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September 2, 2025

Robert F. Kennedy Jr.
Secretary of Health and Human Services
U.S. Department of Health and Human Services
200 Independence Ave SW, Sixth Floor
Washington, DC 20201

Dear Secretary Kennedy,

On behalf of the State of Montana, I write today to submit our State's new Section 1115 Medicaid demonstration waiver application, "Montana Health and Economic Livelihood Partnership (HELP) Demonstration Program." The HELP Demonstration waiver will require working-age, able-bodied adults enrolled in Medicaid to actively participate in their health care by paying premiums and contributing to their communities—either by working, pursuing job training or education, or engaging in community service activities that enhance their employability.

Montana's Medicaid program has consistently served as a vital resource for our most vulnerable, including children, seniors, and individuals with disabilities—those who the program was originally designed to protect. The safety net of Medicaid should be there for those who truly need it, but if everyone is allowed to climb upon the net, it will collapse. By boosting self-sufficiency for healthy, working-age adults through community engagement and enhanced cost sharing features, we can help preserve the long-term sustainability of the Medicaid program and ensure that this critical health coverage remains available for the most vulnerable among us.

Further, by requiring healthy adults to engage in work-related activities, the HELP Demonstration waiver aims to reduce government dependency and encourage self-sufficiency and upward economic mobility for low-income adults, which has long been a priority for Montanans. In 2019, Montana law was amended to require the Montana Department of Public Health and Human Services (DPHHS) to implement community engagement and premiums for the Medicaid expansion population. After the Biden administration's refusal to allow Montana to implement these requirements, my administration committed to swiftly achieving this goal as quickly as possible in partnership with the Trump administration. As reflected by our early and proactive waiver application submission, I believe that work requirements and cost sharing for able-bodied Medicaid recipients are long overdue.

Montana, like many other states, is appreciative of the efforts of the Trump administration and

Congress to make Medicaid community engagement requirements and certain forms of cost sharing a permanent feature of the Medicaid program through passage of the One Big Beautiful Bill Act (OBBBA). Our state is eager to implement the community engagement and cost sharing policies codified in Montana law, and to further align these program features with new federal requirements reflected in the OBBBA. Ultimately, our HELP Demonstration waiver seeks flexibility to go beyond the minimum requirements of the OBBBA, and to align with Montana law, as applicable, for both community engagement and cost sharing policies. As the Centers for Medicare & Medicaid Services (CMS) regulations related to the OBBBA develop and evolve, we look forward to exploring additional opportunities for alignment, including the potential use of the State Plan Amendment pathway for community engagement once it becomes available.

My administration looks forward to continuing our strong collaboration with CMS as it works on operationalizing the requirements of the OBBBA. We are committed to promptly implementing the community engagement and cost sharing policies detailed in our HELP Demonstration waiver application, as we firmly believe this program will foster self-sufficiency and help Medicaid beneficiaries move out of poverty, join the workforce, and ultimately achieve independent, healthier futures.



Governor

Cc: Karen Llanos, Acting Director, State Demonstrations Group
Charles Brereton, Director, Montana Department of Public Health and Human Services

Health and Economic Livelihood Partnership (HELP) Section 1115 Demonstration Waiver Application

Version for Submission to the Centers for
Medicare & Medicaid Services (CMS)

September 2, 2025

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SECTION 01: Executive Summary

This Section 1115 Medicaid Demonstration waiver seeks to renew and strengthen Montana's prior initiatives aimed at empowering able-bodied, working-age adults enrolled in Medicaid to reach their full, outstanding potential. Specifically, Montana seeks to reinstate and modify the Montana "Health and Economic Livelihood Partnership" (HELP) Demonstration ("HELP Demonstration" or the "Demonstration") program. This proposed Demonstration program will advance the Gianforte administration's commitment to reducing government dependency and helping Montanans become self-sufficient.

The HELP Demonstration program will require working-age, able-bodied adult Medicaid expansion enrollees to take an active role in their health care through both the payment of premiums and engagement in their communities through involvement in the workforce or in activities that build employability, such as job training, education, or community service. Through these efforts, Montana can achieve lasting improvements in both the health and economic well-being of its citizens, as well as the financial health of the Medicaid program to protect it for the most vulnerable who rely upon it.

By linking Medicaid eligibility to payment of premiums and meaningful work-related activities, the Demonstration program intends to foster a culture of personal responsibility and upward mobility, ensuring that public resources are targeted to those most in need while supporting individuals on their path to greater independence and self-sufficiency. Medicaid community engagement requirements are also designed to benefit Montana's broader economy by increasing labor force participation and reducing long-term dependency on public assistance. As more individuals gain employment and improve or gain new skills while maintaining access to critical health care services, they are better positioned to thrive, supporting themselves and their families. Ultimately, this Demonstration reflects the State's commitment to helping Medicaid enrollees move out of poverty and achieve better health outcomes.

For many years, the State has prioritized supporting employment for individuals who are able-bodied, firmly believing that Medicaid must be protected for the most vulnerable. In 2019, Montana passed a law reflecting this principle, and thanks to the efforts of the Trump administration and Congress in support of passage of the One Big Beautiful Bill Act (HR 1), Montana is now positioned to finally implement the Montana Code Annotated (MCA) requirements in their entirety. While discrepancies between the detailed requirements in MCA and HR 1 exist, the State is committed to working collaboratively with the Trump administration to develop a program that aligns with Montana's unique needs while remaining fully compliant with the new federal law.

To accomplish these goals, the State respectfully requests a five-year Section 1115 Demonstration waiver from the Centers for Medicare & Medicaid Services (CMS) to

implement and evaluate the Montana HELP Demonstration program, ultimately empowering Montana to support able-bodied individuals as they work toward self-reliance and eventual freedom from public assistance.

SECTION 02: Background

DPHHS BACKGROUND

The Department of Public Health and Human Services (DPHHS) administers the State Medicaid program, which provides health coverage for a wide range of Montanans including infants, children, pregnant women, low-income families with dependent children, low-income adults, low-income adults with severe and disabling mental illness (SDMI), and individuals who are aged, blind, or disabled. In March 2025, Medicaid enrollment statewide was 214,167, including 75,326 Medicaid expansion adults.¹

HISTORY OF THE HELP DEMONSTRATION WAIVER

In November 2015, CMS approved Montana's Section 1115 Demonstration program, "Montana Health Economic Livelihood Partnership (HELP) Demonstration," that implemented several program features for the new Medicaid expansion population effective January 1, 2016. Components included a voluntary workforce program operated by the Department of Labor, 12-month continuous eligibility, enrollee premiums equal to two percent of aggregate household income, and enrollee copayments up to the maximum allowable under federal law. The approved Demonstration also authorized the administration of Medicaid through a Third-Party Administrator (TPA) for enrollees subject to premiums.²

In December 2017, CMS approved an amendment to Montana's Section 1115 Demonstration program to remove the authorization of the TPA and the premium credit that applied to some HELP Demonstration program enrollees' cost sharing obligations. The amended Demonstration was approved for the period from January 1, 2016, through December 31, 2020.³

Montana House Bill (HB) 658, the Medicaid Reform and Integrity Act, was enacted on May 9, 2019. This legislation directed DPHHS to request federal waiver approval for new Medicaid expansion program features including those that condition Medicaid eligibility on participation in community engagement activities.

In August 2019, DPHHS submitted an extension request to renew the initial HELP Demonstration, as well as to amend the program design to add the requirements of HB

¹ [Montana Medicaid Enrollment Dashboard](#)

² [Montana HELP Program Demonstration 2015 CMS Approval Letter](#)

³ [Montana HELP Program Demonstration 2017 CMS Amendment Approval Letter](#)

658. Specifically, DPHHS requested to add community engagement requirements, eliminate copayments at the request of community providers, and to alter the premium structure to apply a gradually increasing monthly premium based on the length of time an individual was enrolled in coverage under the initial HELP Demonstration.⁴

In December 2020, CMS approved a temporary one-year extension of the initial HELP Demonstration program through December 31, 2021 to extend the underlying Demonstration while allowing more time for negotiations on the new elements.⁵ In September 2021, DPHHS submitted a waiver amendment to remove 12-month continuous eligibility pursuant to the 2021 Montana General Appropriations Act, HB 2.⁶

In December 2021, CMS approved another one-year extension of the initial HELP Demonstration program. In its approval, CMS required the phase out of premiums and indicated it would not authorize assessment of premiums for the HELP Demonstration population after December 31, 2022. The extension approval also included the removal of the 12-month continuous eligibility previously approved under the Demonstration, noting that the State must maintain coverage of current beneficiaries consistent with the requirements of the Families First Coronavirus Response Act to receive the associated Federal Medical Assistance Percentage enhancement. Due to the COVID-19 Public Health Emergency and the change in federal administration in 2021, DPHHS was never able to implement community engagement requirements. In addition, the required phase-out of premiums further limited the authorities available to DPHHS beyond those allowed in its Medicaid State Plan. As the expansion of Medicaid eligibility to low-income adults is authorized through the State Plan, and the 1115 waiver authority was not used for any other program features, the Demonstration authority was allowed to expire on December 31, 2022.⁷

HELP DEMONSTRATION PROGRAM OBJECTIVES

The initial HELP Demonstration program was designed to meet several policy objectives, including, in part, to 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, and boost Montana's economy. These goals remain paramount for achieving the State's vision for a Montana Medicaid expansion program that emphasizes self-sufficiency over

⁴ [Montana HELP Demonstration Waiver 2019 Amendment and Extension Application](#)

⁵ [Montana HELP Demonstration Waiver 2020 Temporary Extension Approval Letter](#)

⁶ [Montana HELP Demonstration Waiver 2021 Amendment Application](#)

⁷ [Montana HELP Demonstration Waiver 2021 CMS Amendment Approval Letter](#)

government dependency. Through this new Demonstration application, DPHHS is seeking to revive the key elements of the initial HELP Demonstration program, including community engagement, as well as enhanced enrollee cost sharing.

COMMUNITY ENGAGEMENT

CMS has long recognized the important connection between health and employment and has supported Medicaid employment initiatives. In fact, the enabling act for Medicaid explicitly states that one of the goals of the program is to connect Medicaid recipients to services aimed at assisting “families and individuals attain or retain capability for independence.”⁸ Health and financial security are important factors in being independent. Unfortunately, health and poverty are deeply interconnected. Extreme poverty affects health through multiple pathways, limiting a wide range of abilities, opportunities, and potential.⁹ Global evidence consistently shows a strong link between poverty, hunger, and health. Montana contends that intentional involvement in community engagement initiatives will promote the health and well-being of enrollees by promoting self-sufficiency, reducing poverty, and increasing employment and access to commercial health insurance options. This, in turn, is expected to reduce unemployment across Montana, enhance enrollees’ health and financial stability, and contribute to building a more skilled and job-ready workforce within the State.

Recognizing the importance of work in people’s lives, in 2019 the Montana Legislature passed HB 658, a Medicaid reform bill to require the Medicaid expansion population to participate in community engagement programs as a condition of eligibility. Implementation of community engagement requirements was unfortunately halted due to a new federal administration’s priorities, but Montana never lost interest in pursuing these requirements for the benefit of its Medicaid expansion population. However, with the recent passage of HR 1, federal law now requires community engagement as a condition of Medicaid eligibility beginning in 2027.¹⁰ While slight differences in the State and federal statutes exist, Montana remains committed to the overall vision and promise of community engagement requirements and intends to begin immediate implementation of the State mandate that individuals meet community engagement activity standards by participating in one or more qualifying activities for a minimum of

⁸ 42 USC § 1396-1.

⁹ Müller O, Krawinkel M. Malnutrition and health in developing countries. CMAJ. 2005 Aug 2;173(3):279-86. <https://pmc.ncbi.nlm.nih.gov/articles/PMC1180662/>

¹⁰ One Big Beautiful Bill Act, H.R.1, 119th Cong. (2025).
<https://www.congress.gov/bill/119th-congress/house-bill/1/text>

80 hours per month. At the same time, Montana will work to align its implementation approach with the federal statute where possible and as required by federal law.

