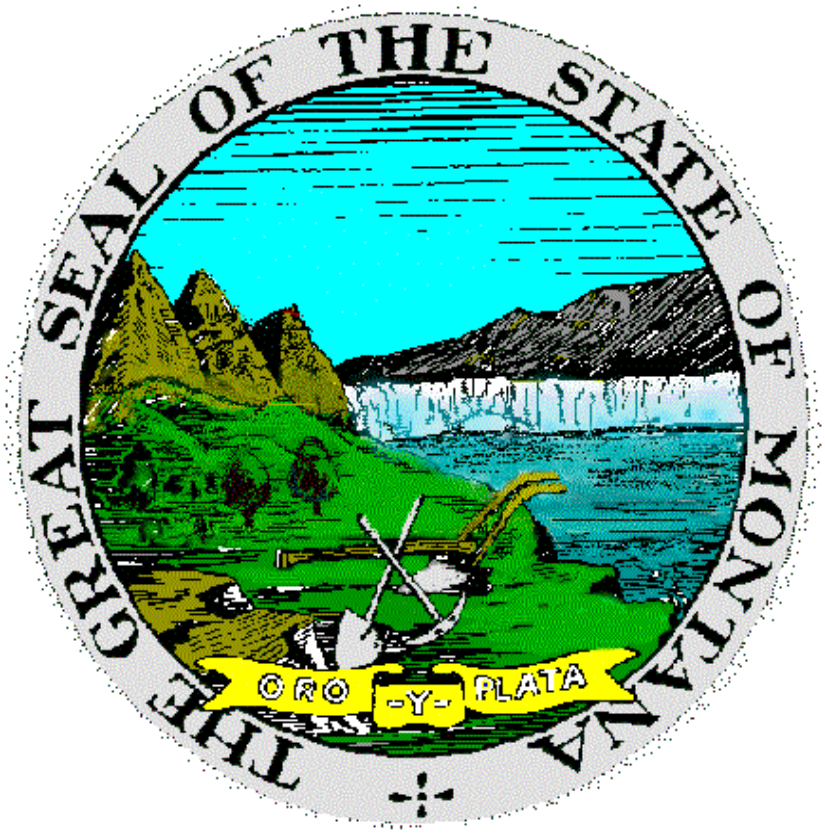
MONTANA DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

Section 1115
Waiver for Additional Services and Populations
(Formerly Basic Medicaid Waiver)

Eleven month DY13, CY 2016 February 2016-December 2016 Annual Report
[Eleven month report due to demonstration changing from
a demonstration year (DY) to a calendar year (CY)]



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Executive Summary

Montana's Waiver for Additional Services and Populations (WASP), formally known as the Basic Medicaid Waiver, has remained a positive source of Medicaid coverage since the program's inception in 1996. The Basic Program was comprised of mandatory Medicaid benefits and a collection of optional services available for emergencies and when necessary, for seeking and maintaining employment. These services were available to Able-Bodied Adults (neither pregnant nor disabled) who were parents and/or caretaker relatives of dependent children. This waiver has undergone multiple changes over the years.

The most recent changes that directly impacted this waiver's services in 2016 were precipitated by the implementation of Medicaid expansion, called the Health and Economic Livelihood Partnership (HELP) Plan. Due to Medicaid expansion, many Basic Medicaid / WASP Program members became eligible for Montana Medicaid. At the same time, significant changes were made to the Basic Program / WASP Program. An amendment effective January 1, 2016, reduced the number of persons covered, changed the nature of the population eligible and changed the plan of benefits for WASP members. Basic Medicaid previously did not cover or had very limited coverage of some services. This amendment aligned the Basic Medicaid benefit package with the Standard Medicaid benefit package.

An additional amendment, effective March 1, 2016, changed the name of the Basic Waiver to Waiver for Additional Services and Populations. It also added dental treatment coverage, above the Medicaid State Plan cap of $1,125, for categorically eligible ABD individuals, as a pass through cost.

A summary of the waiver changes is included in the WASP Medicaid Demonstration Information, below.

