# OFFICE OF THE GOVERNOR STATE OF MONTANA

STEVE BULLOCK GOVERNOR



Angela McLean Lt. Governor

September 15, 2015

The Honorable Sylvia Mathews Burwell Secretary, U.S. Department of Health and Human Services 200 Independence Avenue, S.W. Washington, DC 20201

Subject:

Montana Section 1115 Health and Economic Livelihood Partnership (HELP) Program

Waiver

Dear Secretary Burwell:

On behalf of the citizens of Montana, I am formally submitting a request for approval of a Section 1115 Demonstration Waiver.

On April 29 of this year, I proudly signed a bipartisan bill, the Health and Economic Livelihood Program (HELP) Act, which will dramatically expand access to health care and improve economic well-being in Montana. In an era where compromise is far too rare, Republicans and Democrats came together in Montana to get something done for the people, providers, and communities who were counting on us. The compromise bill has deep and wide support from Montana hospitals, nurses, businesses, tribal leaders, community health centers, and low-income, patient, and senior advocates. Literally thousands of Montanans made calls, wrote letters, and travelled to Helena to testify.

As a result, the HELP Program will expand access to health coverage for over 70,000 new adults with incomes up to 138 percent of the federal poverty level. The goals of the HELP Program are to:

- Increase the availability of high-quality health care to Montanans;
- Provide greater value for the tax dollars spent on the Montana Medicaid Program;
- Reduce health care costs;
- Provide incentives that encourage Montanans to take greater responsibility for their personal health;
- Boost Montana's economy; and
- Reduce the costs of uncompensated care and the resulting cost-shifting to patients with health insurance.

Montana will contract with a Third Party Administrator (TPA) to administer the delivery of and payment for healthcare services for most new adults, with the exception of participants who are exempt from TPA enrollment under state law. Montana's goal in using the TPA model is to leverage an existing commercial market vehicle to administer efficient and cost-effective health

Secretary Burwell Montana HELP Program Page 2 of 2

care coverage for new Medicaid adults. Montana has a successful history of administering the state's popular Healthy Montana Kids program through a TPA. This will be the first 1115 Medicaid Expansion Waiver to use a TPA model to deliver services.

Participants in the HELP Program administered by the TPA will pay a premium and copayments. Total premium and copayments will be capped at 5 percent of quarterly household annual income.

Montana has consulted with staff from the Centers for Medicare and Medicaid Services (CMS) to determine what other authorities are needed to bring the HELP program to fruition. As a result of those consultations, we are concurrently submitting a 1915(b)(4) Fee-for-Service Selective Contracting Waiver to the Denver Regional Office. In the coming months, Montana will also be submitting any State Plan Amendments (SPAs) needed to effectuate implementation but that do not require waiver approval. These include eligibility, copayment, and Alternative Benefit Plan SPAs.

I am requesting approval of the HELP Program Waiver by November 1, 2015. Timely approval is important so that we may both minimize participant confusion by beginning enrollment concurrently with open enrollment for the Marketplace and also be prepared to begin delivering services on January 1, 2016.

Enclosed are the waiver applications and documentation of tribal and public notice requirements. Thank you in advance for your time and attention. Please don't hesitate to reach out to me if you have any questions or need any further information.

Sincerely,

Steve Bullock Governor

cc: T

Tara Veazey, Policy Advisor for Health and Families Richard H. Opper, DPHHS Director Mary E. Dalton, Montana State Medicaid Director Vikki Wachino, CMS Julia Hinckley, CMS Eliot Fishman, CMS Megan LePore, CMS Terri Frazer, CMS Andrea Casart, CMS Richard Allen, CMS Mary Marchioni, CMS Cindy Smith, CMS

Enclosures: Section 1115 Montana Health and Economic Livelihood Partnership (HELP) Program Waiver Application, 508 Compliant Application, Tribal Consultation, Public Notice, Montana Health Coalition Memo, Public Meeting Information, Interested Parties Mailing, Public Notice Schedule, Public Comment Summary, and DPHHS Website Posting copy of 1915(b) (4) waiver



## **Montana Department of Public Health and Human Services**

Montana Health and Economic Livelihood Partnership (HELP) Program

Section 1115 Research and Demonstration Waiver Application

September 15, 2015

## Section I. Program Description

1) Provide a summary of the proposed Demonstration program, and how it will further the objectives of title XIX and or title XXI of the Social Security

On April 29, 2015, Governor Steve Bullock signed into law Senate Bill 405, an Act establishing the Montana Health and Economic Livelihood Partnership (HELP) Program (hereinafter referred to as the HELP Program) to expand access to health coverage for over 70,000 new adults with incomes up to 138 percent of the Federal Poverty Level (FPL). The goals of the HELP Program are to:

- Increase the availability of high-quality health care to Montanans;
- Provide greater value for the tax dollars spent on the Montana Medicaid program;
- Reduce health care costs;
- Provide incentives that encourage Montanans to take greater responsibility for their personal health;
- Boost Montana's economy; and
- Reduce the costs of uncompensated care and the resulting cost-shifting to patients with health insurance.

The Montana Department of Public Health and Human Services (DPHHS) is responsible for overseeing the implementation and operation of the HELP Program. Pursuant to the HELP Program, DPHHS will contract with a Third Party Administrator (TPA) to administer the delivery of and payment for healthcare services for most new adults, with the exception of participants who are exempt from TPA enrollment, such as medically frail and American Indian/Alaskan Native residents.¹ Montana's goal in using the TPA model is to leverage an existing commercial insurance market vehicle to administer efficient and cost-effective coverage for new Medicaid adults.

The HELP Program also requires premiums and copayments for new adults with incomes below 138 percent of the FPL who are enrolled through the TPA. These individuals will be required to pay monthly premiums equal to 2 percent of household income and maximum copayment amounts allowed under federal law. In accordance with federal law, premiums and copayments combined may not exceed 5 percent of family household income. Additionally, participants with incomes above 100 percent of the FPL who fail to pay premiums will be disenrolled from coverage until they pay overdue premiums or until the Department of Revenue assesses the premium debt against their income taxes. Certain participants may be exempt from disenrollment if they engage in a wellness program.