COST SHARING

In accordance with State law, Montana also intends to require HELP Demonstration program enrollees to pay monthly premiums that increase based on the length of time they are enrolled in Medicaid. Specifically, enrollees who are not otherwise exempt from paying premiums will be required to pay monthly premiums equal to two percent of their modified adjusted gross income for the first two years of participation. Per State statute, for individuals who are not exempt from community engagement requirements, the premium will increase 0.5 percent in each subsequent year of Medicaid expansion enrollment, up to a maximum of 4 percent of the enrollee's aggregate household income.¹¹ The proposed premium structure will encourage HELP Demonstration program enrollees to be engaged in their health care and be discerning health care purchasers, to take personal responsibility for their health care decisions, and ultimately to improve their health. As individuals achieve greater independence, the goal is for Demonstration enrollees to transition from Montana Medicaid to commercial insurance – whether through the Marketplace or their employers – which typically include cost sharing features like premiums. By implementing a premium program, Montana is preparing enrollees for this transition, further supporting their journey toward independence.

Montana recognizes that HR 1 prevents the utilization of Medicaid premiums beginning October 1, 2028 and requires the use of copayments, up to \$35, for certain services.¹² However, Montana State law currently prohibits the use of copayments, instead requiring premiums in lieu of copayments for expansion adult enrollees.¹³ Montana believes that cost sharing mechanisms, such as premiums, help individuals become more engaged and discerning health care purchasers. Therefore, the State seeks to

¹¹ Montana Health and Economic Livelihood Partnership (HELP) Act, MCA 53-6-1307 (2019).
https://archive.legmt.gov/bills/mca/title_0530/chapter_0060/part_0130/section_0070/0530-0060-0130-0070.html

¹² One Big Beautiful Bill Act, H.R.1, 119th Cong. (2025).
<https://www.congress.gov/bill/119th-congress/house-bill/1/text>

¹³ Montana Health and Economic Livelihood Partnership (HELP) Act, MCA 53-6-1306 (2019).
https://archive.legmt.gov/bills/mca/title_0530/chapter_0060/part_0130/section_0060/0530-0060-0130-0060.html

implement and maintain the use of premiums as described in State law until September 30, 2028. Beyond that date, Montana intends to continue utilizing premiums and will pursue a waiver of the new federal prohibition, aiming to fully demonstrate the effectiveness of premiums in encouraging individuals to have “skin in the game,” make informed health care decisions, and prepare for commercial health coverage options with cost sharing features that typically become available upon achieving and maintaining gainful employment.

SECTION 03: Program Description

SUMMARY OF HELP DEMONSTRATION PROGRAM FEATURES

Montana's Demonstration seeks to implement community engagement requirements and cost sharing for the adult Medicaid expansion group. Specifically, Montana seeks to implement the HELP Demonstration program in a way that meets the intent of State code (MCA 53-6-1307, 53-6-1308, 53-6-1309) while also aligning with the new federal community engagement and cost sharing requirements to the greatest extent possible. While the State intends to align with HR 1, DPHHS is also requesting several Montana-specific additions to the program including specific qualifying activities, exemptions, short-term hardship/good cause exemption criteria, and cost sharing elements included in MCA. The State welcomes the opportunity for continued partnership with CMS to allow for an effective and efficient operationalization of its State-specific program in advance of the federally-required implementation dates.

The HELP Demonstration program will include the following features:

- **Community Engagement.** The State seeks waiver authority to condition Medicaid coverage on compliance with community engagement requirements for non-exempt expansion adults aged 19 - 64 with incomes up to 138 percent of the federal poverty level (FPL). While HR 1 and MCA are directionally aligned, there are slight discrepancies in the definitions of certain activities and exemptions. To promote administrative simplicity, avoid unnecessary system changes, and ensure prudent use of State resources, the State proposes to implement community engagement requirements consistent with HR 1, while also including several State-specific elements included in MCA.
- **Cost Sharing.** DPHHS is seeking to enhance enrollee cost sharing for adult Medicaid expansion enrollees.
 - **Premiums.** The State seeks to apply premiums for expansion adult enrollees up to 138 percent FPL that gradually increase based on the length of time an individual is enrolled in Medicaid coverage, unless an enrollee is exempt from premium increases. In the first two years of coverage, all Medicaid expansion adult enrollees will pay premiums equal to two percent of their aggregate household income. Unless the enrollee is exempt from premium increases, the premium obligation would gradually increase by 0.5 percent in each subsequent year of coverage under the Demonstration, with a maximum premium amount not to exceed four

- percent of the enrollee's aggregate household income.
- **Copayments.** DPHHS recognizes that HR 1 requires the collection of copayments for Medicaid expansion enrollees by October 1, 2028. It is the State's intention to eventually implement copayments as required by HR 1 and as permitted by MCA.

The State does not propose any changes to the Medicaid health care delivery system. Demonstration program enrollees will continue to receive services through the State's fee-for-service delivery system.

Demonstration program enrollees will also continue to receive benefits through the Alternative Benefit Plan; the State does not propose any changes to benefits for Demonstration program enrollees. Further, no new provider payment rates will be developed for this Demonstration program.

COMMUNITY ENGAGEMENT

Populations Subject to Community Engagement Requirements

Montana will make participation in community engagement a condition of ongoing eligibility for all Medicaid expansion enrollees between ages 19 and 64 with incomes up to 138 percent FPL who do not otherwise qualify for an exemption, as further defined below.

Enrollment Standards

DPHHS will determine eligibility for the Demonstration population at the time of application. Individuals will be required to meet community engagement qualifying activity requirements, or be exempt from requirements, to qualify for coverage. To the extent possible, DPHHS will utilize information available in existing systems to validate qualifying activities and exemptions including participation in other State-defined programs or activities, as noted below.

DPHHS will verify that enrolled expansion adult individuals continue to meet community engagement requirements, or exemption criteria, at least every six months as required by HR 1.

Qualifying Activities

Enrollees in the HELP Demonstration program must participate in at least 80 hours of community engagement activities each month, unless otherwise exempt.

Consistent with HR 1, qualifying activities will include time spent on one or more of the following activities which may be counted toward the monthly requirement for community engagement:

- Work, including work that:
 - Has a monthly income that is not less than the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act of 1938, multiplied by 80 hours;
 - Has an average monthly income over the preceding six months that is not less than the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act of 1938 multiplied by 80 hours, and is a seasonal worker, as described in section 45R(d)(5)(B) of the Internal Revenue Code of 1986; or
 - Is not less than 80 hours per month for individuals making less than minimum wage;
- Community service;
- Work programs, including:
 - Work readiness;
 - Workforce training activities;
 - Internships; or
 - Registered Apprenticeship; and
- Educational programs (half-time or more), including:
 - Secondary education;
 - Post-secondary education;
 - Vocational education; or
 - Registered Apprenticeship; and
- Consistent with MCA, any other activity required by CMS for the purpose of obtaining necessary waivers.

Community Engagement Exemptions

Montana will exempt enrollees from the community engagement requirement who meet any of the following standard exemptions or a short-term hardship/good cause exemption described in this section. The specific length of time for which an exemption applies will depend on the exemption. Some exemptions may be permanent, including, for example, enrollees who are blind; other exemptions will be time-limited, including, for example, exemptions for women who are pregnant.

Standard Exemptions. Pursuant to HR 1, a program enrollee will be exempt from community engagement requirements if the individual is:

- Entitled to, or enrolled in, Medicare;
- A former foster youth, as defined in subsection (a)(10)(A)(i)(IX) of 1902 of the Social Security Act;
- An American Indian or Alaska Native, defined in alignment with HR 1 as:
 - an Indian or Urban Indian (as such terms are defined in paragraphs (13) and (28) of section 4 of the Indian Health Care Improvement Act);
 - a California Indian described in section 809(a) of such Act; or
 - has otherwise been determined eligible as an Indian for the Indian Health Service under regulations promulgated by the Secretary;
- The parent, guardian, caretaker relative, or family caregiver (as defined in section 2 of the RAISE Family Caregivers Act) of a dependent child 13 years of age and under or a disabled individual;
- A veteran with a disability rated as total under section 1155 of title 38, United States Code;
- Medically frail or otherwise has special medical needs (as defined by the United States Secretary of Health and Human Services (HHS Secretary)), including an individual:
 - Who is blind or disabled (as defined in section 1614 of the Social Security Act);
 - With a substance use disorder;
 - With a disabling mental disorder;
 - With a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more activities of daily living; or
 - With a serious or complex medical condition;
- In compliance with mandatory work requirements imposed by the State pursuant to the Temporary Assistance for Needy Families (TANF) program;
- A member of a household that receives Supplemental Nutrition Assistance Program (SNAP) benefits under the Food and Nutrition Act of 2008 and is not otherwise exempt from work requirements under such Act;
- Participating in a drug addiction or alcohol treatment and rehabilitation program (as defined in section 3(h) of the Food and Nutrition Act of 2008);
- An inmate of a public institution or was previously incarcerated within the last 90 days; or
- Pregnant or otherwise entitled to postpartum medical assistance.

While the community engagement exemptions listed in MCA generally align with HR 1 in overall intent, there are several places where the State is requesting waiver authority to include additional exemptions to align with MCA and support the policy priorities of DPHHS. Specifically, DPHHS requests an exemption for any individual who is:

- A foster parent of a foster child under the age of 19; or
- Under the supervision of the Department of Corrections, a county jail, or another entity as directed by a court, the Department of Corrections, or the Board of Pardons and Parole.

Short-Term Hardship/Good Cause Exemptions. Pursuant to HR 1 and to address life circumstances that affect an enrollee's ability to meet community engagement requirements, an individual will be temporarily exempt for good cause from community engagement requirements during a short-term hardship. Individuals will be deemed to be experiencing a short-term hardship/good cause event during a month if, for part or all of such month:

- Such individual receives inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or such other services of similar acuity (including outpatient care relating to other services specified in this clause) as the HHS Secretary determines appropriate;
- Such individual resides in a county (or equivalent unit of local government)
 - In which there exists an emergency or disaster declared by the President pursuant to the National Emergencies Act or the Robert T. Stafford Disaster Relief and Emergency Assistance Act; or
 - That, subject to a request from the State to the HHS Secretary, made in such form, at such time, and containing such information as the Secretary may require, has an unemployment rate that is at or above the less of
 - 8 percent; or
 - 1.5 times the national unemployment rate; or
- Such individual or their dependent must travel outside of their community for an extended period to receive medical services necessary to treat a serious or complex medical condition that are not available within their community of residence.

Again, while the short-term hardship/good cause exemptions defined in MCA are broadly aligned with those identified in HR 1, the State requests waiver authority to include additional short-term hardship/good cause exemptions, which are included in

MCA. Specifically, DPHHS requests authority to establish a short-term hardship/good cause exemption for individuals who are:

- Experiencing homelessness;
- A victim of domestic violence as defined by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 42 U.S.C. 601, et seq; or
- Caring for an immediate family member who receives inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or such other services of similar acuity (including outpatient care relating to other services specified in this clause).

The duration of these exemptions will be dependent on the enrollee's circumstances. Montana intends to establish a short-term hardship/good cause exemption review process via administrative rule.

Process for Determining Standards and Short-Term Hardship/Good Cause Exemptions and Compliance with Community Engagement Hours

Montana will use a variety of means to identify enrollees who qualify for standard and short-term hardship/good cause exemptions, as well as those who are already complying with community engagement hours for enrollees who are not exempt, using a multi-pronged process that includes indirect and direct data validation methods:

- **Indirect Validation.** Several State agencies manage programs that support education and employment activities, and many of these programs require an effort comparable to those proposed in this Demonstration program. The Department intends to seek and obtain data-sharing and operating agreements with these programs to first provide external validation of community engagement qualifying activities (e.g., employment-based income that equates to required work hours assuming Montana minimum wage) or exemptions (e.g., subject to SNAP employment requirements or claims experience indicating medical frailty) listed in 42 CFR 435.952 and to reduce duplication of effort and administration. For example, individuals with verified monthly income that is not less than the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act of 1938, multiplied by 80 hours, will be considered compliant with the community engagement requirements and exempt from additional hours reporting.

