

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



October 5, 2023

Lynnette R. Rhodes
Executive Director, Medical Assistance Plans
Georgia Department of Community Health
2 Peachtree Street, NW, 36th Floor
Atlanta, Georgia 30303-3159

Dear Director Rhodes:

Thank you for your February 24, 2023 letter requesting a change to the effective dates of Georgia's section 1115 demonstration entitled, "Georgia Pathways to Coverage" (Project Number 11-W-00342/4).

Your letter requested that CMS "amend the effective dates" of the Georgia Pathways to Coverage 1115 Demonstration by adding three years to the demonstration approval period due to the delay in implementing the demonstration. Under the special terms and conditions (STCs) of this demonstration, this request does not qualify as an "amendment," but rather would be considered a request for an extension of the demonstration, because it does not request to change the program elements referenced in STC 6. STC 6 enumerates the specific changes that would be "amendments." Extending the demonstration period is not among the changes listed under STC 6 that can be made through an amendment, and, consistent with CMS practice, a change to a demonstration's effective dates is properly considered an extension.

Under STC 8 of the demonstration, if the state intends to request an extension of the demonstration, its application must comply with 42 CFR 431.412(c). As submitted, the February 24th letter does not meet the minimum requirements for CMS to consider an extension request. Prior to submitting an extension request, the state must provide a 30-day state public notice and comment period as required by 42 CFR 431.412(c); see also 42 CFR 431.408(a).¹ The state's submitted request to extend the demonstration does not meet the requirements of 42 CFR 431.408(a) or 42 CFR 431.412(c). Should the state choose to seek an extension of the Pathways demonstration, CMS will review the request in accordance with these requirements. Absent meeting these requirements, CMS is unable to consider a formal request for extension.

As discussed above, CMS does not consider this letter to be an amendment request on the basis of STC 6. Additionally, a complete amendment request must include all the information

¹ A request to extend an existing demonstration must demonstrate how the state met the public notice and comment period and include, e.g., a historical narrative summary of the demonstration, any changes being requested, financial data demonstrating the state's historical and projected expenditures for the requested period of the extension, and an evaluation report of the demonstration, inclusive of evaluation activities and findings to date.

identified in STC 7 of the demonstration. This includes a data analysis worksheet outlining the budget neutrality agreement, a description outlining the impact on beneficiaries and existing demonstration reporting, and quality and evaluation plans. CMS also requires a state's amendment request to include an explanation of the completion of a public noticing process, consistent with 42 CFR 431.408. As your request did not include this information, CMS could not consider this an amendment request without meeting these requirements.

Should you have any additional concerns or questions, please contact Ms. Mehreen H. Rashid, Acting Director, State Demonstrations Group, Center for Medicaid & CHIP Services, at Mehreen.Rashid@cms.hhs.gov. Thank you again for your continued commitment to Georgia's Medicaid program.

Sincerely,

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Daniel Tsai
Deputy Administrator and Director



February 24, 2023

The Honorable Xavier Becerra
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20202

Mrs. Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 20244

Mr. Daniel Tsai
Deputy Administrator and Director
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 20244

Re: Pathways to Coverage 1115 Demonstration Waiver (Project Number 11-W-00342/4)

Dear Secretary Becerra, Administrator Brooks-LaSure, and Director Tsai:

The Department of Community Health (DCH) is submitting its formal request to amend the effective dates of its Georgia Pathways to Coverage 1115 Demonstration (Project Number 11-W-00342/4) to allow additional time in which to evaluate and assess the effectiveness of the demonstration waiver. Due to the two-year delay in implementation, we are requesting that the end date be revised to reflect an end date of September 30, 2028. This will provide the state with a full five-year period in which to operate, monitor, evaluate, and assess the effectiveness of the Pathways to Coverage 1115 Demonstration. The basis of this request is outlined in the paragraphs below.

