations. DHH proposed to reduce discretionary disproportionate share hospital (DSH) funding and increase support for primary care medical homes (PCMH). The demonstration's funding approach would permit the State to use up to \$30 million (total computable) in demonstration years (DYs) 1, 2, & 3 and \$7.5 million (total computable) in DY 4 for specified PCMH providers. To maintain budget neutrality, the State would ensure that these amounts, when added to DSH payments, would not exceed Louisiana's DSH allotment.

CMS approved the Greater New Orleans Community Health Connection (GNOCHC) 1115 demonstration, effective October 1, 2010. Under this demonstration, Louisiana aims to:

- Preserve primary and behavioral health care access that was restored and expanded in the Greater New Orleans area after Hurricane Katrina with PCASG;
- Advance and sustain the medical home model begun under PCASG;
- Evolve the grant-funded model to a financially sustainable model over the long term that incorporates Medicaid, CHIP, and other payer sources as the revenue base; and
- Orchestrate change within the State in two broad phases with incremental milestones internal to each:
 - Phase 1 spanned Demonstration months 1-15 (October 2010 – December 2011) and focused on access preservation and evolution planning.
 - Phase 2 spans Demonstration months 16-51 (January 2012 – December 31, 2014) and focuses on Evolution plan implementation and assessment, successful transition to the Health Insurance Marketplace, and phase down of the Demonstration.

The GNOCHC demonstration was initially approved through December 31, 2013. In September 2013, CMS approved a 12-month extension to the demonstration term and changes to the program eligibility criteria and reimbursement methodology for 2014. In March 2014, CMS approved an increase to the aggregate expenditure limit to fund the program through the amount of state matching funds available at the time. More recently, the State legislature has appropriated state matching funds to continue the waiver through the full demonstration period, December 31, 2014. Therefore, Louisiana now requests an increase to the expenditure cap for the waiver consistent with the additional state matching funds available.

II. Proposed Amendment

The Louisiana Department of Health & Hospitals (DHH) is requesting CMS approval of an amendment to Louisiana's Section 1115 Demonstration GNOCHC Waiver in order to continue funding services that are essential to the citizens of the Greater New Orleans area through the approved expiration date of December 31, 2014. The current demonstration budget neutrality limit of \$105.6 million is estimated to fund the program through August 2014. Louisiana did not implement the Medicaid expansion. Therefore, the services that will be funded under an increased budget neutrality limit continue to play a vital role in the lives of low-income adults in the Greater New Orleans area. DHH has identified State matching funds available to continue funding the GNOCHC waiver services to the end of the demonstration, December 31, 2014. This amendment is intended to align available funding, the demonstration expenditure limit, and the approved waiver term to the extent possible given available matching funds. DHH proposes to increase the demonstration expenditure limit by \$6 million to \$111.6 million in order to fund services through December 2014 while DHH develops a request to renew the waiver. In the absence of such an increase, the only option available to DHH will be to terminate the waiver as early as September 2014.

III. GNOCHC Successes To Date

The GNOCHC demonstration has accomplished its Phase I goals that focused on access preservation and evolution planning by enrolling thousands of eligible, low-income, uninsured adults into basic health care coverage; transforming PCASG awardees into coverage model-driven health care providers with routine Medicaid enrollment and billing processes and encounter rate payments; and substantially completing program start up, paving the way for routine program operations and further evolution in Phase 2.

In Phase 2, DHH continued to enroll thousands of eligible adults into the GNOCHC demonstration; finalized the remaining key elements of the terms and conditions of the Demonstration; and established and maintained routine operations to enable providers to move further toward the goal of self-sustainability at the waiver's scheduled end in December 2013. Below are examples of the GNOCHC demonstration's progress to date:

Preserving Primary and Behavioral Health Care Access

The Demonstration has been successful in preserving access to primary and behavioral care, as the percentage of eligible, participating providers who participated in the PCASG and who continue to participate in GNOCHC has remained at over 80% (18 organizations) throughout the year. A new site has opened in the rural town of Lafitte and another site has opened in New Orleans, increasing the number of enrolled sites to 43. Also of note:

- Providers are working together to offer more services; and
- Some GNOCHC providers have contracted with other medical entities such as Louisiana State University to offer specialty care like mammography and endocrinology services.