Waiver for Additional Services and Populations (WASP) Medicaid Demonstration Information

The Montana Medicaid Program is authorized under 53-6-101, Montana Codes Annotated, and Article XII, Section 3 of the Montana Constitution. The Department of Public Health and Human Services (DPHHS) administers the Medicaid Program. The Basic Medicaid Program was the medical services provided for able-bodied adults (neither pregnant nor disabled) and who were parents and/or caretaker relatives of dependent children, eligible for Medicaid under Sections 1925 or 1931 of the Social Security Act. The Basic Program was operated under a Section 1115 waiver, offering all mandatory services and a reduced package of Medicaid optional services through a fee-for-service delivery. Amount, duration, and scope of services, under Section 1902(a)(10)(B) of the Act were waived enabling Montana to carry out the 1115 demonstration.

In February 1996, Montana implemented its state-specific welfare reform program known as Families Achieving Independence in Montana (FAIM). This sweeping change involved the cash assistance, food stamp, and Medicaid programs that were administered on the federal side by several agencies under multiple statutes. As part of welfare reform, Montana obtained a Section 1115 waiver, approved in February 1996. On October 23, 2003, the DPHHS submitted an 1115 waiver application to CMS requesting approval to continue the Basic Medicaid

Program. CMS approved the waiver application on January 29, 2004, for a five-year period from February 1, 2004, through January 31, 2009. Terms of the request and the approval were consolidated into an Operational Protocol document as of February 2005. The waiver structure remained constant throughout the life of the Basic Program. The State was required to submit a quarterly Basic Medicaid report as one of the Operational Protocol conditions.

A HIFA proposal was submitted on June 27, 2006. 1115 Basic Medicaid Waiver amendments were submitted on March 23, 2007, and January 28, 2008, requesting seven new optional and expansion populations. Tribal Consultation was completed on December 14, 2007. As a result of discussions with CMS, Montana submitted a revised 1115 Basic Medicaid Waiver amendment on June 6, 2008, requesting four new populations. July 30, 2009, and August 6, 2010, submittals requested only one population, Mental Health Service Plan (MHSP) Waiver individuals (individuals with schizophrenia and individuals with bipolar), in addition to Able Bodied Adults. CMS approved the waiver extension and the request to insure the additional population, effective December 1, 2010.

The 1115 Basic Medicaid Waiver renewal was submitted in June, 2013, and approved by CMS effective January 1, 2014. The renewal includes raising the enrollment cap from "up to 800" to "up to 2000"; the primary Severe Disabling Mental Illness (SDMI) clinical diagnosis of major depressive disorder as a covered diagnosis; and home infusion as a covered service.

In June 2014, Montana submitted an amendment to the Section 1115 Basic Medicaid Waiver (Amendment #1) which was approved by CMS with an August 1, 2014, effective date. This amendment increased the enrollment cap for individuals who qualify for the State only MHSP Program from "up to 2,000" to "up to 6,000". It also updated the eligible diagnosis codes to allow all MHSP Program individuals with SDMI; added a random drawing with the diagnosis code hierarchy selection of schizophrenia first, bipolar second, major depressive disorder third, and then all remaining diagnosis codes. It also updated the per member per month costs of all waiver populations; updated the amount of money (Maintenance of Effort) the State needed to continue to spend on benefits for the mental health waiver population; updated the budget neutrality; revised the CMS approved evaluation design; updated the Federal Poverty Level from 33% FPL to approximately 47% FPL for Able Bodied Adults; and lastly, updated general waiver language.

Effective January 1, 2016, Montana submitted an amendment (Amendment #2), to remove the Able-Bodied Adult population, remove the SDMI population eligible for State Plan expansion, give the MHSP Waiver population the Standard Medicaid benefit, and close the Basic benefit. This amendment proposed to cover individuals age 18 or older, with SDMI who qualify for or are enrolled in the state-financed MHSP, but are otherwise ineligible for Medicaid benefits and either: 1) have income 0-138% of the federal poverty level (FPL) and are eligible for or enrolled in Medicare; or 2) have income 139-150% of the FPL regardless of Medicare status. The MHSP Waiver enrollment cap was reduced from 6,000 to 3,000. The amendment provided for a

12-month continuous eligibility period for all non-expansion Medicaid-covered individuals whose eligibility is based on modified adjusted gross income (MAGI).

