

those who qualify for Medicaid long-term services and supports, both in the community and in nursing facilities.

Once approved and implemented, some populations currently excluded from managed care under HealthChoices will be covered by CHC as it is phased in across the Commonwealth. Behavioral Health services under CHC will be provided through the BH-PIHPs authorized through the PA 67 Waiver as these services will also be “carved-out” of CHC.

Those beneficiaries age 21 and older in HealthChoices’ PH-MCOs who are enrolled in Medicare part A or B or who are enrolled in HCBS Waivers through the Office of Long-term Living will be transitioned from HealthChoices into CHC as this program becomes available in their HealthChoices Zone. These changes are reflected throughout the Waiver renewal application.

The Medicaid Eligibility Groups (MEGs) included under Section D-Cost Effectiveness, are consolidated into three MEGs: “SSI/HH and Other Disabled,” “TANF/MAGI” and “Newly Eligible, Ages 19-64.” The latter, “Newly Eligible, Ages 19-64” combines the member months and costs of the “Newly Eligible 19-20 year olds” MEG and the “Newly Eligible Adults, Age 21-64” MEG from the PA 67 2015-2016 Waiver. Additional details related to the MEG development and reporting are included under Section D.

**Type of request.** This is an:

initial request for a new waiver. All sections are filled.

amendment for existing waiver, which modifies Section/Part   A  

Replacement pages are attached for specific Section/Part being amended (note: the state may, at its discretion, submit two versions of the replacement pages: one with changes to the old language highlighted (to assist CMS review), and one version with changes made, i.e. not highlighted, to actually go into the permanent copy of the waiver).

Document is replaced in full, with changes highlighted.

renewal request **PH-MCO, BH-PIHP, FFS Selective contracting (Specialty Pharmacy Drug Program)**

This is the first time the State is using this waiver format to renew an existing waiver. The full preprint (i.e. Sections A through D) is filled out.

The State has used this waiver format for its previous waiver period. Sections C and D are filled out.

Section A is  replaced in full

carried over from previous waiver period. The State:

assures that there are no changes in the Program Description from the previous waiver period.

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assures the same Program Description from the previous waiver period will be used, with the exception of changes noted in attached replacement pages.

Section B is  replaced in full

carried over from previous waiver period. The State:  assures that there are no changes in the Monitoring Plan from the previous waiver period.

assures the same Monitoring Plan from the previous waiver period will be used, with the exception of changes noted in attached replacement pages.

**Effective dates:** This waiver amendment is requested to be effective July 1, 2021, and ending December 31, 2021. (For beginning date for an initial or renewal request, please choose the first day of a calendar quarter, if possible, or if not, the first day of a month. For an amendment, please identify the implementation date as the beginning date and the end of the waiver period as the end date.)

**State Contact:** The State contact person for the **PH-MCO portion** of this waiver is **Eve Lickers** and can be reached by telephone at **(717) 772-6341** or fax at **(717) 772-6366**, or email at **elickers@pa.gov**. The contact person for the **FFS Selective Contracting (Specialty Pharmacy Drug Program)** portion of this waiver is **Terri Cathers** and can be reached by telephone at **(717) 346-8156**, or fax at (717) 346-8171, or e-mail at **c-tcathers@pa.gov**. The contact person for the **BH-PIHP portion** of this waiver is **Jamey Welty** and can be reached by telephone at **(717) 772-7763**, or fax at **(717) 772-7964**, or email at **jwelty@pa.gov**. (Please list for each program.)

## Section A: Program Description

### Part I: Program Overview

#### Tribal consultation

*For initial and renewal waiver requests, please describe the efforts the State has made to ensure Federally recognized tribes in the State are aware of and have had the opportunity to comment on this waiver proposal.*

**There are no federally recognized tribes in the Commonwealth of Pennsylvania.**

#### Program History

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(OLTL) Home and Community Based Services (HCBS) Waivers as appropriate. MA beneficiaries enrolled in OLTL HCBS Waivers now receive all previously received, AIDS Waiver services through FFS.