Sustaining and Advancing the Medical Home Model

- The GNOCHC providers continue to be a "medical home" and the provider of choice for area-underserved residents. It is a cost effective alternative to using emergency rooms for non-emergent conditions.
- Funding from GNOCHC has helped many providers attain National Committee for Quality Assurance (NCQA) Primary Care Medical Home (PCMH) recognition or placed them on the path to attain recognition. The percentage of participating provider sites with NCQA PCMH recognition is at 45% (19 sites). Thirteen of the 19 sites are at Level 3. One additional site is actively pursuing recognition.

Provider Financial Sustainability through Diverse Means of Financing

GNOCHC providers are challenged to carefully evaluate their current GNOCHC utilization, and, based on a data-driven analysis of expenditures, future utilization, and estimated revenue projections through 2014, to develop realistic strategies for future financial sustainability and to provide a clear vision of an organization moving decisively toward self-sufficiency. Observations include:

- There remains significant variation among providers in their ability to perform and respond to this assessment.
- With the advent of Medicaid managed care in Louisiana Medicaid, most GNOCHC providers accept all Bayou Health managed care plans which increases their non-GNOCHC patient count and provides another source of revenue. Most have increased staff to allow for a rise in the number of patients.
- Most have made improvements and/or upgrades to billing/claims systems and have (or will) transitioned to a new EMR/ billing system; GNOCHC funding has provided computer equipment, servers, funds for training, etc.
- Providers have engaged in outreach to diversify their patient base to include non-GNOCHC Medicaid patients and patients with private insurance.
- Most GNOCHC providers receive funding from federal and non-federal grants. Other sources of revenue are private contributions, payment from non-GNOCHC Medicaid recipient claims, funds raised through community events, enhanced reimbursement from Medicaid and Medicare as a result of becoming an FQHC, and private insurance. All continue to search for more funding opportunities **and funding continues to be a concern, particularly for smaller providers.**
- All GNOCHC providers are looking forward to the changes the Affordable Care Act will bring, such as more private insurance payments and more patients.

Increasing Access to Health Care Coverage

- In three years, the GNOCHC demonstration grew to serve approximately 64,000 individuals, including approximately 47,000 adults in the Greater New Orleans Area with incomes below 100% of the federal poverty level (FPL). With the new income limit of 100% FPL, the demonstration currently serves approximately 51,000 individuals.
- GNOCHC funds have allowed providers to afford to employ ancillary staff to assist patients with enrolling in support programs such as pharmacy assistance, medical education, and transportation, and expand services to non-GNOCHC patients.
- The GNOCHC providers are delivering consistent care to patients with chronic conditions who in the past have turned to the emergency room.

Assess Behavioral Health Care Needs of Enrollee Sub-Populations

DHH is gaining experience through the GNOCHC demonstration of the behavioral health utilization and costs of the GNOCHC adult population. For example, evaluation measures that track utilization of behavioral health services by enrollee sub-population indicate that the average payment for behavioral health care for childless enrollees is \$147 per month, which is 12.2% higher than payment for enrollees with a child in the home, which average \$131 per month. The average payment per month for enrollees with incomes of 133% FPL or less was \$145 per month, which is 9.8% higher than the average of \$132 per month for enrollees earning between 134%-200% FPL.

The GNOCHC demonstration is currently serving approximately 51,000 individuals in the Greater New Orleans Area through the network of 18 GNOCHC providers (43 sites) that provide access to primary and behavioral health services. These providers are not without remaining challenges and funding continues to be a concern, particularly for some of the smaller providers that rely more heavily on GNOCHC and Medicaid and lack the resources to perform the same level of self-assessment and improvement as some of the larger providers. The continued support from the GNOCHC demonstration remains critical to the provision of services to the GNOCHC adult population as well as to the providers' ability to further evolve as 2014 brings the introduction of new, private payer sources as a result of the Federally Facilitated Marketplace.

IV. Waiver Amendment Support

Attached is State legislation directing DHH to pursue this waiver amendment request. DHH is also attaching letters albeit dated from a variety of public and provider stakeholders demonstrating unanimous support for GNOCHC and the increased expenditure limit through the end of the demonstration term.