<sup>&</sup>lt;sup>1</sup> The following individuals are exempt from enrollment through the TPA: individuals who have exceptional health care needs, including but not limited to medical, mental health or developmental conditions; individuals who live in a region, including an Indian reservation, where the TPA was unable to contract with sufficient providers; individuals who require continuity of coverage that is not available or could not be effectively delivered through the TPA; and those otherwise exempt under federal law.

The Demonstration will further the objectives of Title XIX by expanding Medicaid coverage—increasing the number of Medicaid enrolled adults in the State by more than half—and ensuring quality, affordable access to coverage for low-income Montana residents. The Demonstration will also promote continuity of coverage and access to providers by leveraging the efficiencies and expertise of the private market.

## 2) Include the rationale for the Demonstration (if additional space is needed, please supplement your answer with a Word attachment)

The proposed 1115 Demonstration waiver supports implementation of the HELP Program by enabling Montana to implement two central features of its HELP Program: (1) use of a TPA arrangement to provide efficient and cost-effective coverage; and (2) participant premiums and copayments to encourage personal responsibility and cost-conscious behaviors.

Efficient and Cost Effective Coverage – Montana is a primarily rural state, with a small population dispersed over a large geographic area. Indeed, it is one of three states along with Alaska and Wyoming that have been designated a Frontier State, which is defined by the Affordable Care Act as a State in which at least 50 percent of the counties have a population density of less than six people per square mile. Additionally, the State's existing network of feefor-service Medicaid providers is sparse, particularly in remote rural regions. For these reasons, the State faces unique provider network development and administration challenges in implementing the major coverage expansion contemplated by the HELP Program.

Montana's goal in using the TPA model is to leverage an existing commercial insurer with established, statewide provider networks and turnkey administrative infrastructure and expertise to administer efficient and cost-effective coverage for new Medicaid adults. This approach will allow rapid implementation of and adequate provider network capacity for the HELP Program for coverage beginning as early as January 1, 2016, assuming timely federal approval of necessary waivers.

An additional benefit of the TPA approach is that it supports continuity and integration of Montana's Medicaid Program and the commercial insurer market in the State. Nearly one-third of low-income families experience frequent income fluctuations that cause "churning" or changes in insurance affordability program eligibility that shift these families from the Medicaid Program to eligibility for subsidies to purchase private coverage (and vice versa). Churning leads to coverage gaps and discontinuities in the insurance plans and provider networks available to consumers. These gaps are detrimental to improving efficiency and quality of health care for low-income Montanans. By using a TPA anchored in the commercial insurer market, Montana will provide Medicaid coverage through a provider network that is more likely to be available to lower-income residents even as they gain economic independence and transition to private market coverage.

**Personal Responsibility and Cost Conscious Behavior** – HELP Program participants enrolled through the TPA will be required to pay premiums and copayments. These out-of-pocket requirements are crafted to encourage HELP Program participants to:

- Understand the value of their insurance coverage;
- Be discerning health care purchasers;
- Take personal responsibility for their health care decisions;
- Develop cost-conscious behaviors as consumers of health care services; and,
- Engage in healthy behaviors.

To promote use of high value health services, the State will not apply copayments for preventive health care services, immunizations provided according to a schedule established by DPHHS that reflects guidelines issued by the Centers for Disease Control and Prevention, medically necessary health screenings, or any other services for which federal law bars copayments.

3) Describe the hypotheses that will be tested/evaluated during the Demonstration's approval period and the plan by which the State will use to test them (if additional space is needed, please supplement your answer with a Word attachment)

Figure 1: Demonstration Hypotheses

Evaluation Question	Hypothesis	Waiver Component Being Addressed	Data Source
What are the effects of applying premiums for newly eligible adults enrolled through the TPA?	Premiums will not pose a barrier to eligible participants enrolling in Medicaid.	Premiums for participants with incomes from 0-138 percent FPL.  Comparability of premiums.	Enrollment data.
What are the effects of disenrollment for failure to pay premiums for participants with incomes above 100 percent FPL?	The disenrollment penalty will encourage consistent premium payment experience, and will result in continuity of care.	Waiver of reasonable promptness to permit disenrollment of participants who fail to pay premiums.	Disenrollment and re-enrollment data.

Evaluation Question	Hypothesis	Waiver Component Being Addressed	Data Source
What are the effects of contracting with a TPA to administer benefits for most HELP Program participants?	HELP Program participants who receive coverage through the TPA will have appropriate access to care and will have equal or greater provider access than they would otherwise have absent the TPA.	Freedom of choice.	Medicaid claims and TPA claims data.  TPA participant and provider surveys.  Medical Expenditure Panel Survey from AHRQ (MEPS).

4) Describe where the Demonstration will operate, i.e., statewide, or in specific regions within the State. If the Demonstration will not operate statewide, please indicate the geographic areas/regions of the State where the Demonstration will operate (if additional space is needed, please supplement your answer with a Word attachment)

The Demonstration will operate statewide.

5) Include the proposed timeframe for the Demonstration (if additional space is needed, please supplement your answer with a Word attachment)

The State seeks approval for a Demonstration effective date of January 1, 2016 through December 31, 2020, pending reauthorization of the HELP Program beyond June 30, 2019 by the State Legislature. If the HELP Program is not reauthorized, Montana will terminate the waiver.

6) Describe whether the Demonstration will affect and/or modify other components of the State's current Medicaid and CHIP programs outside of eligibility, benefits, cost sharing or delivery systems (if additional space is needed, please supplement your answer with a Word attachment).

No. The Demonstration will not modify the State's current Medicaid and CHIP programs outside of eligibility, benefits, cost sharing, or delivery systems.

## Section II. Demonstration Eligibility

1) Include a chart identifying any populations whose eligibility will be affected by the Demonstration (an example is provided below; note that populations whose eligibility is not proposed to be changed by the Demonstration do not

need to be included). Please refer to Medicaid Eligibility Groups: <a href="http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/Downloads/List-of-Eligibility-Groups.pdf">http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/Downloads/List-of-Eligibility-Groups.pdf</a> when describing Medicaid State plan populations, and for an expansion eligibility group, please provide the state name for the groups that is sufficiently descriptive to explain the groups to the public.