On March 7, 2016, an amendment was submitted (Amendment #3) that proposed to: change the name of the Waiver to Section 1115 Montana Waiver for Additional Services and Populations and cover individuals determined categorically eligible for ABD for dental treatment services above the Medicaid State Plan cap of $1,125, as a pass through cost. This amendment was approved with an effective date of March 1, 2016.

Following the third quarter report for DY13, the decision was made to change the reporting for this demonstration to a January through December calendar year as opposed to the prior February through January schedule. Therefore this Annual Report covers an abbreviated year, 02/01/2016 through 12/31/2016.

Medicaid Program Goal

To assure that medically necessary medical care is available to all eligible Montanans within available funding resources.

WASP Medicaid Policies

All requirements of the Medicaid Program expressed in law not expressly waived or identified as not applicable in the award letter of which the terms and conditions are part, shall apply to Montana's demonstration. Montana Medicaid Program administrative rules, policies, processes, eligibility, cost sharing, and reimbursement apply to individuals on WASP Medicaid unless specified, like the WASP plan of benefits.

The *General Information for Providers, Medicaid and Other Medical Assistance Programs*, can be found at http://medicaidprovider.mt.gov/.

Medicaid members are directed to the Montana Medicaid Member Guide, found at: http://dphhs.mt.gov/MontanaHealthcarePrograms/Welcome/MemberServices. A chart of Medicaid covered benefits is published with additional service details. Members receive education and information regarding Medicaid services through the Montana Medicaid Hotline.

Accomplishments

At the beginning of 2016 the benefit package from this waiver improved significantly. The more comprehensive Montana Standard Medicaid benefit is now extended to all WASP members.

Another change to the waiver this year was the addition of coverage to individuals determined categorically eligible for ABD for dental treatment services above the Medicaid State Plan cap of $1,125, as a pass through cost. This population, often exceptionally medically frail, may need more financial flexibility to address dental issues. The addition to the waiver allows for more costly, single treatment events that avoid multiple procedures and multiple sedation sessions that would be necessary due to the standard coverage treatment cap.

Project Status

The WASP now provides a comprehensive benefit package for mental and physical health for members age 65 and older, and for anyone with Medicare.

Case Studies

No formal case studies have been completed at this time.

Interim Evaluation Findings

Montana evaluated the effectiveness of the Waiver for Additional Services and Population with a CMS approved evaluation design from December 2010, through December 2017. A baseline survey of the 800 MHSP Waiver individuals was completed in the summer of 2012, and then a follow-up survey was conducted in October 2015. The 2015 return rate was 25.5% compared to the 2012 return rate of 26.5%. In 2015, approximately 3.5 times the number of surveys were sent out compared to 2012, with about 3.5 times the numbers of surveys returned. In 2015, 704 were returned and in 2012, 209 surveys were returned. The survey has helped us learn about participants' health status, access to health care, and quality of care. A new survey and analysis is scheduled for completion by the end of 2017.

Policy and Administrative Difficulties & Solutions

No policy or administrative difficulties were identified this year.

Primary Care Case Management – Status Update

Populations and services currently included in the WASP waiver are not eligible for Montana's Primary Care Case Management (PCCM) program. Montana's PCCM program, Passport to Health, renewed its 1915(b) waiver with approval through March 31, 2019.

WASP Medicaid Population

WASP Medicaid coverage includes:

1) Individuals age 18 or older, with Severe and Disabling Mental Illness (SDMI) diagnosis who qualify for or are enrolled in the state-financed Mental Health Services Plan (MHSP), but are otherwise ineligible for Medicaid benefits and either:
    - Have income 0 – 138% of the FPL and are eligible for or enrolled in Medicare; or
    - Have income 139 – 150% of the FPL regardless of Medicare status (they can be covered or not covered by Medicare and be eligible).
2) Individuals determined categorically eligible for Aged, Blind and Disabled (ABD) for dental treatment services above the $1,125 State Plan dental treatment cap.