- **Direct Validation.** While many validations can occur through the collection of evidence during the eligibility process and through data-sharing activities with other public programs, some portion of Medicaid enrollees will need to provide DPHHS with documentation and data to verify their compliance with community engagement requirements or exemption from such requirements. For enrollees for whom the Department is unable to use available data to determine their compliance with, or an exemption from, community engagement requirements, the Department will provide multiple ways for enrollees to self-report, including online, through a call center, by mail, and in-person. DPHHS intends to leverage existing information technology infrastructure to manage this effort and will provide training and resources to eligibility staff to support data collection and validation.

Program Participation

Individuals will need to demonstrate compliance with the community engagement requirements, or document an exemption, prior to enrollment in the program.

Specifically, in accordance with HR 1, individuals eligible for expansion adult Medicaid coverage will be required to demonstrate, as a condition of eligibility, either compliance with or an exemption from community engagement requirements for at least one month immediately preceding the month of application.

After enrollment, ongoing program compliance for non-exempt enrollees can be demonstrated by meeting a qualifying community engagement activity for at least 80 hours a month. With the exception of individuals with an American Indian/Alaska Native exemption, enrollees participating in the Demonstration program will be reviewed for compliance with community engagement and/or exemption requirements at least every six months in accordance with HR 1. Specifically, after six months of enrollment, and again at the enrollee's annual redetermination date at 12 months of enrollment, DPHHS will conduct a redetermination process, including verification that the enrollee either met the community engagement requirements or qualified for an exemption within the 30 days immediately preceding the eligibility review. American Indian/Alaska Native enrollees will have an annual redetermination. When conducting eligibility and compliance reviews, DPHHS will leverage standard auto-renewal and ex parte eligibility processes to the greatest extent possible.

DPHHS is firmly committed to exceeding the minimum federal community engagement requirements established in HR 1. While the initial compliance review process will be aligned with these federal standards, DPHHS will take additional steps to routinely

collect data to better understand the extent to which Medicaid enrollees are employed or otherwise engaged in community engagement activities throughout their entire enrollment period. This data may be used to guide the development of future policies for ensuring compliance with community engagement activities in Montana. Based on the statistically valid findings from continuous internal case file auditing and related evaluations, DPHHS intends to increase verification and/or eligibility checks as needed to support compliance with the community engagement requirements. However, by beginning with an initial implementation that meets the minimum federal requirements and preparing to heighten verification processes based on data-informed findings, DPHHS believes it can implement a more efficient program that meets the needs of Montanans.

Penalties for Non-Compliance

A non-exempt enrollee who has not met the community engagement criteria at their six-month redetermination check will be disenrolled from the program. DPHHS will notify a program enrollee who is not in compliance with the community engagement requirements that the enrollee has 30 days to come into compliance or show that the enrollee meets an exemption from the community engagement requirements. A failure to comply within the 30-day period will lead to disenrollment from Medicaid coverage unless the individual attests, and DPHHS confirms, that the enrollee is exempt from the community engagement requirements as specified above. An enrollee who is disenrolled from coverage will be disenrolled no later than the end of the following month after the 30-day period of non-compliance. Prior to disenrollment, the individual will be evaluated for eligibility in a Medicaid category other than expansion adult Medicaid. If eligible, they will be moved into that category of coverage. A disenrolled individual will be required to reapply and demonstrate compliance or exemption from community engagement requirements to regain coverage.

Notices

A description of the community engagement requirements will be outlined in supplemental information provided to applicants and enrollees through the Medicaid application, redetermination, and change reporting processes. All Medicaid enrollees subject to community engagement requirements will receive consumer notices as required by HR 1 upon Demonstration program implementation and at time of application and renewal. Notices will at minimum include all federally-required information, such as description of the program, qualifying community engagement activities, exemptions, required hours, compliance reporting processes, and contact

information for enrollee assistance. This information will also be available at local eligibility offices, online, and through the call center.

An enrollee who is found non-compliant with the community engagement requirements outlined above will be provided timely and adequate written notice in advance of disenrollment or reduction of benefits. The notice will include the following information:

- How the enrollee may demonstrate compliance with the community engagement requirement or demonstrate that they are a member of an exempt population;
- The consequences of non-compliance with the described requirements;
- How the enrollee may reapply for Medicaid coverage in the event of denial or disenrollment;
- How the enrollee may report a change that could result in an exemption or an exclusion from the described requirements; and
- A description of full appeal rights as required under 42 CFR, Part 431, subpart E.

Reactivation of Coverage

Enrollees who are subject to disenrollment and do not qualify for Medicaid through any other eligibility category will be disenrolled from Medicaid. To regain coverage, enrollees must reapply and demonstrate compliance with community engagement requirements or qualification for an exemption. To demonstrate compliance, the individual must:

- Remain compliant for at least 30 days prior to coverage reenrollment; or
- Be determined by DPHHS as exempt from the community engagement requirements.

COST SHARING

Graduated Premiums

Pursuant to MCA, HELP Demonstration enrollees must pay monthly premiums that increase over time based on the length of time they are enrolled in the Demonstration. Specifically, enrollees who are not otherwise exempt from paying premiums will be required to pay monthly premiums equal to 2 percent of their modified adjusted gross income for the first two years of participation. Pursuant to State statute, the premium will increase by 0.5 percent in each subsequent year of Medicaid enrollment, up to a maximum of 4 percent of the enrollee's aggregate household income, unless an enrollee is exempt from premium increases. The proposed premium structure will

encourage HELP Demonstration program enrollees to be discerning health care purchasers, to take personal responsibility for their health care decisions, and to ultimately improve their health.

The table below depicts the premium schedule for enrollees in the HELP Demonstration program over a six-year period.

TABLE 1. GRADUATED PREMIUMS

Years of Participation in HELP Demonstration Program	Premium Amount
Year 1	2 percent of an enrollee's household income
Year 2	2 percent of an enrollee's household income
Year 3	2.5 percent of an enrollee's household income
Year 4	3 percent of an enrollee's household income
Year 5	3.5 percent of an enrollee's household income
Year 6 and beyond	4 percent of an enrollee's household income

Premium Exemptions

Pursuant to State statute, program enrollees who are exempt from community engagement requirements are also exempt from premium increases as described in Table 1. Enrollees who are exempt from premium increases will continue to be subject to an annual premium of 2 percent of an enrollee's household income regardless of length of time enrolled in the Demonstration program.

Consequences for Unpaid Premiums

In accordance with MCA, if an enrollee with an income of 100 percent FPL or less fails to make payment for overdue premiums, DPHHS will provide notice to the Department of Revenue of the enrollee's failure to pay. The Department of Revenue will collect the

amount due for nonpayment by assessing the amount against the enrollee's annual income tax. The enrollee will not be disenrolled from the program.

Additionally, if an enrollee with income greater than 100 percent FPL, but not more than 138 percent FPL, fails to make payment for overdue premiums within 90 days of being notified, DPHHS will:

- Follow the same collection procedures described above for enrollees with an income of 100 percent FPL or less;
- Consider the failure to pay the premium(s) a voluntary disenrollment from the program; and
- Disenroll the enrollee from coverage.

Pursuant to State statute, enrollees who meet at least two of the following criteria are not subject to disenrollment for failure to pay overdue premiums:

- Discharge from United States military service within the previous 12 months;
- Enrollment for credit in any Montana university system unit, a tribal college, or any other accredited college within Montana offering at least an associate degree for no more than four years;
- Participation in a workforce program or activity; or
- Participation in any of the following healthy behavior plans developed by a health care provider or a third-party administrator, if any, or as approved by DPHHS:
 - Medicaid health home;
 - Patient-centered medical home;
 - Cardiovascular disease, obesity, or diabetes prevention program;
 - Program restricting the enrollee to obtaining primary care services from a designated provider and obtaining prescriptions from a designated pharmacy;
 - Medicaid primary care case management program established by DPHHS;
 - Tobacco use prevention or cessation program;
 - Substance use disorder treatment program; or
 - Care coordination or health improvement plan administered by a third-party administrator.

Notices for Failure to Pay Premiums and Opportunity to Cure

Within 30 days of an enrollee's failure to make a required premium payment, DPHHS will notify the enrollee that payment is overdue and that all overdue premiums must be paid within 90 days of the notice being sent.

For enrollees with income greater than 100 percent FPL, the notice will also indicate that failure to pay the premiums within 90 days will result in disenrollment from coverage. During this 90-day notice period, enrollees can prevent disenrollment upon:

- Receipt of payment or assessment by the Department of Revenue through the individual's income taxes of the total amount of overdue premium payments;
- Demonstration of a short-term hardship/good cause exemption as described under the community engagement section of this Demonstration; or
- Meeting a Medicaid eligibility group requirement that is not subject to the HELP Demonstration program requirements.

Copayments

State law (MCA 53-6-1306) currently does not permit copayments. However, DPHHS recognizes that HR 1 requires the collection of copayments for expansion enrollees by October 1, 2028. It is the State's intention to eventually implement copayments as required by HR 1 and as permitted by MCA.

SECTION 04: Demonstration Waiver Goals

Throughout the Demonstration, Montana seeks to advance the following goals and policy objectives:

- Improve the health, well-being, and financial stability of Montanans through participation in community engagement requirements;
- Help Montanans become self-sufficient and independent while reducing government dependency;
- Encourage HELP Demonstration program enrollees to be discerning health care purchasers, take personal responsibility for their health care decisions, and ultimately improve their health through the collection of premiums;
- Provide greater value for the tax dollars spent on the Montana Medicaid program;
- Reduce health care costs; and
- Boost Montana's economy.

SECTION 05: Implementation of Demonstration

DPHHS will develop both an implementation plan and operational protocol that outlines the State policy and processes that will be followed to determine individual eligibility for the Demonstration, how an enrollee will maintain eligibility, and how an enrollee will be notified if they are found to be ineligible for the Demonstration. All documentation and processes will be compliant with existing Medicaid regulations, including notice and appeal rights, and will be submitted to CMS for review and approval.

Within the implementation plan, DPHHS will develop a communication plan that clearly outlines timing, content, and the methodology by which enrollees will be notified of program changes. DPHHS will also develop educational materials for internal staff and external stakeholders to ensure clear communication with enrollees. At program initiation, current enrollees will be given a period to come into compliance with requirements or be found to qualify for an exemption prior to the application of any non-compliance policies.

DPHHS will work with partner agencies to negotiate data-sharing agreements that will support enhanced data matching, with the goal of leveraging external validation of community engagement qualifying activities to the greatest extent possible. Partner agencies may include the Office of the Commissioner of Higher Education and Department of Labor and Industry.

DPHHS intends to implement this Demonstration on a statewide basis as soon as is practicable.

DPHHS is requesting a five-year waiver approval for this Demonstration; however, if a State Plan option becomes available to implement community engagement requirements consistent with MCA, the State would seek to transition the community engagement portion of this Demonstration to State Plan authority.

SECTION 06: Demonstration Financing and Budget Neutrality

The budget neutrality requirements for Section 1115 waivers ensure that Medicaid demonstration projections do not increase federal Medicaid spending beyond what it would have been without the waiver. As a result, states must design their 1115 waiver proposals so that the projected costs under the waiver are equal to or less than the expected costs to the federal government without the waiver. The budget neutrality formula compares Without Waiver (WOW) expenditures to With Waiver (WW) expenditures, ensuring that WOW costs are greater than or equal to WW costs.

- WOW expenditures, or baseline expenditures, represent the amount the federal government would have spent in the absence of the Demonstration and form the basis for the budget neutrality expenditure limit.
- WW expenditures, or actual expenditures, are the projected costs under the Demonstration.

The proposed budget neutrality limits in Table 2 were developed using enrollment and cost projections that account for the community engagement requirements and premiums discussed in this Demonstration application. Table 3 includes the “without waiver” enrollment and expenditures, which is a baseline projection that does not consider the impact of premiums and community engagement requirements nor any adjustments for the recently passed HR 1.