The Demonstration will affect the new adults eligible for the HELP Program as described in the chart below.

**Figure 2: Expansion Populations** 

#### **Expansion Populations**

Eligibility Group Name	Social Security Act and CFR Citations		Income Level
HELP Program New Adults	Social Security Act §	•	Childless adults: 0-
	1396(a)(10)(A)(i)(VIII)		138 percent of the
	42 C.F.R. § 435.119		FPL
		-	Parents: 50-138
			percent FPL

Describe the standards and methodologies the state will use to determine eligibility for any populations whose eligibility is changed under the Demonstration, to the extent those standards or methodologies differ from the State plan (if additional space is needed, please supplement your answer with a Word attachment)

When determining whether an individual is eligible for the HELP Program, Montana will apply the same eligibility standards and methodologies as those articulated in the State Plan.

Specify any enrollment limits that apply for expansion populations under the Demonstration (if additional space is needed, please supplement your answer with a Word attachment)

There are no enrollment caps in the Demonstration. To be eligible to participate in the Demonstration, an individual must be: (1) a childless adult between 19 and 64 years of age, with an income at or below 138 percent of the FPL or a parent between 19 and 65 years of age, with an income between 50-138 percent of the FPL; (2) not enrolled in Medicare; (3) a United States citizen or a documented, qualified alien; and, (4) a resident of Montana. However, individuals who have exceptional health care needs, including but not limited to a medical or mental health or developmental condition, live in a region, including an Indian reservation, where the TPA is unable to contract with sufficient providers, or require continuity of coverage that is not available or could not be effectively delivered through the TPA, or are otherwise exempt under federal law (including American Indians), are not eligible for this Demonstration, and will instead be served through the State's current Medicaid program.

4) Provide the projected number of individuals who would be eligible for the Demonstration, and indicate if the projections are based on current state programs (i.e., Medicaid State plan, or populations covered using other waiver authority, such as 1915(c)). If applicable, please specify the size of the populations currently served in those programs (if additional space is needed, please supplement your answer with a Word attachment)

The state estimates over 70,000 individuals will be eligible for the Demonstration.

To the extent that long term services and supports are furnished (either in institutions or the community), describe how the Demonstration will address post-eligibility treatment of income, if applicable. In addition, indicate whether the Demonstration will utilize spousal impoverishment rules under section 1924, or will utilize regular post-eligibility rules under 42 CFR 435.726 (SSI State and section 1634) or under 42 CFR 435.735 (209b State) (if additional space is needed, please supplement your answer with a Word attachment).

The State will have two Alternative Benefit Plan (ABP) State Plan Amendments reflecting the following: (1) an ABP administered by the TPA which will not include long term care services; and (2) an ABP administered outside of the TPA (for individuals who are TPA exempt) that will include long term care services; the same post eligibility treatment of income and spousal impoverishment rules, as outlined in the Medicaid State Plan, shall apply.

Describe any changes in eligibility procedures the state will use for populations under the Demonstration, including any eligibility simplifications that require 1115 authority (such as continuous eligibility or express lane eligibility for adults or express lane eligibility for children after 2013) (if additional space is needed, please supplement your answer with a Word attachment).

To further advance State goals with regard to minimizing churning and promoting continuity of coverage and access to care, Montana is seeking 1115 Waiver approval to implement twelve month continuous eligibility for all MAGI determined adults.

7) If applicable, describe any eligibility changes that the state is seeking to undertake for the purposes of transitioning Medicaid or CHIP eligibility standards to the methodologies or standards applicable in 2014 (such as financial methodologies for determining eligibility based on modified adjusted gross income), or in light of other changes in 2014 (if additional space is needed, please supplement your answer with a Word attachment).

N/A

## **Section III.** Demonstration Benefits and Cost Sharing Requirements

<ol> <li>Indicate whethe those provided under the</li> </ol>	-	ovided under the Demonstration differ from /or CHIP State plan:	
Yes	<u>X</u> No (if	no, please skip questions 3 – 7)	
-	2) Indicate whether the cost sharing requirements under the Demonstration differ from those provided under the Medicaid and/or CHIP State plan:		
<u>X</u> Yes	No (if	no, please skip questions 8 – 11)	
eligibility groups affect	ed by the Demon	ferent benefit packages will apply to different stration, please include a chart specifying the up will receive under the Demonstration (an	
	Benefit Pac	kage Chart	
Eligibility Group Benefit Package			
4) If electing bench which standard is being	-	coverage for a population, please indicate	
	Federal Employ	ees Health Benefit Package	
	State Employee	Coverage	
	Commercial He	alth Maintenance Organization	
	Secretary Appro	oved	
	required benefit	to receive coverage through the ABP and the package. The Montana ABP State Plan y-approved ABP.	

5) In addition to the Benefit Specifications and Qualifications form: <a href="http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/Downloads/Interim1115-Benefit-Specifications-and-Provider-Qualifications.pdf">http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/Downloads/Interim1115-Benefit-Specifications-and-Provider-Qualifications.pdf</a>, please complete the following chart if the Demonstration will

provide benefits that differ from the Medicaid or CHIP State plan, (an example is provided).

Figure 4: Benefit Chart

## **Benefit Chart**

Benefit Chart					
Benefit	Description of Amount, Durati	on and Scope	Reference		
			·		
	_	_			
- <b>6</b> 1:	Benefits Not Provid				
Benefit	Description of Amount, Durati	on and Scope	Reference		
6) Ind	licate whether Long Term Services and	d Supports will k	oe provided.		
·	_		•		
(if ye	s, please check the services that are be	eing offered)	X No		
	, please complete the: http://medicai				
	n/By-Topics/Waivers/1115/Download				
	w.medicaid.gov/Medicaid-CHIP-Progr				
	ivers/1115/Downloads/Long-Term-Seualifications.pdf.	rvices-Benefit-S	pecifications-and-		
Provider-Q	ualifications.pur.				
	Homemaker	Home I	Health Aide		
	Case Management	Person	al Care Services		
	Adult Day Health Services		ation – Residential		
		Habilita	ation		
	Habilitation – Supported				
	Employment				
	Habilitation – Day Habilitation	☐ Habilita	ation – Pre-Vocational		
Γ	Habilitation – Other Habilitative	☐ Habilita	ation – Education (non-		
_	_	IDEA Se	•		
Γ	Respite	☐ Dav Tre	eatment (mental health		
	¬	service	•		
Г	Dayshasasial Bahahilitatian	_	•		
L	Psychosocial Rehabilitation	Clinic S	ervices		