- State Legislation authorizing and directing DHH to pursue an amendment to the GNOCHC demonstration



SCR108.pdf

- Letters of Support



GNOCHC Letter of Support Signed.pdf



Letter from Mayor Landrieu to Governor



GNOCHC support letter David Peralta.p



GNOCHC Waiver Letter Delegation.pdf



Jindal-from-Nungesser-061813-Waiver.pdf



GNOCHC Support Letter - Governor Jindal



GNOCHC letter to Gov 7-19-13.pdf

V. Individual Enrollment and Provider Participation

Enrollment in GNOCHC grew to almost 64,000 toward the end of 2013 before the change to the income limit was made in the last demonstration amendment.

Effective January 1, 2014, CMS approved an amendment that reduced income eligibility for individuals from a maximum family income of 200% of the FPL to a maximum family income of 100% of the FPL. With this change, DHH has seen enrollment decrease to the current enrollment level of approximately 51,000.

Provider participation has been stable over the past demonstration year. At the end of 2013, 18 organizations, representing 41 service sites, remained active participants in the GNOCHC program. One new GNOCHC site has opened this year in the medically underserved rural part of Jefferson parish. Another site opened in March in the City of New Orleans.

VI. Payment Methodology

No changes to the approved payment methodologies are proposed under this amendment.

VII. Source of Non-Federal Share

The source of funding for the non-federal share of expenditures under the GNOCHC Demonstration continues to be a U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) award (Number ILOC-00032) to the State of Louisiana, DHH, Bureau of Health Services Financing by the State of Louisiana, Division of Administration (DOA), Office of Community Development (OCD), which administers the state's CDBG disaster recovery program through the Louisiana Local Government Emergency Infrastructure program.

A "Cooperative Endeavor Agreement (CEA)" between DHH and DOA implementing the grant award affirms HUD's permitted use of CDBG funds as the matching non-federal share of funds for the demonstration. DHH and DOA executed an amendment to the CEA on November 12, 2013, to extend the term of the agreement through December 31, 2014. Attached is a copy of the CEA amendment.



DHH CEA Signed.pdf

Receipt of the additional grant funds by DHH will be accomplished by an Interagency Transfer (IAT) from DOA. Authority for expenditure of the IAT funds was first granted to DHH by the Joint Legislative Committee on the Budget on September 17, 2010, and continues to be appropriated annually.

The additional CDBG funding has been appropriated to fund the demonstration through December 2014.

VIII. Budget Neutrality

DHH is requesting an increase to the budget neutrality expenditure limit from

\$105.6 million to \$111.6 million to be consistent with the availability of matching funds in order to fully fund services through the remainder of the demonstration term. Current enrollment and expenditure projections estimate that the current limit will only fund services through August 2014. DHH's best estimates at this point are that this increase will enable the State to use all available matching funds to preserve continuity of services for GNOCHC enrollees through December 2014. Total demonstration expenditures (including GNOCHC expenditures and DSH expenditures) will not exceed Louisiana's DSH allotment. Included with this amendment are updated budget neutrality tables in support of this request.

IX. Statutory Waivers and Expenditure Authority Requests

Louisiana requests a continuation of the waiver and expenditure authorities currently approved for the current demonstration.

Expenditure Authority:

1. Effective through December 31, 2013, expenditures for health care costs for individuals who are non-pregnant, adults ages 19 through 64 years with family incomes that do not exceed 200 percent of the federal poverty level (FPL), are not otherwise eligible under the Medicaid state plan, and who do not have other health insurance coverage and are residents of the Greater New Orleans region (which includes Orleans, St. Bernard, Plaquemines, and Jefferson parishes).
2. Effective January 1, 2014, expenditures for health care costs for individuals who are non-pregnant, adults ages 19 through 64 years with family incomes that do not exceed 100 percent of the federal poverty level (FPL), are not otherwise eligible under the Medicaid state plan, and who do not have other health insurance coverage and are residents of the Greater New Orleans region (which includes Orleans, St. Bernard, Plaquemines, and Jefferson parishes).
3. Expenditures for infrastructure costs related to providing healthcare services under the GNOCHC demonstration are not to exceed 10 percent of the budget limit. Allowable infrastructure costs will be defined in the funding and reimbursement protocol. These costs include expenditures to support the providers' delivery of services such as practice management tools.