TABLE 2. MONTANA DPHHS 1115 DEMONSTRATION WAIVER ENROLLMENT, EXPENDITURES, AND PMPM BY CALENDAR YEAR

	2026	2027	2028	2029	2030
Enrollment	71,998	66,201	67,182	68,176	69,540
PMPM	\$1,084	\$1,165	\$1,223	\$1,285	\$1,349
Expenditures	\$936,461,044	\$925,559,354	\$986,242,220	\$1,050,876,309	\$1,125,488,527

TABLE 3. MONTANA DPHHS 1115 DEMONSTRATION WAIVER ENROLLMENT, EXPENDITURES, AND PMPM BY CALENDAR YEAR: NEWLY ELIGIBLE ADULTS WITH WAIVER: NEWLY ELIGIBLE ADULTS WITHOUT WAIVER

	2026	2027	2028	2029	2030
Enrollment	79,560	81,151	82,774	84,430	86,118
PMPM	\$1,065	\$1,118	\$1,174	\$1,233	\$1,295
Expenditures	\$1,016,780,695	\$1,088,972,125	\$1,166,289,146	\$1,249,095,675	\$1,337,781,468

The development of these estimates includes assumptions for enrollment and per member per month (PMPM) cost changes.

ENROLLMENT

The estimated enrollment projects current enrollment levels forward and adjusts for the impact of premium assessments and community engagement requirements.

- *Base data:* The enrollment projection uses base enrollment of roughly 78,000 enrollees based on emerging calendar year (CY) 2025 enrollment data.
- *Enrollment trend:* The projection assumes modest enrollment growth of 2.0 percent per year prior to any program changes.
- *Premium assessment:* Based on historical enrollment data available from Montana's prior premium assessment period (CYs 2017 to 2019), an estimated 1.5 percent to 2.5 percent of enrollees may disenroll due to premium assessment. Therefore, the enrollment projects assume a disenrollment rate of 1.0 percent in 2026, followed by an additional 0.5 percent per year until remaining at 2.5 percent for CY 2029 and CY 2030.
- *Community engagement requirements:* Current DPHHS data and analysis shows roughly 65 percent of the newly eligible adult group is currently exempt or already compliant with the proposed community engagement requirements. Of the remaining 35 percent of the population, DPHHS estimates roughly 50 percent will disenroll because of community engagement requirements. This equates to 17.5 percent of the entire newly eligible adult population. DPHHS anticipates half of this disenrollment will take place in CY 2026 with the remainder occurring in CY 2027.

PER MEMBER PER MONTH (PMPM) COST

The accompanying PMPM cost estimates rely on observed CY 2024 costs adjusted for premium collection and the impact of community engagement requirements on the population acuity.

- *Base data:* The PMPM cost projection starts with CY 2024 claims and supplemental payment data for the newly eligible adult population. The observed cost was \$966 PMPM in CY 2024.
- *Claims trend:* The projection assumes a PMPM annual cost trend of 5.0 percent. This is a placeholder assumption intended to align with the President's budget trend. The projection will be updated when a final input number is confirmed by CMS.
- *Premium assessment:* Based on historical data available from Montana's prior premium assessment period (CYs 2017 to 2019), there is an estimated 0.5 percent cost offset due to the collection of premiums from CY 2026 to CY 2030.
- *Community engagement requirements:* Current DPHHS data and analysis shows roughly 65 percent of the newly eligible adult group is currently exempt or already compliant with the proposed community engagement requirements. In the CY 2024 data, this 65 percent of the population have PMPM costs that are roughly 10 percent higher than the program total, while the 35 percent of the population who are not exempt have costs that are roughly 20 percent lower than the program total. The cost projection is aligned with the enrollment projections by assuming the lower cost of the disenrolled individuals results in a higher average PMPM cost for the remaining population. The 17.5 percent enrollment reduction equates to a 4.7 percent PMPM cost increase.

AGGREGATE EXPENDITURES

The aggregate expenditures are the product of the members (times 12 months) and the PMPM costs. The aggregate expenditures with waiver are lower than the aggregate expenditures without waiver due to higher PMPM costs offset by lower enrollment.

SECTION 07: List of Proposed Waivers and Expenditures Authorities

The State is seeking the following new waivers and expenditure authorities in the 1115 Demonstration application:

1. Comparability of Eligibility Requirements § 1902(a)(10)(A)

To the extent necessary to enable the State to require all non-exempt expansion adult enrollees to meet one of the defined community engagement qualifying activities as a condition of gaining and maintaining eligibility.

2. Amount, Duration, and Scope of Services and Comparability §§ 1902(a)(10)(A) and 1902(a)(17)

To the extent necessary to enable the State to disenroll non-exempt expansion adult enrollees who fail to meet and/or provide verification of meeting the community engagement and associated reporting requirements.

3. Provision of Medical Assistance § 1902(a)(8)

To the extent necessary to disenroll non-exempt expansion adult enrollees who fail to meet the community engagement and associated reporting requirements following the formal notice period.

To the extent necessary to disenroll eligibility for non-exempt expansion adult enrollees with income at or above the poverty level for failure to pay premiums.

4. Premiums §§ 1902(a)(14) and 1916

To the extent necessary to impose monthly premium payments not to exceed 4.0 percent of household income.

5. Methods of Administration §§ 1902(a)(17) in so far as it incorporates 42 CFR 435.916

To the extent necessary to enable the State to require expansion adult enrollees to provide additional information to verify compliance or an exemption from community engagement requirements, and to permit the State to deny eligibility or

disenroll individuals who do not provide required verification.

To the extent necessary to implement electronic modalities exclusive for confirmation of having met community engagement requirements to maintain eligibility.

To the extent necessary, expenditure authority to support infrastructure investments required for the verification of enrollee eligibility and compliance with community engagement requirements, which includes utilizing available external data sources, such as data accessible through other State agencies.

SECTION 08: Hypotheses and Evaluation

During the approval period, DPHHS proposes to test a series of hypotheses the State believes will lead to success in improving the health, well-being, and financial stability of enrollees, reduce health care costs, and boost Montana's economy. A detailed evaluation design will be developed for review and approval by CMS. At the time of developing the evaluation design, the State's independent evaluator will detail all applicable and appropriate data sources to support their evaluation activities. The evaluation will utilize qualitative and quantitative research analysis methods, as appropriate, including but not limited to, descriptive methods, trend analysis and comparison groups, and quasi-experimental research designs to conduct robust evaluation of the Demonstration. Table 4 below identifies the specific hypotheses, methodology, and potential performance measures associated with this Demonstration.

TABLE 4. HYPOTHESES

Hypothesis	Methodology	Performance Measure(s)
1. Enrollees participating in community engagement requirements will have improved health and well-being.	Quantitative pre-post analysis of administrative claims data.	• PQI 01: Diabetes Short-Term Complications Admission Rate (PQI01-AD) • PQI 05: Chronic Obstructive Pulmonary Disease (COPD) or Asthma in Older Adults Admission Rate (PQI05-AD) • PQI 08: Heart Failure Admission Rate (PQI08-AD) • Other identified measures including, but not limited to, those related to behavioral health and substance use disorder; hypertension; obesity;

		and maternal health as determined by DPHHS.
2. Enrollees participating in community engagement requirements will have improved financial stability.	Quantitative trend analysis of enrollment and eligibility data.	The number and percent of enrollees whose household income increases during the Demonstration.
3. HELP Demonstration program enrollees who participate in cost sharing will have increased utilization of preventive health care services.	Quantitative pre-post analysis of administrative claims data.	- Cervical Cancer Screening (CCS-AD) - Percentage of HELP Demonstration program enrollees with one or more preventive visits during the year.
4. The implementation of community engagement requirements will increase the rate of HELP Demonstration program enrollees who are employed or who are actively seeking employment.	Quantitative trend analysis of enrollment and eligibility data.	- The number and rate of enrollees who are employed during the Demonstration. - The number and rate of enrollees who are newly employed during the Demonstration.
5. The HELP Demonstration program will slow the growth in HELP Demonstration health care expenditures.	Quantitative trend analysis of enrollment and eligibility data, and health care expenditures.	- The number of people enrolled in the Demonstration over time. - The average per enrollee expenditures and total expenditures for the HELP Demonstration program. - The average per enrollee expenditures and total expenditures

		among other Medicaid programs. • The annual HELP Demonstration program administrative costs.
6. The percentage of people in poverty in Montana will decline.	Quantitative pre-post analysis using data from the US Census Current Population Survey, Annual Social and Economic Supplement.	• The percentage of people in poverty in a calendar year.
7. HELP Demonstration program enrollees will gain or increase sustained employment.	Quantitative trend analysis using enrollment and eligibility data.	• The number and percentage of HELP Demonstration program enrollees who report meeting the community engagement requirements through employment. • The average number of employment hours among Demonstration enrollees.
8. HELP Demonstration program enrollees participating in engagement requirements who lose eligibility because of increased income or enrollment in commercial coverage will be less likely to return to Medicaid.	Quantitative trend analysis using enrollment and eligibility data.	• The number and percentage of people who enroll in the HELP Demonstration who were previously disenrolled due to income or insurance coverage.

SECTION 09: Public Notice and Comments

In accordance with 42 CFR 431.408, DPHHS provided the public and other interested parties with the opportunity to review and offer input on the proposed HELP Demonstration program through a formal, 30-day public notice and comment period which ran from July 18, 2025 to August 18, 2025. During this time, the State held two dedicated public hearings. The first was held on July 31, 2025 and the second was held during the August 1, 2025 Montana Health Coalition (the State's Medicaid Medical Advisory Committee body) meeting.

PUBLIC NOTICE

DPHHS first notified the public of the HELP Demonstration program on July 3, 2025 to open the State-required 60-day public comment period. On July 18, DPHHS formally initiated the federally-required 30-day public comment period by publishing the formal abbreviated public notice of the HELP Demonstration program application in the State's largest newspapers, including the Billings Gazette, Great Falls Tribune, and Bozeman Chronicle.

In addition, the HELP Demonstration program application, public notice documents, and other relevant information about the Demonstration program were made available for public review at the State's dedicated Demonstration webpage at help.mt.gov. Paper copies of the application were also made available to the public for review throughout the formal public notice period at the DPHHS Director's Office located at 111 North Sanders Street, Room 301, Helena, Montana 59601. The State also emailed an interested parties listserv, which included the Montana Health Coalition and other relevant stakeholders, to inform them of the application's posting, public comment period, public hearings, and process for public comment submission.

A copy of the abbreviated public notice is included in this document as Appendix A, and the full public notice is included as Appendix B. All notices provided the opportunity for individuals to submit written feedback to the State by email or U.S. mail.

PUBLIC HEARINGS

DPHHS verifies that, in accordance with federal regulations, it held two public hearings for interested parties to learn more about the HELP Demonstration program application, ask questions, and provide verbal public comments on July 31, 2025 and August 1, 2025. The hearing on July 31, 2025 was held at the DPHHS Cogswell building and 40

individuals attended. The hearing on August 1, 2025 was held as part of a Montana Health Coalition meeting at DPHHS headquarters (Sanders building) and 32 non-Coalition members attended. During the Coalition meeting, Coalition members as well as members of the general public were invited to provide comments on the Demonstration program. Both hearings were available for attendance via Zoom to ensure statewide access and accessibility.

TRIBAL NOTICE AND CONSULTATION

Montana is home to eight federally-recognized tribal governments. In accordance with 42 CFR 431.408, DPHHS sent an initial public notice of its forthcoming Demonstration application to each tribe's representatives on June 20, 2025. A copy of the formal notice sent to tribal representatives may be found in Appendix C. DPHHS held a formal tribal consultation call on Tuesday, July 29 with 41 attendees. In total, DPHHS received 36 comments from nine individuals during the tribal consultation.

During the tribal consultation, participants asked a number of clarifying questions. The themes of these inquiries included:

- Exemptions, including the nuances between the federal definitions of American Indian/Alaska Native for community engagement and cost sharing requirements, and the importance of continued collaboration between tribal representatives and DPHHS to verify exemptions and opportunities for engagement;
- Premiums, including clarifying questions related to the graduated premium structure;
- Operational planning, including implementation timeline and staffing capacity to process increased frequencies of recertifications and additional paperwork;
- Tribal communications, including one suggestion to have tribal-specific communications materials available regarding Medicaid application and redetermination processes; and
- Administrative burden, including the desire to utilize existing verification processes or self-attestation to the fullest extent possible.

During the public comment period, the State also received several comments related specifically to the impact of the HELP Demonstration program on tribal communities. These comments and the State's response are summarized below.