		Environmental Modifications (Home Accessibility Adaptations)	Ш	Vehicle Modifications
		Non-Medical Transportation		Special Medical Equipment (minor assistive devices)
		Home Delivered Meals Personal		Assistive Technology
		Emergency Response		Nursing Services
		Community Transition Services		Adult Foster Care
		Day Supports (non-habilitative)		Supported Employment
		Supported Living Arrangements		Private Duty Nursing
		Assisted Living		Adult Companion Services
		Supports for Consumer Direction/Pa Services	rticip	ant Directed Goods and
		Other (please describe)		
7) availal		te whether premium assistance for earling the Demonstration.  Yes (if yes, please address the question)	•	
	a)	Describe whether the state currently program and under which authorise modifying its existing program or crospace is needed, please supplement attachment).	ty, an eatin	d whether the state is g a new program (if additional
assistance pro	gram u	derally approved voluntary employer solution and all state Plan. Montana intends ne newly eligible adults to the volunta	to an	nend the State Plan
	b)	Include the minimum employer conspace is needed, please supplement attachment).		· ·
	N/A			
	c)	Describe whether the Demonstration and cost-sharing (if additional space answer with a Word attachment).		

N/A

d) Indicate how the cost-effectiveness test will be met (if additional space is needed, please supplement your answer with a Word attachment).

N/A

8) If different from the State plan, provide the premium amounts by eligibility group and income level (if additional space is needed, please supplement your answer with a Word attachment).

The State will impose monthly premiums equal to 2 percent of household income for all new adults with incomes below 138 percent of the FPL whose coverage is administered through the TPA.

9) Include a table if the Demonstration will require copayments, coinsurance and/or deductibles that differ from the Medicaid State plan (an example is provided):

HELP Program participants whose coverage is administered through the TPA will be required to pay copayments. DPHHS will adopt through a State Plan Amendment a copayment schedule that reflects the maximum allowable copayment amounts under federal law for all individuals with incomes below 138 percent of the FPL. Providers will collect applicable copayments at the point of care. Total premium contributions and copayments will be capped at 5 percent of quarterly income.

Figure 5: Copayment Chart

#### **Copayment Chart**

Eligibility Group	Benefit	Copayment Amount

If the state is proposing to impose cost sharing in the nature of deductions, copayments or similar charges beyond what is permitted under the law, the state should also address in its application, in accordance with section 1916(f) of the Act, that its waiver request:

- a) will test a unique and previously untested use of copayments;
- b) is limited to a period of not more than two years;
- c) will provide benefits to recipients of medical assistance which can reasonably be expected to be equivalent to the risks to the recipients;
- d) is based on a reasonable hypothesis which the demonstration is designed to test in a methodologically sound manner, including the use of control groups of similar recipients of medical assistance in the area; and

e) is voluntary, or makes provision for assumption of liability for preventable damage to the health of recipients of medical assistance resulting from involuntary participation.

N/A

10) Indicate if there are any exemptions from the proposed cost sharing (if additional space is needed, please supplement your answer with a Word attachment).

The State will not apply copayments for: preventive health care services; immunizations provided according to a schedule established by the DPHHS that reflects guidelines issued by the Centers for Disease Control and Prevention; medically necessary health screenings ordered by a health care provider, or, any other services that are legally exempt. Additionally, all individuals who are statutorily required to be exempt from cost sharing will be exempt from cost sharing under the Demonstration, including pregnant women.

## Section IV. Delivery System and Payment Rates for Services

1)	Indicate whether the delivery system used to provide benefits to
	Demonstration participants will differ from the Medicaid and/or CHIP State
	plan:

<u>X</u>	Yes
	No (if no, please skip questions 2-7 and the applicable payment rate questions)

Describe the delivery system reforms that will occur as a result of the Demonstration, and if applicable, how they will support the broader goals for improving quality and value in the health care system. Specifically, include information on the proposed Demonstration's expected impact on quality, access, cost of care and potential to improve the health status of the populations covered by the Demonstration. Also include information on which populations and geographic areas will be affected by the reforms (if additional space is needed, please supplement your answer with a Word attachment).

As noted above, Montana's goal in using the TPA model is to leverage an existing commercial insurer to administer efficient and cost-effective coverage for new Medicaid adults, allowing rapid implementation of and adequate provider network capacity for the HELP Program. This approach will also support continuity and integration of Montana's Medicaid Program and the commercial insurer market in the State to reduce churning and related coverage gaps and discontinuities in the insurance plans and provider networks available to consumers. By minimizing churning, the State expects to improve efficiency and quality of health care for low-income Montanans. Through implementation of cost-sharing requirements for most participants, the Demonstration will promote use of high value health services and encourage personal responsibility and informed purchasing of health care services.

3)		te the delivery system that will be used in the Demonstration by ing one or more of the following boxes:		
		Managed care		
		Managed Care Organization (MCO),		
		Prepaid Inpatient Health Plans (PIHP)		
		Prepaid Ambulatory Health Plans (PAHP)		
		Fee-for-service (including Integrated Care Models)		
		Primary Care Case Management (PCCM)		
		Health Homes		
	<u>X</u>	Other (please describe)		

Montana will contract with a TPA to administer the delivery of and payment for healthcare services provided to new adults. The TPA will be responsible for administering services and functions in compliance with State and federal Medicaid requirements including, but not limited to, establishing networks of healthcare providers, reimbursing providers on behalf of the State, collecting participant premiums, and additional administrative functions such as preparing all necessary reports for the DPHHS. The TPA contract approval date will be on or about October 1, 2015.