WASP (MHSP) Enrollment

Demonstration Populations DY13 CY 2016	**Quarter 1** February – April 2016	**Quarter 2** May-July 2016	**Quarter 3** August-October 2016	**Quarter 4** November-December 2016 (short quarter by one month)	**February – December 2016 DY13, CY 2016 (11 month yr) Average**
WMHSP Adults	1,054	1,054	1,113	1,111	1,083

WASP (MHSP) Member Months Reporting

Demonstration Populations DY13 CY 2016	**Quarter 1** February – April 2016 Average	**Quarter 2** May-July 2016 Average	**Quarter 3** August-October 2016 Average	**Quarter 4** November-December 2016 Average (short quarter by one month)	**TOTAL Average for Year Ending December 31, 2016 (11 month yr)**
WMHSP Adults	1,054	2,108	3,221	4,332	4,332

WASP (MHSP), Standard and Expansion Medicaid Enrollment DY13, CY 2016 Averages, age 21-64.

In DY13, CY 2016 a quarterly average of 1,083 individuals were enrolled in WASP (MHSP) Medicaid compared to the 41,997 Standard (not expansion) Medicaid individuals and 51,376 Expansion Medicaid individuals, age 21-64.

WASP (MHSP), Standard, and Expansion Medicaid Enrollment February 2016 – December 2016 (11 month) DY13, CY 2016 Average					
	1st Quarter February – April 2016	2nd Quarter May – July 2016	3rd Quarter August – October 2016	4th Quarter November – December 2016 (short quarter by one month)	February 2016 – December 2016 DY13, CY 2016 (11 month yr) Average
WASP (MHSP) Medicaid Enrollment	1,054	1,054	1,113	1,111	1,083
Standard Medicaid Enrollment - Not Expansion (Age 21-64)	42,188	42,050	42,051	41,698	41,997
Medicaid Expansion Enrollment (Age 21-64)	46,100	54,025	61,365	68,364	56,473

The change in population covered under WASP between DY12, CY 2015 and DY13, CY 2016 is significant. Removal of the Able Bodied population and the portion of the MHSP population who qualified for the newly implemented Medicaid Expansion, effective 01/01/2016, greatly reduced the WASP population. The Average quarterly WASP enrollment (MHSP and Able Bodied) in DY12, CY 2015, was 15,406 compared to the average quarterly WASP (MHSP only) enrollment of 1,083 in DY13, CY 2016. The counts of the Aged, Blind and Disabled (ABD) population eligible for dental coverage only under this waiver are recorded later in this report.

Standard, (Age 21-64) Expansion (Age 21-64) and WASP (MHSP) Medicaid Gender, Ethnic and Race CY13, CY 2016 Averages

- WASP (MHSP) Medicaid is 51.34% predominately female as compared to 64% females for Standard and 54.64% for Expansion Medicaid in the 21-64 age group.
- There are 11.68% fewer males in Standard and 3.95% fewer males in Expansion Medicaid, ages 21-64, than the WASP (MHSP) population.
- The American Indian quarterly average for WASP (MHSP) is 4.33%, which is 15.61% less than the Standard average of 19.94% and 9.93% less than the Expansion Medicaid average of 14.26%.