Comment Summary:

Commenters requested that the State provide an explicit statement of exemption for American Indians/Alaska Natives from both the community engagement and cost sharing requirements detailed in the Demonstration program application. They also noted that tribal health care facilities are already classified as Federally Qualified Health Centers (FQHCs) and should therefore be included among the facilities that do not require copayments. Commenters noted concerns with the current drafted definitions of American Indian/Alaska Native.

Commenters noted that the Demonstration program uses the HR 1 definition of Urban Indian and cautioned that implementation of exemptions will require processes to accurately verify American Indian/Alaska Native status. They expressed concerns about American Indian/Alaska Native individuals who do not use the Indian Health Service being at risk of not having the proper exemptions applied. To apply exemptions accurately, commenters also stated that Indian Health Service facilities could play a critical role in identifying American Indian/Alaska Native status for exemption purposes. Tribal representatives recommended that receipt of care in any tribal facility be accepted as verification of American Indian/Alaska Native status. Additionally, commenters requested the State conduct targeted, tailored outreach and education efforts—such as using text messages, phone calls, and tribal radio stations—to ensure that tribal communities fully understand the program and its requirements. Finally, commenters suggested working with CMS to ensure an accurate and consistent definition of American Indian/Alaska Native, and to acknowledge tribal authority to declare a disaster.

State Response:

The State confirms that American Indian/Alaska Native individuals are exempt from community engagement and cost sharing requirements as outlined in HR 1 and described in the Demonstration program above. This exemption will be clearly communicated in future program documents, including all enrollee-facing materials. As the HELP Demonstration program implementation plans are developed, the State will provide greater details regarding how the exemption for American Indian/Alaska Native individuals will be operationalized. The State acknowledges and appreciates the tribal representatives' suggestions for implementation methods and the offer of assistance in the exemption identification process. The State is currently developing a communications plan and is open to suggestions regarding effective methods of outreach to American Indian/Alaska Native populations. Further guidance from CMS

regarding a consistent definition of American Indian/Alaska Native and tribal authority for declaring disasters is expected during Demonstration negotiations and/or future federal rulemaking related to HR 1.

PUBLIC COMMENT SUMMARY AND STATE RESPONSES

A total of 467 public comments were recorded during the public comment period. The majority of comments, 404, were received in writing. Fifty-one comments and questions were documented during the two public hearings, and an additional 12 verbal comments were noted during the formal tribal consultation. The majority of comments, 352, were received from interested citizens, while 115 comments were from associations, legislators, organizations, providers, tribal organizations, and tribal representatives.

A majority of the commenters expressed general support or opposition to the key features of the HELP Demonstration program: community engagement and cost sharing.

- **Community engagement.** Many commenters expressed opposition to community engagement policies in general, often citing concerns that the policies were either ineffective as many beneficiaries are already employed or would lead to coverage losses due to administrative barriers. However, other commenters wrote to express support for community engagement policies, with some noting that requiring work, education, and/or other forms of community engagement is a reasonable strategy for helping eligible individuals improve their lives and reduce their reliance on public assistance. Some commenters noted that these requirements could help recipients gain greater independence.
- **Cost sharing.** Many commenters expressed general opposition to any form of cost sharing for Medicaid recipients, including copayments and premiums. Their concerns primarily centered on potential financial hardship and inequities. Several commenters warned that cost sharing requirements could cause vulnerable families to lose coverage or forego essential care.

The State appreciates the thoughtful comments it received and is committed to working with stakeholders to implement the HELP Demonstration program in alignment with the spirit of MCA and the federal requirements established in HR 1. Ultimately, DPHHS believes that the key features of the HELP Demonstration program—community engagement and enrollee cost sharing—will empower able-bodied, working-age adults to achieve greater independence and improved health. Community engagement

requirements, such as employment, education, and volunteer service, are central to Montana's vision of promoting self-sufficiency and reducing long-term dependency on public assistance. Through the HELP Demonstration program, Montana aims to foster a culture of personal responsibility, support labor force participation, and ensure that Medicaid resources are targeted to those most in need.

Given that this Demonstration seeks to implement both state and federal law, DPHHS is not revising the key components of this Demonstration application based on public comment at this time. However, DPHHS will continue to review and consider all public comments as it develops its operational plans to support implementation.

DPHHS made one update to the Demonstration application regarding the compliance verification process, as reflected in the Program Participation section.

Below is a detailed summary of all public comments received through the public comment period. This summary is organized by the following themes and includes the State's response to each category:

- Operational aspects of proposed eligibility changes;
- Administrative burdens on enrollees and State staff;
- Compliance review period;
- Implementation timing;
- Community engagement exemption policies;
- Enrollee communications and implementation plan;
- Premiums;
- Copayments; and
- Alignment with MCA.

Operational Aspects of Proposed Eligibility Changes

Comment Summary:

Many commenters provided feedback regarding Montana's readiness to implement the new Medicaid eligibility requirements outlined in the HELP Demonstration program. They highlighted opportunities for improvement in areas such as State staffing, eligibility systems technology, and communication with enrollees about redeterminations. Commenters also pointed out challenges in the Medicaid application, renewal, and redetermination processes, noting that streamlining these procedures could help reduce the risk of coverage loss due to administrative matters. For instance,

they observed that some applications in Montana can take more than 45 days to process.

To help ensure a smooth transition, commenters encouraged DPHHS to address existing enrollment, reimbursement, and administrative issues, and to invest in additional resources and infrastructure. They emphasized the importance of learning from experiences during the 2023 redetermination period following the end of the federal COVID-19 public health emergency (PHE), including procedural disenrollments. Suggestions included enhancing customer service, improving provider tools, and clarifying processes to reduce confusion.

Several commenters specifically recommended improvements to the Public Assistance Helpline, such as reducing wait times to under 10 minutes, to better support applicants. Others advocated for delaying the implementation of community engagement requirements until the community assister portal is fully operational, ensuring enrollees are well-supported throughout the process. Overall, commenters encouraged DPHHS to proactively address these concerns to promote successful implementation of the new requirements.

State Response:

The State is committed to continuous improvement related to application processing times. The State views the PHE unwinding process as being distinctly different than what is being contemplated within this Demonstration.

As the State transitions to implementation planning, it intends to thoroughly review existing processes and staffing models to identify opportunities for increased efficiency and quality. DPHHS is committed to working with its partners to effectuate a thoughtful rollout that reduces administrative burden, incorporates lessons learned from the PHE unwinding, and aligns with the State's ongoing customer service improvement efforts. For example, potential strategies may include scheduling initial verification/compliance checks in tandem with already-scheduled redeterminations rather than subjecting Medicaid expansion enrollees to an en masse review upon full implementation.

Ultimately, the Demonstration program implementation plan, including staffing needs, will be informed by ongoing eligibility and enrollment improvement efforts. While a detailed implementation plan is not, nor required to be, included in this Demonstration, the State's ongoing commitment to improving service delivery remains clear.

Administrative Burden on Enrollees and State Staff

Comment Summary:

Many commenters highlighted challenges with current Medicaid eligibility requirements and difficulties with maintaining enrollment. They also noted that most Medicaid recipients already fulfill work or caregiving responsibilities. These commenters expressed concerns that imposing additional reporting requirements could create unnecessary paperwork for enrollees and increase the risk of coverage losses due to administrative barriers rather than reflecting compliance with community engagement requirements, referencing other states' experiences with high disenrollments after implementing similar policies.

Commenters also emphasized the impact on State staff workload and encouraged the State to assess and provide necessary staffing support for successful implementation. To help reduce administrative burden for both enrollees and staff, commenters strongly recommended that DPHHS utilize existing administrative data sources—such as wage records, SNAP/TANF participation files, and Medicaid claims to automate verification of compliance and exemptions, and to minimize paperwork and additional reporting as much as possible. They encouraged the State to strengthen existing systems prior to implementing the Demonstration program and to adopt a phased, deliberate approach to Medicaid community engagement requirements that includes integration with other system changes.

State Response:

The State recognizes the importance of minimizing administrative burden for both enrollees and State staff. The State is committed to developing a comprehensive implementation plan that is informed by federal CMS negotiations, CMS regulations and guidance related to HR 1, and stakeholder input. DPHHS uses an integrated eligibility system and currently leverages information related to wage records, SNAP/TANF participation, and other case information to minimize burdens on clients. Leveraging existing data sources for verification and automating eligibility processes are top priorities, and the State will continue to incorporate these strategies wherever possible to streamline program operations.

That said, the State also acknowledges that, as a public program, Medicaid will always involve some level of administrative requirements for enrollees. Ultimately, the State believes that participants have a personal responsibility to take steps to maintain their

coverage and ensure their eligibility, including documenting compliance with community engagement requirements.

Compliance Review Period

Comment Summary:

Several commenters requested that the State streamline its compliance requirements for eligibility reviews. The primary suggestion was to require only a single 30-day period of compliance within each six-month review period, rather than mandating documentation of compliance for the immediate prior 30 days plus demonstration of compliance for an additional five months at the annual redetermination.

State Response:

While the State will not diverge from the HR 1 minimum requirement that states ensure compliance in the 30 days preceding application, it has decided to remove the requirement for enrollees to provide documentation of compliance for the additional five months at annual redetermination. However, enrollees must still be compliant with the community engagement requirements at all times, report required changes to DPHHS, and maintain documentation when appropriate. The State will align its process with the single 30-day look-back, both at annual redetermination and at the six-month redetermination, in accordance with HR 1. Corresponding changes have been made to the Demonstration application document to reflect this operational change.

This change recognizes that successful implementation of the HELP Demonstration program within the proposed timelines will require alignment with HR 1 and forthcoming CMS guidance. The State's goal is to ensure that its initial approach is operationally sound and consistent with federal requirements, while also setting the stage for potentially tightening compliance verification standards over time.

While the State is proposing to adopt the federal 30-day minimum requirement at this time, it remains deeply committed to going beyond the minimum federal floor as needed. The State recognizes the value of ensuring that enrollees comply with the community engagement requirements throughout the entire enrollment period, regardless of how often DPHHS verifies and documents compliance. Therefore, as part of its implementation, DPHHS intends to conduct a continuous, statistically valid evaluation of program compliance by regularly sampling cases throughout the year to reliably assess overall enrollee compliance rates for the Medicaid population subject to community engagement requirements.

This data-driven approach will guide future policy decisions and enable the State to strengthen its eligibility and compliance standards based on clear evidence. By implementing these changes in stages, DPHHS will set clear expectations for enrollees, ensure a smooth transition, and establish a foundation for stricter oversight moving forward. The State's immediate priority is to align with HR 1's 30-day compliance requirement to ensure operational feasibility and consistency with federal guidance. At the same time, the State is fully committed to rigorous evaluation and continuous improvement, with the ultimate goal of making community engagement reporting and eligibility checks more stringent as needed to uphold program integrity and drive consistent, meaningful community engagement.

Implementation Timing

Comment Summary:

Several commenters encouraged DPHHS to consider the timing of proposed Medicaid changes, noting that federal requirements for community engagement do not take effect until December 2026 or later. They recommended not proceeding with the 1115 Demonstration, and rather waiting until federal rulemaking is finalized and CMS guidance is available before proceeding. Some commenters suggested that aligning with the finalized federal timeline could help ensure a smoother and more coordinated implementation process.

State Response:

MCA has required work requirements and cost sharing be incorporated into Medicaid expansion since 2019. During the 2025 legislative session when Medicaid expansion was permanently reauthorized, DPHHS committed to its legislative partners to work with CMS to implement those program provisions as soon as possible.

On July 4, the One Big Beautiful Bill Act was signed into law, which created a new federal pathway for community engagement and higher cost sharing. While the bill requires all states to implement community engagement requirements no later than 2027, Congress contemplated that states that were willing and able to implement sooner would be able to do so. Specifically, the federal legislation allows states to implement sooner through a state plan amendment (SPA) or 1115 demonstration waiver. Montana chose an 1115 waiver for five primary reasons:

1. A waiver is required to implement the monthly premiums required by MCA;
2. A waiver allows more robust public comment on the design of the program;

3. A waiver aligns with and fulfills commitments made by the State during the 2025 legislative session to expeditiously pursue all available avenues for implementing community engagement and cost sharing requirements, as required by MCA;
4. A waiver enables the State to use the earliest available policy vehicle to implement these program elements, while retaining the flexibility to transition to a SPA if, and when, that authority becomes available; and
5. A waiver, through its monitoring and evaluation requirements, encourages the State to formally assess the efficacy of the program in alignment with ongoing DPHHS research and data analytics priorities.