**ACCESS Plus/PA 42 Waiver Program History:**

The ACCESS Plus program was developed based upon the Commonwealth's experience with an earlier 1915(b) waiver program for primary care case management for MA beneficiaries under 21 years of age known as the Family Care Network and the current mandatory managed care program (HealthChoices).

**Implementation of ACCESS Plus and BH-PIHP Expansion**

During the calendar years 2005 and 2006, the Commonwealth implemented the PCCM program known as ACCESS Plus in the counties where HealthChoices did not operate. Additionally, the BH-PIHP component of the HealthChoices program was expanded in phases. MA beneficiaries residing in these counties received their physical health services through the ACCESS Plus program or a voluntary managed care program operating in that county and received behavioral health services through the BH-PIHP program. The Northeast Zone, comprised of a four county area, was implemented July 1, 2006. The North/Central State Option Zone implemented January 1, 2007, and is comprised of a 23 county area which is managed by a risk-bearing private sector BH-PIHP, in a direct contract with the Commonwealth. The counties in this zone did not exercise their right of first opportunity to manage the HealthChoices Behavioral Health Program (HC-BH). These 23 counties have now elected to exercise their right of first opportunity to administer the HealthChoices contract for the new **North Central Zone** commencing July 1, 2021. The Behavioral Health Alliance of Rural Pennsylvania, a 501c3, will be the primary contractor. The remainder of the state, known as the North/Central County Option Zone, is comprised of 15 counties and was implemented July 1, 2007.

**Move to Statewide HealthChoices Physical Health and the Ending of ACCESS Plus**

Effective July 1, 2012, seven of the 42 counties where HealthChoices physical health mandatory managed care did not operate were incorporated into existing HealthChoices zones: Bedford, Blair, Cambria and Somerset counties joined the existing HealthChoices Southwest Zone; and Franklin, Fulton and Huntingdon Counties joined the existing HealthChoices Lehigh-Capital Zone. The ACCESS Plus enhanced Primary Care Case Management (PCCM) and Disease Management (PAHP) programs, ceased operations in these seven counties effective June 30, 2012.

On October 1, 2012, HealthChoices physical health mandatory managed care was expanded into a new zone previously covered by the PA 42 Waiver Program, the HealthChoices PH New West Zone. The HealthChoices New West Zone includes: Cameron, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, McKean, Mercer, Potter, Venango and Warren counties. The ACCESS Plus enhanced Primary Care Case

- e.  **Fee-for-service (FFS) selective contracting:** A system under which the State contracts with specified providers who are willing to meet certain reimbursement, quality, and utilization standards. Reimbursement is:  
 the same as stipulated in the state plan  
 is different than stipulated in the state plan (please describe)

**The Department released a Request for Proposals (RFP) on February 24, 2014. Bidders propose payments rates and the Department negotiates specialty fees instead of following the payment methodology stipulated in the state plan. Also, no Fee-for-Service beneficiary co-payment will be deducted from the reimbursement as specialty drugs will be excluded from copayment.**

- f.  **Other:** (Please provide a brief narrative description of the model.)

2. **Procurement.** The State selected the contractor in the following manner. Please complete for each type of managed care entity utilized (e.g. procurement for MCO; procurement for PIHP, etc):

- Competitive** procurement process (e.g. Request for Proposal or Invitation for Bid that is formally advertised and targets a wide audience)

**PH-MCO –MCOs are chosen by a competitive procurement process for all zones. The Department is in the process of completing a statewide procurement. The Department is planning that the base term for each new agreement will end December 31, 2020 with two one year renewal options.**

**BH-PIHP – Sixty-six counties exercised their right of first opportunity. One county did not exercise the right of first opportunity (please see chart in Section A for a listing of the counties). For that county, the Department, through a competitive process, selected and directly contracted with a private sector BH-PIHP. The remaining 66 counties' BH-PIHP Agreements were procured in accordance with federal regulation 45 CFR § 92.36(a).**