4) If multiple delivery systems will be used, please include a table that depicts the delivery system that will be utilized in the Demonstration for each eligibility group that participates in the Demonstration (an example is provided). Please also include the appropriate authority if the Demonstration will use a delivery system (or is currently seeking one) that is currently authorized under the State plan, section 1915(a) option, section 1915(b) or section 1932 option:

**Figure 6: Delivery System Chart** 

#### **Delivery System Chart**

Eligibility Group	<b>Delivery System</b>	Authority
HELP Program New Adults	TPA administered fee-for-	1115 Waiver
	service program	
HELP Program New Adults who	DPHHS administered fee-	State Plan Amendment
are exempt from enrollment in	for-service program	
the TPA		

5)	If the	e Demonstration will utilize a managed care delivery system:	
	f)	Indicate whether enrollment be voluntary or mandatory. If mandatory, is the state proposing to exempt and/or exclude populations (if additional space is needed, please supplement your answer with a Word attachment)?	
	g)	Indicate whether managed care will be statewide, or will operate in specific areas of the state (if additional space is needed, please supplement your answer with a Word attachment);	
	h)	Indicate whether there will be a phased-in rollout of managed care (if managed care is not currently in operation or in specific geographic areas of the state. If additional space is needed, please supplement your answer with a Word attachment);	
	i)	Describe how will the state assure choice of MCOs, access to care and provider network adequacy (if additional space is needed, please supplement your answer with a Word attachment); and	
	j)	Describe how the managed care providers will be selected/procured (if additional space is needed, please supplement your answer with a Word attachment).	
N/A			
6)	Indicate whether any services will not be included under the proposed delivery system and the rationale for the exclusion (if additional space is needed, please supplement your answer with a Word attachment).		
N/A			
7)	If the Demonstration will provide personal care and/or long term services and supports, please indicate whether self-direction opportunities are available under the Demonstration. If yes, please describe the opportunities that will be available, and also provide additional information with respect to the personcentered services in the Demonstration and any financial management services that will be provided under the Demonstration (if additional space is needed, please supplement your answer with a Word attachment).		

8) If fee-for-service payment will be made for any services, specify any deviation from State plan provider payment rates. If the services are not otherwise

<u>X</u> No

Yes

covered under the State plan, please specify the rate methodology (if additional space is needed, please supplement your answer with a Word attachment).

DPHHS is in the process of competitively procuring TPA services to ensure the best value for the Medicaid program. In their proposals TPA bidders acknowledge the State's goal, articulated in the TPA Request for Proposals (RFP), of ensuring cost effectiveness, efficiency and value for the HELP Program. Each of the four bidders that responded to the RFP propose to utilize provider reimbursement rates that are comparable to State Medicaid rates, as demonstrated by sample fee schedules that are consistent with Medicaid rates. Once DPHHS has selected a TPA, it will finalize rates during the contract negotiation process. DPHHS anticipates awarding the TPA contract on or about October 1, 2015.

9) If payment is being made through managed care entities on a capitated basis, specify the methodology for setting capitation rates, and any deviations from the payment and contracting requirements under 42 CFR Part 438 (if additional space is needed, please supplement your answer with a Word attachment).

N/A

10) If quality-based supplemental payments are being made to any providers or class of providers, please describe the methodologies, including the quality markers that will be measured and the data that will be collected (if additional space is needed, please supplement your answer with a Word attachment).

N/A

## Section V. Implementation of Demonstration

1) Describe the implementation schedule. If implementation is a phase-in approach, please specify the phases, including starting and completion dates by major component/milestone (if additional space is needed, please supplement your answer with a Word attachment).

Under the State's targeted timeline, applications for the expansion population will begin on November 1, 2015 for coverage effective January 1, 2016, assuming timely federal approval of the HELP Program Section 1115 Waiver. A proposed implementation timeframe is included below:

**Figure 7: Implementation Timeframe** 

Milestone	Timeframe
Issue public notice of waiver	July 5, 2015
Accept comments on waiver	July 7, 2015 - September 7, 2015
Conduct tribal consultation	August 19, 2015
Submit waiver application to CMS	September 15, 2015
Receive waiver approval	By November 1, 2015
Launch Medicaid enrollment through the FFM	November 1, 2015
Medicaid expansion coverage becomes effective	January 1, 2016

2) Describe how potential Demonstration participants will be notified/enrolled into the Demonstration (if additional space is needed, please supplement your answer with a Word attachment).

#### **Notices**

Upon Medicaid eligibility determination, HELP Program participants will receive a notice from DPHHS advising them of the following:

- Medicaid eligibility determination. The notice will include the basis of the eligibility
  determination, effective date of eligibility, information on copayments and premiums, a
  review of covered services, information regarding procedures for reporting a change in
  circumstances and website access to a participant handbook and participant
  newsletters.
- Appeals. The notice will also include information regarding the Medicaid appeals process as required under federal law.
- TPA. The notice will include information regarding TPA services and provider networks.

#### **Enrollment**

Assuming timely federal approval of necessary waivers, individuals eligible for enrollment under the HELP Program will begin to enroll during the open enrollment period starting November 1, 2015 for coverage effective January 1, 2016, through the following process:

- Individuals will submit the single streamlined application for Insurance Affordability Programs—Medicaid, CHIP, Advance Premium Tax Credits/Cost Sharing Reductions—via phone, online, by mail, or in-person.
- An eligibility determination will be made through the Federally Facilitated Marketplace or the DPHHS.
- Once individuals have been determined eligible for coverage under Title XIX, they will enter the State's eligibility and enrollment system.
- The DPHHS will transfer file information to the TPA of individuals who are determined eligible to receive coverage through the TPA.
- The TPA will send out a welcome packet and issue a card to those who are eligible.
  - 3) If applicable, describe how the state will contract with managed care organizations to provide Demonstration benefits, including whether the state needs to conduct a procurement action (if additional space is needed, please supplement your answer with a Word attachment).

N/A

## Section VI. Demonstration Financing and Budget Neutrality

Demonstration of budget neutrality is required only for continuous eligibility for newly all MAGI determined adults. This population will receive continued benefits within a twelve month eligibility period. Consistent with CMS guidance provided in a State Medicaid Director Letter on February 21, 2014, to reflect that the regular matching rate is applicable for a proportion of these demonstration expenditures, the State will make a downward adjustment of 2.6 percent in claimed expenditures at the enhanced federal matching rate.