At any time, Montana can seek to change the authority for community engagement to the Medicaid state plan as that option becomes available; however, DPHHS believes that an 1115 waiver offers the State the best chance to fulfill its commitment and the legislative intent to implement these program elements as soon as possible.

Community Engagement Exemption Policies

Comment Summary:

Several commenters sought clarification on existing exemptions and related policies. Their feedback focused on ensuring clear definitions and transparent processes for exemption criteria, outreach, verification, and reporting requirements related to exemption categories. Many comments aimed to reinforce support for vulnerable populations and encouraged DPHHS to provide additional detail to help enrollees and stakeholders better understand how these provisions will be implemented.

- *Exemption Criteria.* Commenters recommended changes to exemption criteria, such as lowering the veteran disability threshold from 100 percent to 50 percent, expanding exemptions for caregivers of seriously ill family members, and exempting those with limited access to State Offices of Public Assistance or broadband internet. There was also a request to exempt participants in the Money Follows the Person (MFP) program.
 - *State Response:* The State will follow federal guidance on veteran disability percentages, but notes that disabled veterans may also qualify under existing medically frail exemptions. The State is committed to carefully crafting exemptions and hardship provisions to protect vulnerable enrollees, in compliance with federal standards. Most MFP participants are not in the expansion group and should not be impacted.
- *Disease-Specific Exemptions.* Several organizations requested that the

Department specify disease states, such as End Stage Renal Disease, Human Immunodeficiency Virus (HIV), or cancer, that would qualify for exemptions.

- State Response: The State intends to clarify and further define “medically frail” through policy and/or administrative rule to ensure transparent and consistent exemption criteria.
- *Caregiver Exemptions.* Numerous commenters requested clarification of the “family caregiver” definition to ensure alignment with federal law and asked that exemptions be extended to those with long-term caregiving responsibilities.
 - State Response: The State intends to align the definition of family caregiver with federal guidance and provide exemptions for caregivers. Distinctions between short-term and long-term exemptions will be clearly defined as policies and/or administrative rules are developed.
- *Behavioral Health Exemptions.* Many commenters emphasized the challenges individuals with behavioral health conditions face in meeting Medicaid requirements, expressing concern that these individuals may struggle with the new Demonstration requirements. Suggestions included clearly defining behavioral health exemption criteria, counting mental health treatment hours toward qualifying activities, and ensuring that individuals receiving mental health services are not penalized for inability to pay premiums.
 - State Response: The State will provide greater detail on how exemptions for individuals with disabling mental disorders will be implemented through future policy and/or administrative rule.

State Response:

The State appreciates the thoughtful feedback provided on exemption policies and recognizes the importance of clear, accessible information for enrollees and stakeholders. The State remains committed to developing a Demonstration program that meets federal requirements while also addressing the unique needs of Montana’s Medicaid population. While many of the exemption categories and criteria requested by commenters are already included in the Demonstration program application, we understand the need for additional detail and clarification, and these will be addressed during the implementation phase. As the implementation phase progresses, the State will continue to refine exemption criteria, clarify policies, and communicate detailed requirements and acceptable forms of documentation to stakeholders and enrollees.

Enrollee Communications and Implementation Plan

Comment Summary:

Commenters encouraged DPHHS to create a clear and comprehensive implementation plan with strong outreach and communication strategies, provider education, defined timelines, and accessible information about upcoming changes. They emphasized the need for enrollee communications to be straightforward and easy to find, with all exemptions clearly defined to prevent confusion. Many also recommended collaborating with provider associations and stakeholders to ensure enrollee-facing materials are understandable for all audiences, ideally written at a 6th grade reading level.

State Response:

The State thanks commenters for their input and shares their commitment to clear, transparent communication throughout the Demonstration implementation process. Many operational details, including the implementation plan and communication strategies, will be developed in partnership with CMS and documented in protocol materials, policies, and/or administrative rule following Demonstration approval. DPHHS intends to develop plain-language enrollee materials and a comprehensive communication toolkit for use by providers and advocate groups. The State looks forward to ongoing collaboration to ensure that all enrollees and providers receive timely, accessible, and understandable information about program changes.

Premiums

Comment Summary:

Several commenters urged the State not to implement premiums, noting that they are prohibited by HR 1 effective October 2028. Commenters specifically objected to the requirement for increased monthly premiums for Medicaid coverage, citing concerns about the financial burden on enrollees, the risk of disenrollment for non-payment, and potential harm to vulnerable populations such as individuals with disabilities, mental illness, or substance use disorders. Several commenters noted that the Demonstration's proposed premium structure may not adequately preserve access to care. Some commenters suggested that DPHHS allow non-profit organizations to pay enrollee premiums on behalf of Medicaid participants.

State Response:

The State believes that gradual, income-based premiums under the HELP Demonstration encourage personal responsibility, prepare enrollees for the transition to commercial coverage, and help safeguard limited program resources for those who need them most.

Because the State views premium payments as components of individual accountability, third-party payments—such as those made by non-profits—are not permitted.

The State acknowledges the conflict between certain state and federal cost sharing statutory provisions. Montana's Demonstration program application seeks to reconcile those differences, reflect new federal requirements taking effect in 2028, and preserve legislative intent. Any necessary adjustments based on CMS negotiations will be explored in the next State legislative session, if needed.

During the Demonstration, the State will engage stakeholders, monitor the impact of cost sharing on access and outcomes, and make data-driven program refinements to ensure Medicaid remains both effective and accessible for eligible Montanans. The State will not be making any changes to the premium policy at this time.

Copayments

Comment Summary:

Several commentors requested that the State not impose or increase copayments for Medicaid services (e.g., doctor visits, prescription medications, emergency room visits). These comments expressed concerns about the perceived lack of affordability of copayments for low-income recipients, the risk of individuals avoiding necessary health care services, or the possible negative impacts on health outcomes due to imposing copayments.

State Response:

As detailed throughout this Demonstration application, the State seeks to comply with the federal requirements outlined in HR 1. Beginning in October 2028, adults with incomes between 100 and 138 percent of the FPL will be subject to copayments, except for services specifically exempted by the statute—such as primary care, mental health care, and substance use disorder treatment. It is the State's intention to eventually implement copayments when and as required by federal law; therefore, no changes to

the Demonstration application were made based on public comment. The State acknowledges that copayment policy will likely need to be addressed during the next State legislative session, as MCA expressly prohibits copayments for the Medicaid expansion population.

Alignment with MCA

Comment Summary:

A few commenters emphasized the importance of ensuring that the Demonstration and its implementation align with MCA, particularly with respect to definitions, eligibility criteria, exemptions, and compliance standards for community engagement and cost sharing requirements.

State Response:

The State recognizes the importance of aligning the Demonstration with both MCA and federal requirements under HR 1. Recognizing that Medicaid is jointly administered by both the state and federal government, federal law preempts state law where direct conflicts exist. The HELP Demonstration program seeks to incorporate key elements of MCA while adhering to federal law, as defined in HR 1, as much as possible. For areas where differences between MCA and HR 1 exist, the State commits to working with its federal and state legislative partners to address conflicting provisions.

SECTION 10: Demonstration Administration

The DPHHS point of contact for this Demonstration waiver application is as follows:

Name and Title: Carla Rime, Medicaid and CHIP State Plan Amendment and Waiver Coordinator

Telephone Number: (406) 444-2584

Email Address: crime2@mt.gov

APPENDIX A. Abbreviated Public Notice



MONTANA SECTION 1115 HEALTH AND ECONOMIC LIVELIHOOD PARTNERSHIP (HELP) DEMONSTRATION APPLICATION

Abbreviated Public Notice
July 18, 2025

The Montana Department of Public Health and Human Services (DPHHS) is providing public notice of its intent to: (1) submit to the Centers for Medicare and Medicaid Services (CMS) a Section 1115 Demonstration application to request federal authority for enrollees to be subject to community engagement requirements and cost sharing as a condition of Medicaid enrollment in accordance with HR 1 and the Montana Code Annotated and (2) hold public hearings to receive comments on the 1115 Demonstration application. DPHHS is seeking a five-year approval of the Demonstration and aims to implement the waiver as soon as is practicable following federal approval.

DPHHS is seeking a Section 1115 Demonstration waiver to comply with Montana legislative requirements (MCA 53-6-1307, 53-6-1308, and 53-6-1309) and advance the Gianforte administration's commitment to helping Montanans become self-sufficient and independent while reducing government dependency. DPHHS will also seek to align and comply with recently enacted federal requirements included in HR 1 related to community engagement and cost sharing for Medicaid enrollees.

Specifically, the HELP Demonstration program seeks to require non-exempt enrollees to meet community engagement requirements and pay premiums as a condition of enrollment. By requiring working age, able-bodied adult Medicaid enrollees to take an active role in their health care and become engaged in their communities, Montana can achieve lasting improvements in both the health and economic well-being of its citizens, as well as the financial health of the Medicaid program.

Summary of Proposed Waiver Features

Montana is seeking:

- Community Engagement: To require non-exempt individuals age 19 – 64 to participate in 80 hours per month of community engagement activities to gain Medicaid coverage and continue to participate in community engagement activities to maintain an active Medicaid enrollment status in the Demonstration; and
- Cost Sharing: To require non-exempt individuals to pay gradually increasing monthly premiums not to exceed four percent of their income, the amount of which is dependent upon the number of years of enrollment in the Demonstration.

Additionally, DPHHS recognizes that HR 1 requires the collection of copayments for expansion enrollees by October 1, 2028. It is the state's intention to eventually implement copayments as required by HR 1 and as permitted by MCA.

The HELP Demonstration program will apply to all non-exempt Medicaid expansion adults aged 19-64 with an income up to 138% of the federal poverty level (FPL). Separate from the requirements set forth in HR 1, Montana is requesting authority for additional exemptions based on state statute, including but not limited to those that are mentally or physically unable to work, foster parents, or primary caregivers for a person who is unable to provide self-care.

The State does not propose any other changes to the Medicaid health care delivery system or benefits offered to enrollees.

Public Meetings and Comment Process

In accordance with federal regulation (42 CFR § 431.408), DPHHS is providing the public and other interested parties with the opportunity to review and offer input on the waiver through a formal, 30-day public notice and comment process which will run from July 18, 2025, to August 18, 2025. The draft of the Montana HELP waiver can be found at help.mt.gov. Paper copies are available to be picked up in person at the DPHHS Director's Office located at 111 North Sanders Street, Room 301, Helena, Montana. Access to the Director's Office is restricted for security purposes so members of the public should call (406) 406-9772 upon arrival to receive a paper copy of the waiver application.

Two public meetings will be held regarding the Demonstration application:

1. July 31, 2025, from 3:00 to 5:00 pm MT (in-person and virtual)

Cogswell Building, Conference Rooms C205, C207, and C209 (combined)
1400 E. Broadway St.
Broadway Entrance, south side of building
Helena, MT

2. August 1, 2025, from 3:00 to 5:00 pm MT (virtual only for non-Montana Health Coalition members)

Montana Health Coalition Meeting
111 North Sanders Street
Room 306
Helena, MT

The public hearing on July 31, 2025, will be a hybrid meeting and the public may attend in-person or virtually. The public hearing on August 1, 2025, will be held as part of a Montana Health Coalition meeting and will be accessible to the public virtually only due to building security restrictions. To register for one or both meetings visit help.mt.gov.

Individuals who require special accommodation to attend these public meetings should contact Carla Rime at (406) 444-2584 or by email at crime2@mt.gov to ensure that any necessary accommodation can be provided.

Questions or formal public comments may be submitted until 11:59 pm MT on August 18, 2025. Questions or public comments may be submitted via email to dphhscomments@mt.gov with "HELP Demonstration Waiver" in the subject line, or by mail to:

Department of Public Health and Human Services
Director's Office
RE: HELP Waiver
P.O. Box 4210
Helena, MT 59604-4210

Please note that comments will continue to be accepted after August 18, but the state may not be able to consider those comments prior to the submission of the Demonstration application to CMS.