Background of the Pathways to Coverage Demonstration

On December 23, 2019, the Georgia Department of Community Health submitted its 1115 Demonstration Waiver application to CMS per the provisions of the Patients First Act which was signed into law by Governor Brian Kemp on March 27, 2019. The Pathways to Coverage (Pathways) demonstration provides Medicaid coverage to individuals ages 19 through 64 who have



household incomes up to 95 percent of the federal poverty level (FPL) (effectively 100 percent with the 5 percent income disregard) who are not otherwise eligible for Medicaid coverage and who meet the eligibility criteria and requirements. As a condition of eligibility, individuals must complete a minimum of 80 hours of qualifying activities monthly unless they require a reasonable accommodation due to a disability or experience a circumstance that gives rise to good cause for non-compliance after enrollment. Applicants and beneficiaries may satisfy the qualifying hours and activities requirement through a variety of qualifying activities.

On October 15, 2020, CMS approved Georgia’s request to extend Medicaid coverage to individuals who meet the specified qualifying activities requirements through its Pathways 1115 Demonstration. The demonstration was approved and deemed effective beginning October 15, 2020 through September 30, 2025. The approved implementation date was July 1, 2021. DCH acknowledged receipt and accepted the Special Terms and Conditions (STCs) on November 3, 2020. The Demonstration Years were identified as follows:

Demonstration Year 1	October 15, 2020 to September 30, 2021	12 months
Demonstration Year 2	October 1, 2021 to September 30, 2022	12 months
Demonstration Year 3	October 1, 2022 to September 30, 2023	12 months
Demonstration Year 4	October 1, 2023 to September 30, 2024	12 months
Demonstration Year 5	October 1, 2024 to September 30, 2025	12 months

On February 12, 2021, CMS notified DCH of its intent to withdraw the authorities approved in the demonstration that allowed the state to require work and other community engagement activities as a condition of Medicaid eligibility. While the parties worked informally to address CMS’ concerns, their attempts were unsuccessful. As a result, CMS withdrew its authority to implement the qualifying activities on December 23, 2021. Thereafter, the matter was litigated before the United States District Court.

Based upon the court’s August 19, 2022 ruling, the parties are collaboratively moving towards an implementation date of July 1, 2023, although two years beyond the initial July 1, 2021 implementation date identified in the October 15, 2020 approval notice. Due to the significant delay in implementation caused by approximately eight months of a withdrawn waiver and specifically, the loss of Demonstration Years 1, 2, and 3, the Department is requesting that the effective dates of the Demonstration be amended to reflect September 30, 2028 as the end of the Demonstration.

The Current Effective Dates Do Not Allow Sufficient Time for Monitoring and Evaluation

Section 1115 Demonstration projects provide an opportunity for states to test policies that ensure the fiscal sustainability of the Medicaid program. The evaluation of the Demonstration will assess



the effectiveness of policies that are designed to strengthen employment and earnings among individuals subject to the Demonstration’s requirements, which will lead to improved health outcomes and the transition to Employer Sponsored Health Insurance or other commercial health plans. As outlined in our evaluation design, the Pathways demonstration seeks to test the following hypotheses *over a five-year period*:

1. The demonstration will increase access to primary care.
2. Encourage members to use the Member Rewards Account (MRA) for services.
3. Increase member engagement in care.
4. Reduce the number of uninsured Georgia residents with incomes up to 100% FPL.
5. Increase the number of adults with incomes up to 100% FPL who are engaged in at least 80 hours a month of employment or employment related activities.
6. Increase the wage growth for those individuals made eligible for Medicaid through this Demonstration.
7. Increase the number of Pathways participants who transition to commercial health insurance after separating from Medicaid.
8. Increase the number of Georgia residents with incomes up to 100% FPL enrolled in Employer Sponsored Insurance.
9. Improve the fiscal sustainability of the Georgia Medicaid program.

Based on the limited time remaining in the Demonstration and our implementation date of **July 1, 2023**, DCH will have limited time in which to evaluate and assess the effectiveness of the demonstration waiver prior to its expiration.