**FFS Selective Contracting (Specialty Pharmacy Drug Program) – The Department released an RFP to selectively contract with two preferred providers to provide specialty pharmacy drugs. The program was originally implemented on January 12, 2009. The contract with both of the selected specialty pharmacies covered two years beginning on the implementation date of the program. The agreement provided for three**

Fayette Greene		Value Behavioral Health of PA
<i>Lehigh/Capital Zone Counties:</i>  Lehigh Northampton  York Adams  Berks  Cumberland, Dauphin, Lancaster, Lebanon, and Perry	All entities listed are PIHPs	Magellan Behavioral Health  Community Care Behavioral Health  Community Care Behavioral Health  Community Behavioral Healthcare Network of PA (CBHNP)/DBA PerformCare
<i>Northeast Zone Counties:</i> (Northeast Behavioral Health Care Consortium) Luzerne Lackawanna Susquehanna Wyoming	All entities listed are PIHPs	Community Care Behavioral Health (CCBH)
<i>North Central Zone Counties:</i> Bradford/Sullivan, Cameron/Elk, Centre, Clarion, Clearfield/Jefferson, Columbia/Montour/Snyder/Union, Forest/Warren, Huntingdon/Mifflin/Juniata, McKean, Northumberland, Potter, Schuylkill, Tioga, and Wayne Counties	All entities listed are PIHPs	Community Care Behavioral Health (CCBH)
<i>North/Central County Option Zone Counties:</i>	All entities listed are PIHPs	

- Capitated rates will be set following the requirements of 42 CFR 438.6(c) and will be submitted to the CMS Regional Office for approval.
  - Capitated 1915(b) (3) services will be set in an actuarially sound manner based only on approved 1915(b) (3) services and their administration subject to CMS RO prior approval.
  - The State will monitor, on a regular basis, the cost-effectiveness of the waiver (for example, the State may compare the PMPM Actual Waiver Cost from the CMS 64 to the approved Waiver Cost Projections). If changes are needed, the State will submit a prospective amendment modifying the Waiver Cost Projections.
  - The State will submit quarterly actual member month enrollment statistics by MEG in conjunction with the State's submitted CMS-64 forms.
- b. Name of Medicaid Financial Officer making these assurances:  
**Physical Health (PH) – Ms. Mara Perez**  
**Behavioral Health (BH) – Ms. Dawn Hamme**
- c. Telephone Number: **PH – 717-705-8121; BH – 717-705-8175**
- d. E-mail: **PH – maraperez@pa.gov; BH -- dhamme@pa.gov**

The State is choosing to report waiver expenditures based on  date of payment.

date of service within date of payment. The State understands the additional reporting requirements in the CMS-64 and has used the cost effectiveness spreadsheets designed specifically for reporting by date of service within day of payment. The State will submit an initial test upon the first renewal and then an initial and final test (for the preceding 4 years) upon the second renewal and thereafter.

**B. For Renewal Waivers only (not conversion)- Expedited or Comprehensive Test**—To provide information on the waiver program to determine whether the waiver will be subject to the Expedited or Comprehensive cost effectiveness test. *Note: All waivers, even those eligible for the Expedited test, are subject to further review at the discretion of CMS and OMB.*

- a.  The State provides additional services under 1915(b)(3) authority.
- b.  The State makes enhanced payments to contractors or providers.
- c.  For BH-PIHP services, the State uses a sole-source procurement process to procure State Plan services under this waiver.
- d.  Enrollees in this waiver receive services under another 1915(b) waiver program that includes additional waiver services under 1915(b)(3) authority; enhanced payments to contractors or providers; or sole-source procurement processes to procure State Plan services. *Note: do not mark*