After Montana reviews comments submitted during the state public comment period, DPHHS will submit a potentially revised application to CMS. Interested parties will also have an opportunity to formally comment during the federal comment period; the submitted application will be available for comment on the CMS website at <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list>.

APPENDIX B. Full Public Notice



MONTANA SECTION 1115 HEALTH AND ECONOMIC LIVELIHOOD PARTNERSHIP (HELP) DEMONSTRATION APPLICATION

Full Public Notice
July 18, 2025

The Montana Department of Public Health and Human Services (DPHHS) is providing public notice of its intent to: (1) submit to the Centers for Medicare and Medicaid Services (CMS) a Section 1115 Demonstration application to request federal authority to require enrollees to meet community engagement requirements and pay premiums as a condition of Medicaid enrollment in accordance with the Montana code; and (2) hold public hearings to receive comments on the 1115 Demonstration application. DPHHS is seeking a five-year approval of the Demonstration and aims to implement the waiver as soon as is practicable following federal approval.

DPHHS is seeking a Section 1115 demonstration waiver to comply with Montana legislative requirements (MCA 53-6-1307, 53-6-1308, and 53-6-1309) and build upon Governor Gianforte's vision to build a strong foundation for Montana that emphasizes self-sufficiency over government dependency. DPHHS will also seek to align and comply with recently enacted federal requirements included in the One Big Beautiful Bill Act (HR 1) related to community engagement for Medicaid enrollees.

Montana seeks to implement community engagement requirements and cost sharing for the adult Medicaid expansion group. Specifically, Montana seeks to implement the HELP Demonstration program in a way that meets the intent of State code (MCA 53-6-1307, 53-6-1308, 53-6-1309) while also aligning with the new federal community engagement and cost sharing requirements to the greatest extent possible. While the State intends to align with HR 1, DPHHS is also requesting several Montana specific additions to the program including specific qualifying activities, exemptions, short-term hardship/good cause criteria, and cost sharing elements included in the MCA.

Program Description and Goals

The HELP demonstration program seeks to require non-exempt enrollees to meet community engagement requirements and pay premiums as a condition of enrollment. By requiring working age able-bodied adult Medicaid enrollees to take an active role in their health care and become engaged in their communities, Montana can achieve lasting improvements in the health and economic well-being of its citizens, as well as the financial health of the Medicaid program.

The HELP demonstration program will include the following features:

- **Community Engagement**. The State seeks waiver authority to condition Medicaid

coverage on compliance with community engagement requirements for non-exempt expansion adults aged 19 - 64 with incomes up to 138 percent of the federal poverty level (FPL). While HR 1 and MCA are directionally aligned, there are slight discrepancies in the definitions of certain activities and exemptions. To promote administrative simplicity, avoid unnecessary system changes, and ensure prudent use of State resources, the State proposes to implement community engagement requirements consistent with HR 1, while also including several State-specific elements included in MCA.

- **Cost Sharing.** DPHHS is seeking to enhance enrollee cost sharing for adult Medicaid expansion enrollees through the use of premiums and copayments.
 - *Premiums.* The State seeks to apply premiums for expansion adult enrollees up to 138 percent FPL that gradually increase based on the length of time an individual is enrolled in Medicaid coverage, unless an enrollee is exempt from premium increases. In the first two years of coverage, all Medicaid expansion adult enrollees will pay premiums in an amount equal to two percent of their aggregate household income. The premium obligation would gradually increase by 0.5 percent in each subsequent year of coverage under the Demonstration with a maximum premium amount not to exceed four percent of the enrollee's aggregate household income. Individuals who are exempt from community engagement requirements will also be exempt from the annual premium increases, although they will still be subject to the base premium amounts.
 - *Copayments.* DPHHS recognizes that HR 1 requires the collection of copayments for Medicaid expansion enrollees by October 1, 2028. It is the State's intention to eventually implement copayments as required by HR 1 and as permitted by MCA.

The State does not propose any changes to the Medicaid health care delivery system. Demonstration enrollees will continue to receive services through the State's fee-for-service delivery system.

Demonstration enrollees will also continue to receive benefits through the Alternative Benefit Plan; the State does not propose any changes to benefits for Demonstration enrollees. Further, no new provider payment rates will be developed for this Demonstration.

Community Engagement

Enrollment Standards

DPHHS will determine eligibility for the Demonstration population at the time of application. Individuals will be required to meet community engagement qualifying activity requirements, or be exempt from requirements, to qualify for coverage. To the extent possible, DPHHS will utilize information available in existing systems to validate qualifying activities and exemptions including participation in other State-defined programs or activities, as noted below.

DPHHS will verify that enrolled expansion adult individuals continue to meet community engagement requirements, or exemption criteria, at least every six months as required by HR 1.

Qualifying Activities

Enrollees in the HELP Demonstration program must participate in at least 80 hours of community engagement activities each month, unless otherwise exempt.

Consistent with HR 1, qualifying activities will include time spent on one or more of the following activities which may be counted toward the monthly requirement for community engagement:

- Work, including work that:
 - Has a monthly income that is not less than the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act of 1938, multiplied by 80 hours;
 - Has an average monthly income over the preceding six months that is not less than the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act of 1938 multiplied by 80 hours, and is a seasonal worker, as described in section 45R(d)(5)(B) of the Internal Revenue Code of 1986; or
 - Is not less than 80 hours per month for individuals making less than minimum wage;
- Community service;
- Work programs, including:
 - Work readiness;
 - Workforce training activities;
 - Internships; or
 - Registered Apprenticeship; and
- Educational programs (half-time or more), including:
 - Secondary education;
 - Post-secondary education;
 - Vocational education; or
 - Registered Apprenticeship; and
- Consistent with MCA, any other activity required by CMS for the purpose of obtaining necessary waivers.

Community Engagement Exemptions

Montana will exempt enrollees from the community engagement requirement who meet any of the following standard exemptions or a short-term hardship/good cause exemption described in this section. The specific length of time for which an exemption

applies will depend on the exemption. Some exemptions may be permanent, including, for example, enrollees who are blind; other exemptions will be time limited including, for example, exemptions for women who are pregnant.

Standard Exemptions. Pursuant to HR 1, a program enrollee will be exempt from community engagement requirements if the individual is:

- Entitled to, or enrolled in, Medicare;
- A former foster youth, as defined in subsection (a)(10)(A)(i)(IX) of 1902 of the Social Security Act;
- A Native American or Alaska Native, defined in alignment with HR 1 as:
 - an Indian or Urban Indian (as such terms are defined in paragraphs (13) and (28) of section 4 of the Indian Health Care Improvement Act);
 - a California Indian described in section 809(a) of such Act; or
 - has otherwise been determined eligible as an Indian for the Indian Health Service under regulations promulgated by the Secretary;
- The parent, guardian, caretaker relative, or family caregiver (as defined in section 2 of the RAISE Family Caregivers Act) of a dependent child 13 years of age and under or a disabled individual;
- A veteran with a disability rated as total under section 1155 of title 38, United States Code;
- Medically frail or otherwise has special medical needs (as defined by the United States Secretary of Health and Human Services (HHS Secretary)), including an individual:
 - Who is blind or disabled (as defined in section 1614 of the Social Security Act);
 - With a substance use disorder;
 - With a disabling mental disorder;
 - With a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more activities of daily living; or
 - With a serious or complex medical condition;
- In compliance with mandatory work requirements imposed by the State pursuant to the Temporary Assistance for Needy Families (TANF) program;
- A member of a household that receives Supplemental Nutrition Assistance Program (SNAP) benefits under the Food and Nutrition Act of 2008 and is not otherwise exempt from work requirements under such Act;
- Participating in a drug addiction or alcoholic treatment and rehabilitation program (as defined in section 3(h) of the Food and Nutrition Act of 2008);
- An inmate of a public institution or was previously incarcerated within the last 90 days; or

- Pregnant or otherwise entitled to postpartum medical assistance.

While the community engagement exemptions listed in MCA generally align with HR 1 in overall intent, there are several places where the State is requesting waiver authority to include additional exemptions to align with MCA and support the policy priorities of DPHHS. Specifically, DPHHS requests an exemption for any individual who is:

- A foster parent of a foster child under the age of 19; or
- Under the supervision of the Department of Corrections, a county jail, or another entity as directed by a court, the Department of Corrections, or the Board of Pardons and Parole.

Short-Term Hardship/Good Cause Exemptions. Pursuant to HR 1 and to address life circumstances that affect an enrollee's ability to meet community engagement requirements, an individual will be temporarily exempt for good cause from community engagement requirements during a short-term hardship. Individuals will be deemed to be experiencing a short-term hardship/good cause event during a month if, for part or all of such month:

- Such individual receives inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or such other services of similar acuity (including outpatient care relating to other services specified in this clause) as the HHS Secretary determines appropriate;
- Such individual resides in a county (or equivalent unit of local government)
 - In which there exists an emergency or disaster declared by the President pursuant to the National Emergencies Act or the Robert T. Stafford Disaster Relief and Emergency Assistance Act; or
 - That, subject to a request from the State to the HHS Secretary, made in such form, at such time, and containing such information as the Secretary may require, has an unemployment rate that is at or above the less of
 - 8 percent; or
 - 1.5 times the national unemployment rate; or
- Such individual or their dependent must travel outside of their community for an extended period to receive medical services necessary to treat a serious or complex medical condition that are not available within their community of residence.

Again, while the short-term hardship/good cause exemptions defined in MCA are broadly aligned with those identified in HR 1, the State requests waiver authority to include additional short-term hardship/good cause exemptions, which are included in MCA. Specifically, DPHHS requests authority to establish a short-term hardship/good cause exemption for individuals who are:

- Experiencing homelessness;
- A victim of domestic violence as defined by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 42 U.S.C. 601, et seq; or
- Caring for an immediate family member who receives inpatient hospital services, nursing facility services, services in an intermediate care facility for individuals with intellectual disabilities, inpatient psychiatric hospital services, or such other services of similar acuity (including outpatient care relating to other services specified in this clause).

The duration of these exemptions will be dependent on the enrollee's circumstances. Montana intends to establish a short-term hardship/good cause exemption review process via administrative rule.

Program Participation and Penalties for Non-Compliance

Individuals applying for expansion adult Medicaid coverage must demonstrate compliance with community engagement requirements or document an exemption for at least 30 days before enrollment. After enrolling, non-exempt individuals must participate in qualifying community engagement activities for at least 80 hours per month and will be reviewed for compliance every six months. At each review, enrollees must verify current compliance within the prior 30 days or exemption status, with enhanced annual redeterminations requiring additional proof of participation for at least five months (for a total demonstrated compliance of six of the past twelve months). DPHHS will leverage standard auto-renewal and ex parte eligibility processes to the greatest extent possible and provide clear notices detailing requirements, exemptions, reporting processes, and appeal rights.

If a non-exempt enrollee fails to meet community engagement requirements at a six-month review, they will receive a 30-day notice to comply or show exemption, after which failure to comply will result in disenrollment. Before disenrollment, eligibility for other Medicaid categories will be assessed. Disenrolled individuals must reapply and demonstrate compliance or exemption to regain coverage, including at least 30 days of compliance prior to reenrollment. All required information about the community engagement policy and appeal rights will be provided through multiple channels, ensuring enrollees are informed throughout the process.

Cost Sharing

Graduated Premiums

Pursuant to MCA, HELP Demonstration enrollees up to 138 percent FPL must pay monthly premiums that increase over time based on the length of time they are enrolled in the Demonstration. Specifically, enrollees who are not otherwise exempt from paying premiums will continue to be required to pay monthly premiums equal to 2 percent of their modified adjusted gross income for the first two years of participation, unless an enrollee is exempt from premium increases. Pursuant to State statute, the premium will increase by 0.5 percent in each subsequent year of Medicaid enrollment, up to a

maximum of 4 percent of the enrollee's aggregate household income. Program enrollees who are exempt from community engagement requirements will also be exempt from premium increases; however, they will continue to be subject to the annual premium of 2 percent of an enrollee's household income regardless of length of time of enrollment in the Demonstration.

