Program Name: MassHealth Medicaid Section 1115 Demonstration

Initial Application
Date Proposal Submitted: April 15, 1994
Date Proposal Approved: April 24, 1995
Date of Implementation: July 1, 1997

First Renewal
Date Proposal Submitted: June 28, 2001
Date Approved: December 21, 2001

Second Renewal
Date Proposal Submitted: June 30, 2004
Date Approved: January 26, 2005

Third Renewal
Date Proposal Submitted: June 29, 2007 and December 24, 2007
Date Approved: December 19, 2008
Expiration Date: June 30, 2011 (The demonstration operated under temporary extension until December 20, 2011.)

Fourth Renewal
Date Proposal Submitted: June 30, 2010
Date Approved: December 20, 2011
Expiration Date: June 30, 2014 (The demonstration operated under temporary extension until October 31, 2014.)

Fifth Renewal:
Date Proposal Submitted: January 27, 2014
Date Approved: October 30, 2014
Expiration Date: June 30, 2019

SUMMARY

The MassHealth demonstration is a statewide multi-faceted health reform effort. The demonstration was initially implemented in July 1997, and has developed over time through amendments and renewals reflecting new priorities and the enactment of the Affordable Care Act. The demonstration authorizes Medicaid income eligibility for certain categorically eligible populations including pregnant women, parents or adult caretakers, infants, children and individuals with disabilities, and provides premium subsidies to qualifying individuals who are enrolled in a Qualified Health Plan (QHP) consistent with levels provided under the
demonstration prior to the Affordable Care Act. Additionally, the demonstration continues to support a Safety Net Care Pool (SNCP) first created in 2005 for the purpose of reducing the rate of uninsurance in the Commonwealth while also providing funding for uncompensated care. The SNCP currently provides uncompensated care payments to safety net providers for Medicaid and low-income, uninsured individuals. The SNCP also funds delivery system transformation initiatives and infrastructure and capacity-building grants.

AMENDMENTS

Amendment #12: The demonstration and waiver authorities were amended to comply with the provisions of the Affordable Care Act. The amendment allowed Massachusetts to continue certain programs and realign other programs to comply with the Affordable Care Act provisions that became effective January 1, 2014. For example, the amendment allowed Massachusetts to sunset the Commonwealth Care (CommCare) Program, MassHealth Basic, MassHealth Essential, the Medical Security Program, and the Insurance Partnership on December 31, 2013. Then, effective January 1, 2014, eligible individuals in these programs with income up to 133 percent of the federal poverty level (FPL) transitioned to the Medicaid state plan and began to receive state plan benefits through the Medicaid state plan Alternative Benefit Plan (ABP).

Date Amendment #12 Submitted: June 4, 2013
Date Amendment #12 Approved: October 1, 2013

Amendment #11: An amendment was approved to expand the provision of hospice services to individuals in the MassHealth Basic and Essential programs, specifically: routine home care, continuous home care, inpatient respite care, and general inpatient care. Routine and continuous home care became available in a community setting, as neither the Basic or Essential programs cover long term nursing facility services. These services are subject to the budget neutrality test.

Date Amendment #11 Submitted: November 14, 2012
Date Amendment #11 Approved: May 28, 2013

Amendment #10: An amendment was approved to authorize expenditure authority for a maximum of $125.5 million for state fiscal year (SFY) 2012 for Cambridge Health Alliance through the Safety Net Care Pool for uncompensated care costs. This funding was counted toward the budget neutrality limit approved for SFY 2012 within the renewal award.

Date Amendment #10 Submitted: July 27, 2011
Date Amendment #10 Approved: August 17, 2011

Amendment #9: An amendment was approved to: (1) increase authorization for Designated State Health Programs for State Fiscal Year 2011 to $385 million; (2) count Commonwealth Care adults without dependent children with income up to and including 133 percent of the federal poverty level (FPL) who receive premium assistance for commercial health insurance products as a hypothetical population for purposes of budget neutrality; and (3) allow the following populations to be enrolled into managed care: (a) participants in a Home and Community-Based Services Waiver; (b) Katie Beckett/ Kaileigh Mulligan children; and
ELIGIBILITY

MassHealth has multiple eligibility groups:

**MassHealth Standard:** Children under age 1 and pregnant women with incomes at or below 200 percent of the FPL; children ages 1 through 18 with incomes at or below 150 percent of the FPL; parents with children under age 19 with incomes at or below 133 percent of the FPL; and adults with disabilities ages 19 through 64 with incomes at or below 133 percent of the FPL. Certain women diagnosed with breast or cervical cancer whose gross family income is at or below 250 percent of the FPL are also covered.