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calculate utilization and cost separately, while other states calculate a single trend rate. The State must document the method used and how utilization and cost increases are not duplicative if they are calculated separately. **This adjustment must be mutually exclusive of programmatic/policy/pricing changes and CANNOT be taken twice. The State must document how it ensures there is no duplication with programmatic/policy/pricing changes.**

1. **X** [Required, if the State’s BY or R2 is more than 3 months prior to the beginning of P1] The State is using actual State cost increases to trend past data to the current time period (*i.e., trending from 1999 to present*) The actual trend rate used is: **8% per year**. Please document how that trend was calculated:

**The projected PA 67 Waiver trend is 8% per year for P1 (2017) through P5 (2021). These trend projections are based on information used to develop the actuarially sound rate ranges, historical trends, utilization, significant program changes and future expectations for the Physical Health and Behavioral Health HealthChoices programs. The trend projections in the cost effectiveness spreadsheets utilize data from the HealthChoices Southeast zone, Southwest zone, Lehigh Capital zone, New East zone and the New West zone. The trend from R2 to P1 (18 months of trend, July 1, 2016 to December 31 2017) is a blend of the historical costs through June 2016 and the projected costs for 2017.**

**Effective January 1, 2015 the PH MCO rates are on a Calendar Year basis. Trend is set in total, considering both unit cost inflation and utilization. Rising pharmacy costs, due in particular to new, expensive hepatitis C drugs, is one source of cost inflation.**

**BH-PIHP rates are on a calendar year basis for the BH Southeast and Southwest zones. For the other four BH zones (Lehigh/Capital, Northeast, North/Central State Option which will be named “North Central” effective July 1, 2021, and North/Central County Option) the rates were on a State Fiscal Year basis. Effective January 1, 2021, all BH MCO rates are on a Calendar Year basis.**

**The trend also reflects FFS fee increases which impact the FFS portion of the reported waiver costs. Dual Eligibles are not in HealthChoices PH portion of the waiver, but remain in the BH portion of the program. Thus FFS PH costs for the Dual Eligibles are reflected on the CMS 64 waiver report.**

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2. X [Required, to trend BY/R2 to P1 and P2 in the future] When cost increases are unknown and in the future, the State is using a predictive trend of either State historical cost increases or national or regional factors that are predictive of future costs (same requirement as capitated rate setting regulations) (*i.e., trending from present into the future*).

i. X State historical cost increases. Please indicate the years on which the rates are based: base years January 1, 2015 through June 30, 2016. In addition, please indicate the mathematical method used (multiple regression, linear regression, chi-square, least squares, exponential smoothing, etc.). Finally, please note and explain if the State’s cost increase calculation includes more factors than a price increase such as changes in technology, practice patterns, and/or units of service PMPM.

**The projected PA 67 Waiver trend is 8% per year. These trend projections are based on information used to develop the actuarially sound rate ranges and are consistent with historical trends, utilization, program changes, rate changes and future expectations for Physical Health, Behavioral Health, Fee-for-Service programs, new pharmaceuticals.**

**PH-MCO rates for the counties that make up HealthChoices Southeast, Southwest and Lehigh Capital Zones are based on a combination of audited financial data and MCO-reported encounter data for CY 2014.**

**For BH-PIHP, the 2017 through 2021 rates will be based on Calendar Year 2015 through Calendar Year 2019 Person Level Encounter (PLE) data for the BH Southeast and Southwest zones. Rates for the other four BH zones (Lehigh/Capital, Northeast, North/Central State Option which will be named “North Central” effective July 1, 2021, and North/Central County Option) are based on the State Fiscal Years ending June 30<sup>th</sup> of 2015 through September 30<sup>th</sup> of 2018. Effective with the January 1, 2021 rates, CY 2019 PLE data are used.**

**Separate trends for unit costs and utilization were not developed, but the trends took into consideration changes in unit cost, utilization and technology.**

ii. X National or regional factors that are predictive of this waiver’s future costs. Please indicate the services and indicators used. In

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