Requests for Title XIX Requirements Not Applicable to the Demonstration Population:

1. Reasonable Promptness Section 1902(a)(3) and 1902(a)(8)

To the extent necessary to enable Louisiana to implement a reservation list as a tool to manage enrollment for the demonstration-eligible population.

2. Amount, Duration, and Scope Section 1902(a)(10)(B)

To the extent necessary to enable Louisiana to offer a different benefit package to the demonstration-eligible population that varies in amount, duration, and scope from the benefits offered under the state plan.

3. Freedom of Choice Section 1902(a)(23)

To the extent necessary to enable Louisiana to restrict freedom-of-choice of provider for the demonstration-eligible population.

4. Retroactive Eligibility Section 1902(a)(34)

To the extent necessary to relieve Louisiana from the obligation to provide coverage for the demonstration-eligible population for any time prior to the date of enrollment into the GNOCHC.

5. Eligibility Standards Section 1902(a)(17)

To the extent necessary to enable Louisiana to apply different eligibility methodologies and standards to the demonstration-eligible population than are applied under the state plan.

6. Early and Periodic Screening, Diagnostic, and Treatment services Section 1902(a)(43)

To the extent necessary to relieve Louisiana from the obligation to provide coverage of early and periodic screening, diagnostic and treatment services to 19- and 20-year-old individuals in the demonstration-eligible population.

7. Statewideness/Uniformity Section 1902(a)(1)

To the extent necessary to enable Louisiana to operate the demonstration only in the Greater New Orleans region.

8. Comparability Section 1902(a)(10)(B) and 1902(a)(17)

To the extent necessary to enable Louisiana to provide different benefits to the demonstration-eligible population receiving services at GNOCHC providers.

9. Methods of Administration: Transportation Section 1902(a)(4), insofar as it incorporates 42 CFR 431.53

To the extent necessary to relieve Louisiana from the obligation to assure transportation to and from GNOCHC providers for the demonstration-eligible population.

X. Public Notice

As noted above in Section IV (“Waiver Amendment Support”), DHH has sought input and gained support from numerous stakeholders. Public notice will be published in newspapers on or before June 11, 2014 (see pages 10-11). DHH solicited Tribal input via notification sent to Tribal contacts on June 4, 2014 (see pages 12-13). Finally, notice of the amendment is posted on the DHH website for the GNOCHC demonstration at: www.lamedicaid.com/provweb1/GNOCHC/GNOCHC_Index.htm

PUBLIC NOTICE

**Department of Health and Hospitals
Bureau of Health Services Financing**

Greater New Orleans Community Health Connection Waiver Amendment

The Department of Health and Hospitals, Bureau of Health Services Financing currently provides limited primary and behavioral health care services to low-income, uninsured residents of Jefferson, Orleans, Plaquemines and St. Bernard Parishes under the authority of a Section 1115 Medicaid Demonstration Waiver, called the Greater New Orleans Community Health Connection (GNOCHC). The GNOCHC Waiver was set to expire on December 31, 2013; however, on September 30, 2013, the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) approved a one-year temporary extension of the GNOCHC Waiver to December 31, 2014.

The department hereby gives public notice of its intent to submit an amendment to CMS to increase the total computable expenditure limit for the GNOCHC Demonstration Waiver from \$105.6 million to \$111.6 million in order to utilize all available state matching funding during the approved GNOCHC Waiver extension period. Please visit the GNOCHC Information Page for updates at

http://www.lamedicaid.com/provweb1/GNOCHC/GNOCHC_Index.htm.

Interested persons may submit written comments to J. Ruth Kennedy, Bureau of Health Services Financing, P.O. Box 91030, Baton Rouge, LA 70821-9030 or by email to Medicaid.Policy@la.gov. Ms. Kennedy is responsible for responding to inquiries regarding this public notice. The deadline for receipt of all written comments is July 11, 2014 by 4:30 p.m.