All other requested waivers do not implicate federal expenditures.

#### Section VII. List of Proposed Waivers and Expenditure Authorities

**Figure 8: Proposed Waivers and Expenditure Authorities** 

Waiver Authority	Use of Waiver	Reason for Waiver Request
§ 1902(a)(17)	To waive Medicaid	This waiver authority will
	comparability requirements	enable the State to apply
	allowing different treatment	copayments and premiums to
	of newly eligible adults, such	new adults enrolled in
	as the application of	Medicaid coverage through

Waiver Authority	Use of Waiver	Reason for Waiver Request
	copayments and premiums on newly eligible adults enrolled in Medicaid through the TPA.	the TPA and to test the impact of copayments and premiums on access to care.
§ 1902(a)(14)	To impose monthly premiums that are equal to 2 percent of annual income on newly eligible adults enrolled through the TPA.	This waiver authority will enable the State to impose premiums on Demonstration populations that exceed statutory limitations and to test the impact of premiums on access to coverage.
§ 1902(a)(23)	To waive Medicaid freedom of choice requirements relative to the TPA.	This waiver authority will allow the State to require that certain HELP Program eligible participants receive coverage through the TPA.
§ 1902(a)(8)	To waive the reasonable promptness requirement and permit disenrollment of participant's with incomes above 100 percent of the FPL who fail to pay required premiums.	This waiver will enable Montana to disenroll certain participants who fail to pay required premiums for HELP Program participation.
§ 1902(e)(12)	To apply 12 month continuous eligibility to all MAGI determined adults.	This waiver will enable Montana to allow for 12 months continuous eligibility for all MAGI determined adults.

## **Section VIII. Public Notice**

1) Start and end dates of the state's public comment period (if additional space is needed, please supplement your answer with a Word attachment).

The State's comment period was July 5, 2015 through September 7, 2015.

2) Certification that the state provided public notice of the application, along with a link to the state's web site and a notice in the state's Administrative Record or newspaper of widest circulation 30 days prior to submitting the application

to CMS (if additional space is needed, please supplement your answer with a Word attachment).

Montana certifies that it provided public notice of the application on the State's Medicaid website (http://dphhs.mt.gov/medicaidexpansion) beginning on July 5, 2015. Montana also certifies that provided notice of the proposed Demonstration in the Bozeman Daily Chronicle, Missoulian and Great Falls Tribune, on July 5, 2015. Please see Appendix A for a copy of the public notice.

Certification that the state convened at least 2 public hearings, of which one hearing included teleconferencing and/or web capability, 20 days prior to submitting the application to CMS, including dates and a brief description of the hearings conducted (if additional space is needed, please supplement your answer with a Word attachment).

Montana certifies that it convened two public hearings at least twenty days prior to submitting the Demonstration application to CMS. Specifically, on August 18, 2015, 3:30 p.m., in the Billings Public Library, 510 North 28<sup>th</sup> Street, Billings, MT 59101 and on August 20, 2015, 1:00 p.m., in the Sanders Building Auditorium, 111 North Sanders Street, Helena, MT 59601.

3) Certification that the state used an electronic mailing list or similar mechanism to notify the public. (If not an electronic mailing list, please describe the mechanism that was used. If additional space is needed, please supplement your answer with a Word attachment).

Montana certifies that it used an electronic mailing list to provide notice of the proposed Demonstration to the public. Specifically, Montana provided notice through email lists of stakeholders, including payers, providers, and advocates, as well as legislators.

4) Comments received by the state during the 30-day public notice period (if additional space is needed, please supplement your answer with a Word attachment);

Please see attached Appendix B.

#### Section IX. Demonstration Administration

Please provide the contact information for the state's point of contact for the Demonstration application.

Name and Title: Mary E. Dalton, Montana State Medicaid Director

Telephone Number: (406) 444-4084 Email Address: mdalton@mt.gov

## MONTANA 1115 and 1915(b)(4) WAIVER APPLICATIONS

#### Appendix A

#### **Public Notice**

Public Notice. This public notice appeared in three daily newspapers on July 5, 2015, including the Billings Gazette, Missoulian and Great Falls Tribune.

The Montana Department of Public Health and Human Services (DPHHS) is providing public notice of its intent to: (1) submit to the Centers of Medicare and Medicaid Services (CMS), on or before September 15, 2015, written applications for an 1115 Waiver and 1915(b)(4) Feefor-Service (FFS) Selective Contracting Program Waiver to implement the Health and Economic Livelihood Partnership Program (HELP Program); and, (2) hold public hearings to receive comments on these waiver applications.

On April 29, 2015, Governor Steve Bullock signed into law Senate Bill 405, an Act establishing the Montana HELP Program to expand health coverage in Montana to an estimated 70,000 new adults with incomes up to 138 percent of the Federal Poverty Level (FPL). The proposed 1115 Demonstration and 1915(b) Selective Contracting Waivers support implementation of the HELP Act by enabling Montana to implement two central features of its HELP Program: (1) use of a TPA/ASO arrangement to provide efficient and cost-effective coverage; and (2) consumer cost-sharing to encourage personal responsibility and cost-conscious behaviors.

Montana will contract with a Third Party Administrator/Administrative Services Organization (TPA/ASO) to administer the delivery of and payment for healthcare services for most new adults, with the exception of individuals who are exempt from TPA/ASO enrollment, such as medically frail and American Indian/Alaskan Native residents.

Montana will also require premiums and cost sharing for new adults with incomes below 138 percent of the FPL who are enrolled through the TPA/ASO. These individuals will be required to pay premiums equal to 2 percent of monthly income and maximum co-payment amounts allowed under federal law. In accordance with federal law, premiums and copayments combined may not exceed 5 percent of family income. Any individual who fails to pay required premiums will incur a debt to the state. Additionally, individuals with incomes above 100% FPL who fail to pay premiums will be dis-enrolled from coverage until they pay overdue premiums or until the Department of Revenue assess the premium debt against their income taxes. Individuals who engage in approved healthy behaviors will be exempt from such disenrollment.