**New Adult Group:** Adults ages 19-64 with incomes up to 133 percent FPL.

**MassHealth CommonHealth:** Disabled children through age 18 with incomes over 150 percent FPL; working disabled adults with incomes above 133 percent FPL; and non-working disabled adults with incomes over 133 percent of the FPL.

**MassHealth Family Assistance/Premium Assistance:** Children, ages 1 through 18, with incomes between 150 and 200 percent of the FPL who have access to employer sponsored health insurance. Adults, ages 19 through 64, with incomes at or below 200 percent of the FPL who have access to employer sponsored health insurance. For these individuals, the Commonwealth pays the employee’s share of the employer-sponsored insurance premium minus a small employee contribution. Also covered are individuals who are living with HIV who are under the age of 65, are not institutionalized, and have income that is less than or equal to 200 percent of the FPL.

**MassHealth Family Assistance/Direct Purchase of benefits:** Children ages 1 through 18 with incomes between 133 and 200 percent of the FPL who do not have access to employer sponsored health insurance or where direct coverage is more cost effective than providing premium assistance. For these children, the Commonwealth provides the MassHealth Standard benefit.

**MassHealth Limited:** Emergency services to undocumented individuals who would otherwise be eligible for MassHealth Standard, but for their immigration status.

DELIVERY SYSTEM

MassHealth members can choose from four managed care organizations (MCOs) or the Primary Clinician Care Plan, which is a Primary Care Case Management (PCCM) plan operated by the Commonwealth. Federally Qualified Health Centers and community health centers are
participating providers in all of the MCOs and the PCCM plan.

**BENEFITS**

MassHealth beneficiaries generally receive all services that are currently covered under the Massachusetts Medicaid program. While covered benefits vary slightly across MassHealth components, benefit coverage is comprehensive.

**HEALTH CONNECTOR PREMIUM ASSISTANCE SUBSIDIES**

Effective January 1, 2014, the MassHealth demonstration provides premium assistance subsidies for individuals with incomes between 133 to 300 percent FPL who purchase health insurance through the Marketplace to maintain the same level of financial support to this group of demonstration eligibles prior to that date.

**QUALITY AND EVALUATION PLAN**

As required under applicable federal laws and regulations, quality of care furnished under MassHealth is subject to internal and external review. The Commonwealth also ensures the effectiveness and quality of care by monitoring access, utilization practices, and client information, as well as through established service standards in contracts with MCOs.

The Commonwealth’s evaluation plan focuses on objectives such as:
- Maintain near-universal health care coverage for all citizens of the Commonwealth and reduce barriers to coverage;
- Implement Delivery System reforms that promote care coordination, person-centered care planning, wellness, chronic disease management, successful care transitions, integration of services, and measurable health outcome improvements; and
- Advance payment reforms that will give incentives to providers to focus on quality, rather than volume, by introducing and supporting alternative payment structures that create and share savings throughout the system while holding providers accountable for quality care.

Specific indicators to be evaluated include:
- The number of uninsured in the Commonwealth;
- The number of demonstration eligibles accessing ESI;
- Decrease in uncompensated care and supplemental payments to hospitals;
- The number of individuals accessing the Health Safety Net Trust Fund;
- The impact of Delivery System Transformation Initiative (DSTI) payments to participating providers on the Commonwealth’s goals and objectives;
- The effect, adequacy, and accountability of SNCP payments on provider financing;
- The impact of SNCP funding and recommendations for reforms or alternatives to the Massachusetts’ Medicaid financing system that sustains funding through regular Medicaid provider payments;
- The benefits, savings, and design viability of the Pediatric Asthma Pilot Program;
- The benefits, cost and savings of providing early intervention services for
demonstration eligible children with autism;

- The impact of utilization of Streamlined Redetermination procedures for adults who are eligible for both MassHealth and the Supplemental Nutrition Assistance Program (SNAP); and
- Availability of access to primary care providers.