Consequences for Unpaid Premiums

In accordance with MCA, if an enrollee with an income of 100 percent FPL or less fails to make payment for overdue premiums, DPHHS will provide notice to the Department of Revenue of the enrollee's failure to pay. The Department of Revenue will collect the amount due for nonpayment by assessing the amount against the enrollee's annual income tax. The enrollee will not be disenrolled from the program.

Additionally, if an enrollee with income greater than 100 percent FPL but not more than 138 percent FPL, fails to make payment for overdue premiums within 90 days of being notified, DPHHS will:

- Follow the same collection procedures described above for enrollees with an income of 100 percent FPL or less;
- Consider the failure to pay the premium(s) a voluntary disenrollment from the program; and
- Disenroll the enrollee from coverage.

Pursuant to state statute, enrollees who meet at least two of the following criteria are not subject to disenrollment for failure to pay overdue premiums:

- Discharge from United States military service within the previous 12 months;
- Enrollment for credit in any Montana university system unit, a tribal college, or any other accredited college within Montana offering at least an associate degree for no more than four years;
- Participation in a workforce program or activity; and
- Participation in any of the following healthy behavior plans developed by a health care provider or a third-party administrator, if any, or approved by DPHHS:
 - Medicaid health home;
 - Patient-centered medical home;
 - Cardiovascular disease, obesity, or diabetes prevention program;
 - Program restricting the enrollee to obtaining primary care services from a designated provider and obtaining prescriptions from a designated pharmacy;
 - Medicaid primary care case management program established by DPHHS;
 - Tobacco use prevention or cessation program;
 - Substance use disorder treatment program;

- Care coordination or health improvement plan administered by a third-party administrator.

Copayments

- State law (MCA 53-6-1306) currently does not permit copayments. However, DPHHS recognizes that HR 1 requires the collection of copayments for expansion enrollees by October 1, 2028. It is the State's intention to eventually implement copayments as required by HR 1 and as permitted by MCA.

Program Goals and Objectives

Throughout the Demonstration, Montana seeks to advance the following goals and policy objectives:

- Improve the health, well-being, and financial stability of Montanans through participation in community engagement requirements;
- Help Montanans become self-sufficient and independent while reducing government dependency;
- Encourage HELP Demonstration program enrollees to be discerning health care purchasers, take personal responsibility for their health care decisions, and ultimately improve their health through the collection of premiums;
- Provide greater value for the tax dollars spent on the Montana Medicaid program;
- Reduce health care costs; and
- Boost Montana's economy.

Enrollment, Fiscal Projections, and Budget Neutrality

The proposed budget neutrality limits in Table 1 were developed using enrollment and cost projections that account for the community engagement requirements and premiums discussed in this waiver application. Table 2 includes the "without waiver" enrollment and expenditures, which is a baseline projection that does not consider the impact of premiums and community engagement requirements nor any adjustments for the recently passed HR 1.

Table 1 Montana DPHHS 1115 Demonstration Waiver Enrollment, Expenditures, and PMPM by Calendar Year Newly Eligible Adults without Waiver					
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Enrollment	71,998	66,201	67,182	68,176	69,540
PMPM	\$1,084	\$1,165	\$1,223	\$1,285	\$1,349
Expenditures	\$936,461,044	\$925,559,354	\$986,242,220	\$1,050,876,309	\$1,125,488,527

Table 2
Montana DPHHS 1115 Demonstration Waiver
Enrollment, Expenditures, and PMPM by Calendar Year
Newly Eligible Adults without Waiver

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Enrollment	79,560	81,151	82,774	84,430	86,118
PMPM	\$1,065	\$1,118	\$1,174	\$1,233	\$1,295
Expenditures	\$1,016,780,695	\$1,088,972,125	\$1,166,289,146	\$1,249,095,675	\$1,337,781,468

Hypothesis and Evaluation

During the approval period, DPHHS proposes to test a series of hypotheses the State believes will lead to success in improving the health, well-being, and financial stability of enrollees, reduce health care costs, and boost Montana's economy. Table 3 below identifies the specific hypotheses, methodology, and potential performance measures associated with this Demonstration.

Table 3. Hypotheses

Hypothesis	Methodology	Performance Measure(s)
1. Enrollees participating in community engagement requirements will have improved health and well-being.	Quantitative pre-post analysis of administrative claims data.	• PQI 01: Diabetes Short-Term Complications Admission Rate (PQI01-AD) • PQI 05: Chronic Obstructive Pulmonary Disease (COPD) or Asthma in Older Adults Admission Rate (PQI05-AD) • PQI 08: Heart Failure Admission Rate (PQI08-AD) • Other identified measures including, but not limited to, those related to behavioral health and substance use disorder; hypertension; obesity; and maternal health as determined by DPHHS.
2. Enrollees participating in community engagement requirements will have improved financial stability.	Quantitative trend analysis of enrollment and eligibility data.	• The number and percent of enrollees whose household income increases during the Demonstration.

3. HELP Demonstration program enrollees who participate in cost-sharing will have increased utilization of preventive health care services.	Quantitative pre-post analysis of administrative claims data.	• Cervical Cancer Screening (CCS-AD) • Percentage of HELP Demonstration program enrollees with one or more preventive visit during the year.
4. The implementation of community engagement requirements will increase the rate of HELP Demonstration program enrollees who are employed or who are actively seeking employment.	Quantitative trend analysis of enrollment and eligibility data.	• The number and rate of enrollees who are employed during the Demonstration. • The number and rate of enrollees who are newly employed during the Demonstration.
5. The HELP Demonstration program will slow the growth in HELP Demonstration health care expenditures.	Quantitative trend analysis of enrollment and eligibility data, and health care expenditures.	• The number of people enrolled in the Demonstration over time. • The average per enrollee expenditures and total expenditures for the HELP Demonstration program. • The average per enrollee expenditures and total expenditures among other Medicaid programs. • The annual HELP Demonstration program administrative costs.
6. The percentage of people in poverty in Montana will decline.	Quantitative pre-post analysis using data from the US Census Current Population Survey, Annual Social and Economic Supplement.	• The percentage of people in poverty in a calendar year.
7. HELP Demonstration program enrollees will gain or increase sustained employment.	Quantitative trend analysis using enrollment and eligibility data.	• The number and percentage of HELP Demonstration program enrollees who report meeting the community engagement requirements through employment.

		• The average number of employment hours among Demonstration enrollees.
8. HELP Demonstration program enrollees participating in engagement requirements who lose eligibility because of increased income or enrollment in commercial coverage will be less likely to return to Medicaid.	Quantitative trend analysis using enrollment and eligibility data.	• The number and percentage of people who enroll in the HELP Demonstration who were previously disenrolled due to income or insurance coverage.

Waiver and Expenditure Authorities

The State is seeking the following new waivers and expenditure authorities in the 1115 Demonstration application:

1. Comparability of Eligibility Requirements

§ 1902(a)(10)(A)

To the extent necessary to enable the State to require all non-exempt expansion adult enrollees to meet one of the defined community engagement qualifying activities as a condition of gaining and maintaining eligibility.

2. Amount, Duration and Scope of Services and Comparability

§§ 1902(a)(10)(A) and 1902(a)(17)

To the extent necessary to enable the State to disenroll non-exempt expansion adult enrollees who fail to meet and/or provide verification of meeting the community engagement and associated reporting requirements.

3. Provision of Medical Assistance

§ 1902(a)(8)

To the extent necessary to disenroll non-exempt expansion adult enrollees who fail to meet the community engagement and associated reporting requirements following the formal notice period.

To the extent necessary to disenroll eligibility for non-exempt expansion adult enrollees with income at or above the poverty level for failure to pay premiums.

4. Premiums

§§ 1902(a)(14) and 1916

To the extent necessary to impose monthly premium payments not to exceed 4 percent of household income.

5. Methods of Administration

§§ 1902(a)(17) in so far as it incorporates 42 CFR 435.916

To the extent necessary to enable the State to require expansion adult enrollees to provide additional information to verify compliance or an exemption from community engagement requirements, and to permit the State to deny eligibility or disenroll individuals who do not provide required verification.

To the extent necessary to implement electronic modalities exclusive for confirmation of having met community engagement requirements to maintain eligibility.

To the extent necessary, expenditure authority to support infrastructure investments required for the verification of enrollee eligibility and compliance with community engagement requirements, which includes utilizing available external data sources, such as data accessible through other State agencies.

Public Meetings and Comment Process

In accordance with federal regulation (42 CFR § 431.408), DPHHS is providing the public and other interested parties with the opportunity to review and provide input on the waiver through a formal, 30-day public notice and comment process which will run from July 18, 2025 to August 18, 2025. The draft of the Montana HELP waiver can be found at help.mt.gov. Paper copies are available to be picked up in person at the DPHHS Director's Office located at 111 North Sanders Street, Room 301, Helena, Montana 59601.

Two public meetings will be held regarding the Demonstration application:

1. July 31 from 3:00 to 5:00 pm MT (in-person and virtual)
Cogswell Building, Conference Rooms C205, C207, and C209
1401 East Lockey Avenue
Broadway Entrance
Helena, MT 59601
2. August 1 from 3:00 to 5:00 pm MT (virtual only for non-Montana Health Coalition members)
Montana Health Coalition Meeting
111 North Sanders Street
Room 306
Helena, MT 59601

The public hearing on July 31, 2025 will be a hybrid meeting and the public may attend in-person or virtually. The public hearing on August 1, 2025 will be held as part of the regularly scheduled Montana Health Coalition meeting and will be accessible to the public virtually due to security restrictions in the building where the meeting is held. To register for one or both meetings use the following link: help.mt.gov.

Individuals who require special accommodation in order to attend these public meetings should contact Carla Rime at (406) 444-2584 or email at crime2@mt.gov to ensure that

any necessary accommodation can be provided.

Formal public comments may be submitted until 11:59 pm MT on August 18. Questions or public comments may be submitted via email to dphhscomments@mt.gov with "HELP Demonstration Waiver" in the subject line, or by mail to:

Department of Public Health and Human Services
Director's Office
RE: HELP Waiver
P.O. Box 4210
Helena, MT 59604-4210

Please note that comments will continue to be accepted after August 18, but the state may not be able to consider those comments prior to the initial submission of the demonstration application to CMS.

After Montana reviews comments submitted during the state public comment period, the state will submit a revised application to CMS. Interested parties will also have an opportunity to officially comment during the federal comment period; the submitted application will be available for comment on the CMS website at <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list>.

APPENDIX C. Tribal Notice Letter



June 20, 2025



Re: Montana Section 1115 Health and Economic Livelihood Partnership (HELP) Waiver Application



The Montana Department of Public Health and Human Services (DPHHS) is pleased to provide notice of intent to submit an 1115 Medicaid Demonstration Waiver application to implement various program requirements outlined in state law, including policies related to community engagement and beneficiary cost sharing.

Specifically, in 2019 and 2025, the Montana Legislature enacted legislation that amended state law and directed DPHHS to implement community engagement requirements as provided for in Montana Code Annotated (MCA) 53-6-1308 and MCA 53-6-1309 and cost sharing requirements as documented in MCA 53-6-1307. The Montana HELP Demonstration Program waiver application will seek U.S. Centers for Medicare & Medicaid Services (CMS) approval to implement community engagement and cost sharing requirements as outlined in state code. Further, should related federal policy changes occur as proposed in current draft reconciliation bills, DPHHS will seek to align with the federal law and comply with those changes through the appropriate authority pathway

When the 1115 waiver draft is complete and the full 30-day public comment period begins, we will provide you with all additional program documentation, including the draft waiver application for your review and feedback. During the public comment period we will accept comments for at least 30 days and hold two public hearings as required by CMS. We will provide you with hearing information as it becomes available.

We invite comment from all Tribal Governments, Urban Indian Health Centers, and the Indian Health Service regarding the Department's 1115 HELP Waiver application. Additionally, we commit to scheduling a formal tribal consultation at your request and as necessary.

We look forward to engaging with you in this important process.

Sincerely,

/s/ Charles T. Brereton, Director

/s/ Rebecca de Camara, Medicaid and Health Services Executive Director

cc: Misty Kuhl, Director, Governor's Office of Indian Affairs
Stephanie Iron Shooter, American Indian Health Director, DPHHS