As noted in our evaluation design, Demonstration Year 1 is the baseline as no true comparison group for this population exists. This is because currently enrolled Medicaid beneficiaries are not subject to the qualifying activities requirements of Pathways. The first demonstration year will be used as the baseline for analyses of Medicaid encounter and administrative data. As this is a new program and members must “opt in” to the Pathways Demonstration, we anticipate that it will take time for enrollment to peak and to collect and analyze a sufficient amount of data for the baseline calculations.

In order for the Independent Evaluator, Public Consulting Group (PCG), to answer the research questions outlined in the evaluation design, PCG must utilize robust statistical methods to analyze trends over time, review outcome variables, perform an analysis of claims and administrative data, review national survey data, design and conduct member surveys based upon a random sampling methodology, conduct provider interviews, analyze the results of the survey data, and perform a comparison of demonstration years 2 -5. Thus, consistent with CMS’ requirements for all section 1115 demonstrations, DCH will be undertaking a rigorous evaluation of the demonstration in order to assess its effectiveness. The table below outlines the required steps in order to complete our proposed evaluation plan:



Evaluation Activity	DY1	DY2	DY3	DY4	DY5	Post Year 6
Evaluation Design	✓					
Member Survey, Data Collection, Cleaning and Analysis		✓	✓	✓	✓	
Key Informant Interviews					✓	
Quantitative Data Collection, Cleaning and Analysis	✓	✓	✓	✓	✓	
Annual Report	✓	✓	✓	✓	✓	
Interim Evaluation Report (Due 12 months prior to the end of the demonstration)				✓	✓	
Final Evaluation						✓

Per 42 CFR 431.428, the annual report must document the impact of the demonstration in providing insurance coverage to beneficiaries and the uninsured population, as well as outcomes of care, quality and cost of care, and access to care. The current timeline only affords DCH one opportunity to submit an annual report, after the July 1, 2023 implementation date, at or near the time the state will also be required to submit its extension request.

CMS acknowledged the importance of the evaluation process in its October 15, 2020 approval letter, by noting that the evaluation process is critical in order to understand what the barriers to maintaining enrollment in new coverage might be, if newly eligible beneficiaries fail to act to maintain coverage. CMS also noted that “it is important to understand the trajectories of the health status of individuals subject to the qualifying hours and activities requirement over time, including after separation from Medicaid. The evaluation will also assess whether this transition out of poverty occurs faster or at higher magnitudes than it would have otherwise without this demonstration.”

If successful, the waiver will promote the sustainability of Georgia’s Medicaid program. It will be difficult to determine the effectiveness and viability of the demonstration in the time remaining under the current Demonstration Period.

The State will be Required to Submit its Extension Request One Year After Implementation.

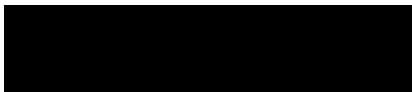
Per 42 CFR 431.412(c), a request to extend an existing demonstration under sections 1115(a), (e), and (f) of the Act will be considered only if it is submitted at least 12 months prior to the expiration date of the demonstration when requesting an extension under section 1115(e) of the Act or 6 months prior to the expiration date of the demonstration when requesting an extension under section 1115(a) or (f) of the Act, unless a longer time frame is specified in the Special Terms and



Conditions for the original demonstration. Without an extension, DCH would be required to submit a request for an extension with limited time of operations. As noted above, DCH would have just collected its baseline data and would not have had an opportunity to conduct any comparisons or perform its evaluation activities.

In closing, the request to extend the end date of the demonstration to September 30, 2028 will allow the state ample time to evaluate and assess the program. Should you have additional questions or concerns, I may be reached at lrhodes@dch.ga.gov or at (404) 656-7513.

Thanks,



Lynnette R. Rhodes
Executive Director
Medical Assistance Plans Division