SAFETY NET CARE POOL FINANCING REPORT

For the 2014 renewal period, the Commonwealth must evaluate the use of SNCP funding for the period of July 1, 2012 through June 30, 2015. The intent of the SNCP Financing report and the subsequent Sustainability and Delivery System Transformation Report is to recommend a strategic platform for the Commonwealth and CMS to work from regarding payments that sustainably support and align with system-wide transformation. The subject of the report (and the hypothesis test for the SNCP component of the demonstration evaluation) must focus on the effect, adequacy, accountability, and sustainability of SNCP payments on provider financing. The report must also address the effect of the Affordable Care Act coverage expansion on the existing UCC payments and how this affects future needs for both the uninsured and Medicaid shortfall scenarios. This evaluation must include all payment types under the SNCP, including uncompensated care payments, Delivery System Transformation Initiative, and Infrastructure Capacity Building grants.

SUSTAINABILITY AND DELIVERY SYSTEM TRANSFORMATION REPORT

Subsequent to the SNCP Financing report, the Commonwealth must submit a Sustainability and Delivery System Transformation report that will inform the Commonwealth and CMS’ collaborative discussions regarding payment reform and a sustainable health care system in the Commonwealth and where CMS can be supportive regarding those goals. The report must assess the role the SNCP funding relative to conventional Medicaid payments, other revenue sources and provider costs, including both operational costs and costs associated with community benefit, research, and medical education.

COST-SHARING

Cost-sharing requirements vary across the MassHealth programs. However, in general, no copayments are charged for any benefits rendered to children under 19 or pregnant women. Additionally, no premiums are charged for any individual enrolled in the demonstration whose gross income is less than 133 percent of the FPL. For individuals who would be eligible for title XIX absent the demonstration the requirements for premiums and copayments are nominal. Where cost-sharing is required, it is on a sliding-scale based on income.

ADDITIONAL AMENDMENTS

Amendment #8: An amendment was approved to allow Massachusetts to (1) increase the MassHealth pharmacy co-payment from $2 to $3 for generic prescription drugs; (2) provide relief payments to Cambridge Health Alliance totaling approximately $216 million; and (3) provide relief payments to private acute hospitals in the Commonwealth totaling $175 million.
approximately $270 million.

Date Amendment #8 Submitted: March 1, 2010
Date Amendment #8 Approved: September 30, 2010

**Amendment #7:** An amendment was approved to allow Massachusetts to add independent foster care adolescents as a base demonstration population and to authorize expenditures for behavioral health services for this population.

Date Amendment #7 Submitted: December 29, 2006
Date Amendment #7 Approved: June 19, 2007
Date of Technical Corrections Letter: October 19, 2007

**Amendment #6:** An amendment was approved to allow the Massachusetts to add non-emergency medical transportation (NEMT) benefits for expansion populations.

Date Amendment #6 Submitted: November 30, 2006
Date Amendment #6 Approved: June 19, 2007

**Amendment #5:** An amendment was approved to allow Massachusetts to (1) increase its enrollment caps for beneficiaries with HIV receiving coverage under the Family Assistance program and for long-term chronically unemployed beneficiaries receiving services under the Essential program; (2) implement program modifications enacted by the Health Care Reform Act to the current IP program; and (3) expend funds from the SNCP based on approved payment methodologies.

Date Amendment #5 Submitted: May 1, 2006
Date Amendment #5 Approved: July 26, 2006

**Amendment #4:** Massachusetts submitted an amendment request to allow the Commonwealth to modify the standards utilized in its disability determination process in determining eligibility for the MassHealth Program to ensure that only adults who are truly incapable of substantial gainful activity are found “disabled.” CMS disapproved this amendment request.

Date Amendment #4 Submitted: August 29, 2003
Date Amendment #4 Approved: Disapproved

**Amendment #3:** An amendment was approved to allow Massachusetts to impose an enrollment cap on non-state plan demonstration eligibles.

Date Amendment #3 Submitted: June 5, 2003
Date Amendment #3 Approved: January 29, 2004

**Amendment #2:** Massachusetts submitted an amendment request to allow the Commonwealth to cover prescription drug expenditures for low-income elderly and disabled individuals not otherwise eligible for MassHealth. Massachusetts withdrew this amendment request on August 29, 2003.
Date Amendment #2 Submitted: March 14, 2003  
Date Amendment #2 Withdrawn: August 29, 2003  

**Amendment #1:** An amendment was approved to allow Massachusetts to provide coverage for certain uninsured women with breast and cervical cancer.  

Date Amendment #1 Submitted: July 16, 2002  
Date Amendment #1 Approved: December 4, 2002