Kathy H. Kliebert
Secretary



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

VIA ELECTRONIC MAIL ONLY

June 4, 2014

Karen Matthews, Health Director
Chitimacha Health Clinic
3231 Chitimacha Trail
Jeanerette, LA 70544

Angela Martin
Chitimacha Tribe of Louisiana
P. O. Box 640
Jeanerette, LA 70544

Anita Molo
Chitimacha Tribe of Louisiana
P. O. Box 640
Jeanerette, LA 70544

Marshall Pierite, Chairman
Misty Hutchby, Health Director
Tunica-Biloxi Tribe of Louisiana
P. O. Box 1589
Marksville, LA 71351-1589

Lovelin Poncho, Chairman
Paula Manuel, Health Director
Coushatta Tribe of Louisiana
P. O. Box 818
Elton, LA 70532

Chief Beverly Cheryl Smith
Holly Vanhoozen, Health Director
The Jena Band of Choctaw Indians
P. O. Box 14
Jena, LA 71342

Dear Louisiana Tribal Contact:

RE: Notification of Louisiana GNOCHC Waiver Extension Request

In compliance with the provisions of the American Recovery and Reinvestment Act (ARRA) of 2009, the Department of Health and Hospitals, Bureau of Health Services Financing is taking the opportunity to notify you of our intent to submit an amendment to a waiver that may have an impact on your tribe.

The Department intends to submit an amendment to the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), to increase the total computable expenditure limit for the Greater New Orleans Community Health Connection (GNOCHC) Demonstration Waiver from \$105.6 million to \$111.6 million in order to utilize all available state matching funds during the extension period which will end December 31, 2014.

Please provide any comments you may have by July 3, 2014 to Ms. Darlene Adams via email to Darlene.Adams@la.gov or by postal mail to:

Department of Health and Hospitals
Bureau of Health Services Financing
Medicaid Policy and Compliance
P.O. Box 91030
Baton Rouge, LA 70821-9030

Should you have additional questions about Medicaid policy, Ms. Adams will be glad to assist you. You may reach her by email or by phone at (225) 342-3881. Thanks for your continued support of the tribal consultation process.

Sincerely,



for J. Ruth Kennedy
Medicaid Director

RK/DA/KHB

c: Ford J. Blunt III
Janice Arceneaux

BUDGET NEUTRALITY
 Projected Budget Neutrality - Submitted with waiver submission
 Federal Funds With and Without Waiver

WITHOUT WAIVER	Historical Data					Base Year FFY2008	Demonstration Period					Total Demo.
	FFY 2005	FFY 2006	FFY 2007	FFY 2008	FFY 2009		FFY 2011 Actual	FFY 2012 Actual	FFY 2013 Projected	FFY 2014 Projected	FFY2015 Projected	
DSH Allotment	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 750,259,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 3,659,800,000
Total	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 750,259,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 731,960,000	\$ 3,659,800,000

WITH WAIVER	Historical Data					Base Year FFY2008	Demonstration Period					Total Demo.
	FFY 2005	FFY 2006	FFY 2007	FFY 2008	FFY 2009		FFY 2011 Actual	FFY 2012 Actual	FFY 2013 Projected	FFY 2014 Projected	FFY2015 Projected	
GNOCHC I Payments (0-133% FPL)*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,474,902	\$ 17,184,107	\$ 15,748,178	\$ 11,917,537	\$ 2,907,043	\$ 68,231,767
GNOCHC II Payments (134% - 200% FPL)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,088,091	\$ 2,442,681	\$ 2,550,458	\$ 429,007	\$ -	\$ 8,510,238
DSH Expenditures	\$ 731,960,000	\$ 512,342,425	\$ 638,412,159	\$ 701,980,533	\$ 702,220,070	\$ 701,980,533	\$ 498,611,477	\$ 510,468,223	\$ 476,546,801	\$ 719,613,456	\$ 729,052,958	\$ 2,934,292,914
Total	\$ 731,960,000	\$ 512,342,425	\$ 638,412,159	\$ 701,980,533	\$ 702,220,070	\$ 701,980,533	\$ 522,174,470	\$ 530,095,011	\$ 494,845,438	\$ 731,960,000	\$ 731,960,000	\$ 3,011,034,919

Savings Under Waiver \$209,785,530 \$201,864,989 \$237,114,562 \$0 \$0 \$648,765,081

*Note 1 - MEG 1 Redefined as 0-100% FPL effective January 1, 2014.

Note: Estimates only, as STCs specify total computable expenditures, therefore maximum allowable federal funding dependent upon FFP applicable to actual expenditures.