The State will request the following waivers in the 1115 Demonstration Waiver:

- § 1902(a)(17): To waive Medicaid comparability requirements allowing different treatment of newly eligible adults, such as the application of co-payments and premiums on newly eligible adults enrolled in Medicaid through the TPA/ASO;
- § 1902(a)(14): To impose monthly premiums that are equal to 2 percent of income on newly eligible adults enrolled through the TPA;
- § 1902(a)(23): To waive Medicaid freedom of choice requirements relative to the TPA; and
- § 1902(a)(8): To waive the reasonable promptness requirement and permit disenrollment of people incomes above 100% of the federal poverty level who fail to pay required premiums.

Montana intends to submit a 1915(b)(4) FFS Selective Contracting Program Waiver to allow the State to selectively contract the TPA/ASO provider network to serve HELP Program participants.

The Demonstration will further the objectives of Title XIX by expanding Medicaid coverage — increasing the number of Medicaid enrolled individuals in the State by more than half—and ensuring quality, affordable access to coverage for low-income Montana residents. The Demonstration will also promote continuity of and access to providers by leveraging the efficiencies and expertise of the private market.

The Demonstration will be statewide and will operate during calendar years 2016, 2017, 2018, and 2019. The State anticipates that approximately 45,000-70,000 individuals will be eligible for the Demonstration.

The Demonstration will test hypotheses related to provider access, use of high value health care, and consumer engagement in healthy behavior.

Two public meetings will be held regarding the waiver:

- 1) Webinar hosted on August 18, 2015, 3:30 p.m. to 5:30 p.m., in the Billings Public Library, 510 North 28th Street, Billings, MT 59101; and
- 2) Webinar hosted on August 20, 2015, 1:00 p.m. to 3:00 p.m., in the Sanders Building Auditorium, 111 North Sanders Street, Helena, MT 59601.

To join one or both of the presentations, complete the required registration application at <a href="http://www.dphhs.mt.gov/medicaidexpansion">http://www.dphhs.mt.gov/medicaidexpansion</a>. If special accommodations are needed, contact 406-444-4455.

Public comments may be submitted until midnight on September 7, 2015. Comments may be submitted by e-mail to <a href="mailto:jothompson@mt.gov">jothompson@mt.gov</a> or by regular mail to: The Department of Public Health and Human Services, Attn: Jo Thompson, PO Box 202951, Helena, MT 59620-2951.

The complete version of the current draft of the Demonstration application will be available for public review beginning on July 7, 2015 at <a href="http://dphhs.mt.gov/medicaidexpansion">http://dphhs.mt.gov/medicaidexpansion</a>.

#### MONTANA 1115 and 1915(b)(4) WAIVER APPLICATIONS

#### Appendix B

#### **Public Comments and Responses**

#### **Overview**

The State of Montana posted for public comment its 1115 and 1915(b)(4) Waiver applications to expand its Medicaid program on July 7, 2015. During the 60 day public comment period ending September 7, 2015, the State received 189 written comments. The overwhelming majority of comments – 184 in total – were in support of the State's plan to expand Medicaid to an estimated 70,000 Montana residents through implementation of the Health and Economic Livelihood Partnership (HELP) Program. The State also received comments during in-person public meetings on August 18<sup>th</sup> in Billings and August 20<sup>th</sup> in Helena. These meetings were accessible to the public via WebEx, teleconference, and in-person, and were well attended by 224 individuals. Consistent with the commentary received in writing, the vast majority of comments provided by attendees of these sessions were in support of the State's Waiver applications. Among the organizations and individuals providing these comments were advocacy organizations, health care providers, trade associations, and Montana residents.

Commenters expressed their near unilateral support of the State's approach to Medicaid expansion as a mechanism for providing affordable and quality health care coverage, improving access to preventive care, and eliminating the coverage gap for low-income Montana residents who currently earn too much to be eligible for Medicaid and too little to be eligible for tax subsidies through the Marketplace. Commenters cited the potential economic benefits of Medicaid expansion including a reduction in uncompensated care costs, State budget savings related to programs for the uninusured, financial stability for struggling providers, reduction in Corrections costs, lower number of personal bankruptcy filings due to debt related to catastrophic health events, and the opportunity to create a healthier and therefore more productive workforce. Finally, commenters called on DPHHS and CMS leadership to quickly negotiate and approve the Waivers to ensure coverage would be available to Montanans by January 1, 2016.

#### **Premiums and Co-payments**

**Comment:** Several commenters expressed support for premiums and co-payments. These commenters believe that requiring Medicaid beneficiaries to pay premiums and co-payments promotes personal responsibility and is consistent with other subsidized programs such as the Section 8 Housing Voucher program.

**Response**: We thank the commenters for supporting the State's plan. The State's goal in implementing premium and co-payments is to help Medicaid beneficiaries better understand the value of health coverage, develop cost-conscious behaviors, and become responsible consumers of health care services.

**Comment:** Several commenters expressed concerns that imposing co-payments will discourage individuals from receiving appropriate care. These commenters noted that even low levels of co-payments can act as a barrier to care for low-income beneficiaries. One commenter sought confirmation that the State will not apply co-payments to family planning services. One commenter requested that monthly co-payments do not exceed 3 percent of income. One commenter expressed concern that individuals with income below 100 percent of the federal poverty level will be turned away from care for failure to pay their co-payment.

**Response**: The State will ensure that premiums and co-payments combined are no higher than 5 percent of a household's quarterly income, as required by federal law. Finally, the State will not apply co-payments for preventive health care services, family planning services, immunizations, medically necessary health screenings, or any other services for which federal law bars co-payments. Consistent with federal requirements, individuals with incomes below 100 percent of the FPL may not be denied services for failure to pay co-payments.

**Comment:** Several commenters requested the State eliminate from the 1115 Waiver the plan to require monthly premiums of 2 percent of household income. These commenters specifically expressed concerns with the proposal to dis-enroll certain individuals from Medicaid for failure to pay premiums. One commenter requested the State add a process through which eligible individuals may obtain a hardship exemption from the premium payment requirement. One commenter requested that monthly premiums be calculated based on the beneficiary's previous month's income instead of the projected annual household income. One commenter requested the State not apply the "lock-out period" for individuals who fail to pay premiums.