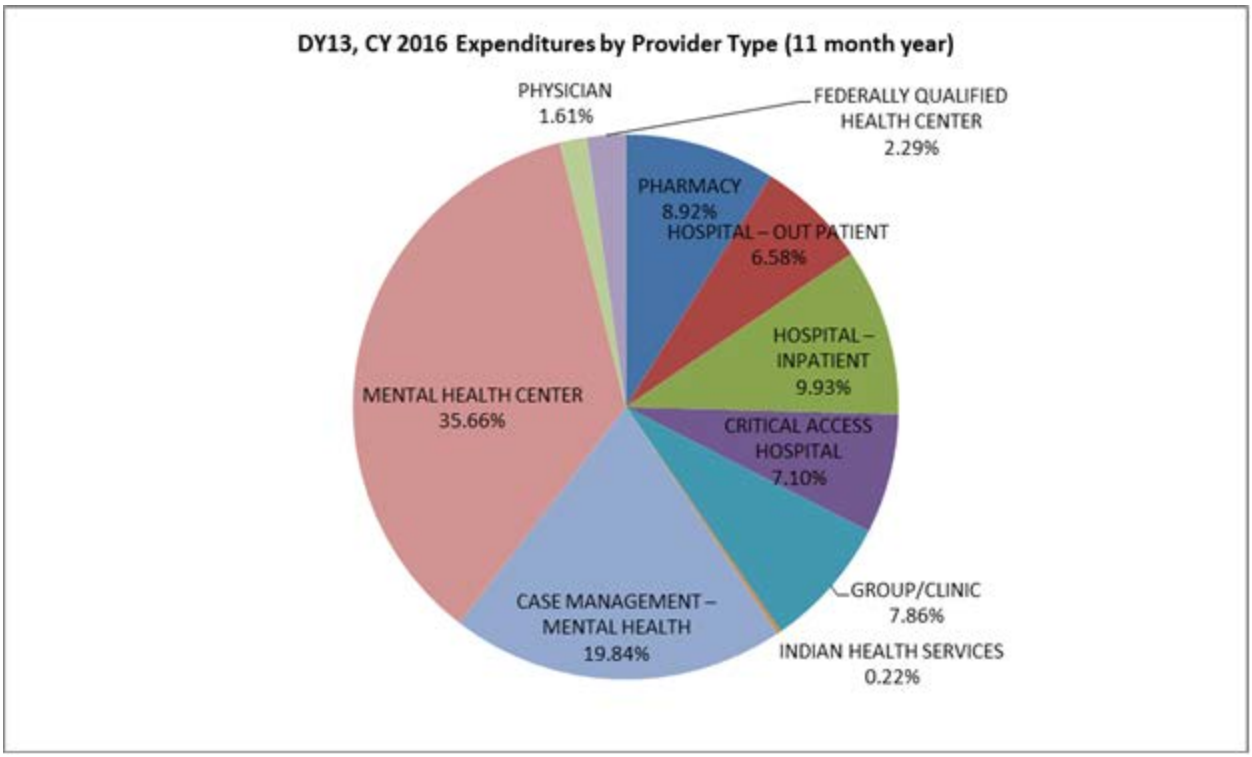
WASP (MHSP) Medicaid Gender, Ethnic and Race February 2016 – December 2016 (11 month) DY13, CY 2016 Average					
	1st Quarter February – April 2016	2nd Quarter May – July 2016	3rd Quarter August – October 2016	4th Quarter November – December 2016 (short quarter by one month)	February 2016 – December 2016 DY13, CY 2016 (11 month yr) Average
Gender					
Female	51.00%	51.04%	51.62%	51.71%	51.34%
Male	49.00%	48.96%	48.38%	48.29%	48.66%
Ethnic and Race (Plus Any Other)					
Hispanic of Any Race	1.92%	1.76%	2.03%	2.13%	7.84%
White	92.50%	92.69%	92.89%	92.93%	92.75%
American Indian/AK	4.78%	4.59%	3.98%	3.95%	4.33%
Other: African American, Asian, Pacific Islander	0.80%	0.96%	1.09%	1.00%	0.96%

Standard Medicaid Gender, Ethnic and Race (Age 21-64) February 2016 – December 2016 (11 month) DY13, CY 2016 Average					
	1st Quarter February – April 2016	2nd Quarter May – July 2016	3rd Quarter August – October 2016	4th Quarter November – December 2016 (short quarter by one month)	February 2016 – December 2016 DY13, CY 2016 (11 month yr) Average
Gender					
Female	65.33%	62.37%	62.35%	62.64%	64.00%
Male	34.67%	37.63%	37.65%	37.95%	36.98%
Ethnic and Race (Plus Any Other)					
Hispanic of Any Race	2.67%	2.69%	2.68%	2.71%	2.68%
White	76.58%	75.92%	75.39%	75.61%	75.90%
American Indian/AK	19.29%	19.93%	20.44%	20.19%	19.94%
Other: African American, Asian, Pacific Islander	1.46%	1.47%	1.50%	1.50%	1.48%