**Response:** The State has made all efforts to ensure individuals' access to coverage will not be significantly impacted for failure to pay monthly premiums. In accordance with federal law, premiums and co-payments combined may not exceed 5 percent of family's household income. Participants with incomes below 100 percent of the FPL who fail to pay premiums will remain enrolled in coverage. Individuals with income above 100 percent of the FPL who fail to pay premiums for a period of three months will be dis-enrolled from coverage and will be able to re-enroll in coverage upon payment of premiums or upon an assessment by the Department of Revenue of the premium debt against their income taxes. The State is developing operational protocols for calculating and tracking monthly premiums. The State does not intend to authorize a hardship exemption.

#### **Benefits**

**Comment:** One commenter requested that Medicaid expansion cover substance use treatment and recovery based services.

**Response**: Newly eligible adults under Medicaid expansion will receive benefits through the Alternative Benefit Plan (ABP). Federal law requires the ABP to cover the ten essential health benefits (EHBs) which include substance abuse services. Additionally, the substance use and mental health benefits covered under the ABP must meet mental health and substance use parity requirements under the Mental Health Parity and Addiction Equity Act.<sup>2</sup> Services and benefits covered under the ABP will be memorialized in Montana's ABP Plan State Plan Amendment. The State will issue a public notice to provide an opportunity for public comment on the State Plan Amendment, consistent with federal requirements.

**Comment:** One commenter sought confirmation that family planning services are included in the benefit package offered to the newly eligible adults under Medicaid expansion.

**Response:** Federal law requires the ABP to cover the ten essential EHBs, which include family planning services.

#### Third Party Administrator

**Comment:** Several commenters expressed support for the proposal to administer delivery of and payment for health care services to newly eligible adults through a Third Party Administrator (TPA). Several commenters described the TPA model as one that has already proven successful in the Healthy Montana Kids Program and described the TPA as necessary to ensure access to services in a sparsely populated state with large distances between health care providers. One commenter requested both CMS and the State provide regulatory oversight over the TPA to ensure it complies with the law and serves Medicaid beneficiaries. To ensure access to women's health care providers, one commenter requested the TPA reimburse providers at a rate that equals their highest contracted provider reimbursement rate or a rate that matches the actual costs of care, whichever is greater. The State did not receive any comments in opposition to the State's proposal to administer delivery of and payment for health care services through a TPA.

Response: We thank the commenters for their support of the use of a TPA. Montana's goal in using the TPA model is to leverage an existing commercial insurer to administer efficient and cost-effective coverage for new Medicaid adults, allowing rapid implementation of and adequate provider network capacity for the HELP Program. The State will provide oversight of the TPA and monitor its compliance with federal and state law and the 1115 and 1915(b)(4) Waivers' Special Terms and Conditions. The State will enter into a contract with the selected TPA that will outline its roles, responsibilities and legal obligations; the State's contract with the TPA will be subject to CMS's review. The State will ensure the TPA's rates are both comparable to current Medicaid rates and enable a robust provider network that is sufficient for HELP Program beneficiaries to access care in a timely manner. The State will regularly monitor and evaluate the TPA to ensure compliance with this requirement.

The Paul Wellstone and Pete F

<sup>&</sup>lt;sup>2</sup> The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act, PL 110–343 (2008).

**Comment:** One commenter requested clarification on the State's process for determining whether individuals will be exempt from enrollment through the TPA if they meet the definition of having "exceptional health care needs."

**Response:** Individuals who meet the federal definition of "medically frail" will be deemed as having exceptional health care needs and be exempt from enrollment through the TPA. The State intends to rely on applicants' responses to key questions that indicate medical frailty on the application for health insurance. If the answers to those questions indicate the individual is medically frail, the State will enroll them in an ABP outside of the TPA. Beneficiaries may also request an exemption from enrollment through the TPA if they believe they have become medically frail at any point during the coverage year.

**Comment:** One commenter requested the State maintain freedom of choice of family planning providers.

**Response:** The State is not seeking to waive the provision of freedom of choice of family planning providers.

## **Pregnant Women**

**Comment:** One commenter sought clarification on coverage for pregnant women. The commenter requested confirmation that pregnant women will not be subject to co-payments or premiums. The commenter also sought confirmation that the State will follow federal guidance that allows a woman who becomes pregnant during her coverage year to either remain in the ABP or transition to Standard Medicaid.

**Response:** Pursuant to federal law, pregnant women will not be subject to co-payments and premiums. If a woman becomes pregnant during her coverage year and notifies either the TPA or the Department of her pregnancy she will be given the choice to maintain her coverage in the ABP or enroll in Standard Medicaid.

#### 12 Months Continuous Eligibility

**Comment**: The State received several comments in support of the 1115 Waiver request to provide 12 months continuous eligibility for all Medicaid eligible adults . A few commenters expressed concern that the State may not request approval for 12 month continuous eligibility without express statutory authorization.

**Response:** We thank the commenters for underscoring the importance of 12 month continuous eligibility. Guaranteeing coverage for a full coverage year ensures that all MAGI determined adults can receive appropriate preventive and primary care and on-going treatment for any health issues. In addition, the elimination of the churn cycle of moving on and off coverage helps to mitigate administrative waste. The State has broad waiver authority

under Tile 53, Chapter 2 of Montana Code Annotated to structure Medicaid funded programs for more "effective and efficient delivery." 53-2-215 (4), MCA.

#### Statutory Provisions Not Included In the Waivers

**Comments:** A few commenters expressed both support and opposition for statutory provisions that were authorized by the State Statute but not included in the Waivers such as establishing workforce development opportunities for Montana residents and assessing a taxpayer fee for HELP Program participants with assets that exceed statutory limits. One commenter expressed concern that these statutory provisions were not included in the Waivers. Finally, one commenter thanked the State for not seeking to waive non-emergency transportation or three months retroactive eligibility.

**Response:** The State did not include certain provisions authorized in the State Statute, such as workforce development opportunities and the taxpayer integrity fee, in its 1115 and 1915(b)(4) Waivers because implementation of these provisions of the State law do not require Waiver approval from CMS.