**Ethnic and race data are not unique counts. Data is from MMIS as of January 2017.*

WASP (MHSP) DY13, CY 2016 Expenditures by Provider Type (11 month year)						
PROV PAY TO TYPE	**2/1/2016 to 4/30/2016**	**5/1/2016 to 07/31/2016**	**08/01/2016 to 10/31/2016**	**11/01/2016 to 12/31/2016 (quarter short by one month)**	**TOTAL**	**PERCENT of TOTAL**
PHARMACY	$247,109.87	$128,446.02	$228,086.30	$35,627.04	$639,269.23	8.92%
HOSPITAL – OUT PATIENT	$245,324.52	$98,826.30	$86,826.83	$40,800.82	$471,778.47	6.58%
HOSPITAL – INPATIENT	$364,704.43	$140,870.00	$91,162.33	$115,452.78	$712,189.54	9.93%
CRITICAL ACCESS HOSPITAL	$224,662.58	$109,976.14	$105,644.80	$68,513.08	$508,796.60	7.10%
GROUP/CLINIC	$221,961.72	$155,970.23	$126,668.00	$59,200.70	$563,800.65	7.86%
INDIAN HEALTH SERVICES	$3,240.00	$5,394.00	$1,804.00	$5,152.00	$15,590.00	0.22%
CASE MANAGEMENT – MENTAL HEALTH	$406,969.22	$364,833.10	$403,138.14	$247,354.12	$1,422,294.58	19.84%
MENTAL HEALTH CENTER	$617,677.09	$745,509.04	$764,655.56	$429,105.68	$2,556,947.37	35.66%
PHYSICIAN	$58,986.48	$28,132.21	$20,598.28	$7,781.98	$115,498.95	1.61%
FEDERALLY QUALIFIED HEALTH CENTER	$61,409.82	$40,609.23	$43,392.78	$18,573.63	$163,985.46	2.29%
GRAND TOTAL	**$2,452,045.73**	**$1,818,566.27**	**$1,871,977.02**	**$1,027,561.83**	**$7,170,150.85**	**100%**

Top ten provider types equal 100% of total cost.



Dental Benefits Provided to the Categorically Eligible Aged, Blind, and Disabled (ABD) Population above the State Plan Limit

This waiver, via Amendment #3, also covers eligible members for dental treatment services only, above the Medicaid State Plan dental cap of $1,125 per year, as a pass through cost. This amendment was approved with effective date of March 1, 2016. The unique member usage and costs per quarter are included in the tables below.

ABD Unique Member Usage of Dental Benefit above State Plan Limit during DY13, CY 2016						
	Quarter 1 February – April 2016	**Quarter 2** May – July 2016	**Quarter 3** August-October 2016	**Quarter 4** November-December 2016 (short quarter by one month)	**Yearly Total** February - December 2016 (short year by one month)	**February – December 2016 DY13, CY 2016 (11 month yr) Quarterly Average**
# of Unique ABD WASP Users of the Above State Plan Dental Cap Benefit	141	153	195	95	584	146

ABD Member Cost of Benefit above State Plan Limit during DY13, CY 2016						
	Quarter 1 February – April 2016	**Quarter 2** May– July 2016	**Quarter 3** August-October 2016	**Quarter 4** November-December 2016 (short quarter by one month)	**Yearly Total** February - December 2016 (short year by one month)	**February – December 2016 DY13, CY 2016 (11 month yr) Quarterly Average**
Cost of ABD WASP Users of the Above State Plan Dental Cap Benefit	$108,906.89	$86,812.90	$139,036.49	$75,564.39	$410,320.67	$102,580.17

There were an average of 146 unique benefit users per quarter and an overall average quarterly cost of $102,580.17 for an average cost per unique user $702.60 for DY13, CY 2016.

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