Summary of Key New Provisions in the 1115 MassHealth Waiver Renewal

On December 20, 2011, the Centers for Medicare/Medicaid Services (CMS) approved the Commonwealth of Massachusetts' request to extend the MassHealth Section 1115 Research and Demonstration Waiver through June 30, 2014. The MassHealth waiver is the programmatic and financial underpinning of the Commonwealth's landmark health care reform law (Chapter 58 of the Acts of 2006). First implemented in July 1997, the MassHealth waiver now covers nearly 1.5 million low-income persons in the state through MassHealth and Commonwealth Care. This waiver renewal preserves existing eligibility and benefit levels in MassHealth and Commonwealth Care and authorizes critical federal funding for these programs and for the Commonwealth's safety net health system for uninsured and under-insured low-income residents.

The **goals** of the waiver renewal are as follows:

- Maintain near-universal coverage for all citizens of the Commonwealth and reduce barriers to coverage;
- Continue the redirection of spending from uncompensated care to insurance coverage;
- Implement delivery system reforms that promote care coordination, person-centered care planning, wellness, chronic disease management, successful care transitions, integration of services, and measureable health outcome improvements; and
- Advance payment reforms that will give incentives to providers to focus on quality, rather than volume, by introducing and supporting alternative payment structures that create and share savings throughout the system while holding providers accountable for quality care.

The waiver renewal approval includes the following key **new provisions**, which directly address one or more of these goals and are described further below:

- Pediatric Asthma Pilot
- Intensive Early Intervention Services for Children with Autism Spectrum Disorder
- Delivery System Transformation Initiatives
- Express Lane Eligibility

As with previous renewals of the MassHealth waiver, a key component of the agreement involves state demonstration of "budget neutrality" – meaning that the federal expenditures under the waiver program will not exceed what federal expenditures would have been in the absence of the waiver. The Patrick Administration has estimated the state will receive more than $13.3 billion in federal revenue

over the term of the waiver period. In addition, total spending authority – including both state and federal funding –was reported by the Administration to be $5.69 billion greater than that authorized in the previous waiver agreement.

The waiver renewal continues a large category of funding called the Safety Net Care Pool (SNCP), worth $4.4 billion over the term of the waiver renewal period. The SNCP will continue to fund the Commonwealth Care Program and other programs such as the Designated State Health Programs and the Health Safety Net, which reimburses providers for residual uncompensated care. As with the previous waiver renewal, a portion of the SNCP will be made available in infrastructure and capacity building funds, which will support initiatives such as the Patient-Centered Medical Home Initiative and the new Pediatric Asthma Pilot Program. New with this waiver renewal, a significant portion of the SNCP ($628 million of $4.4 billion) will be designated to fund Delivery System Transformation Initiatives (DSTIs). DSTIs will support investments to promote delivery system and payment transformation within critical safety net hospital systems.

Pediatric Asthma Pilot Program

This pilot program will aim to improve health outcomes, reduce asthma-related emergency department utilization and asthma-related hospitalizations, and reduce associated Medicaid costs by providing flexible use of funds for asthma-related services, equipment, and supports for management of pediatric asthma in high-risk patients. Children with high-risk asthma are those children ages 2 through 18 who have, in the last 12 months, had an asthma-related inpatient hospitalization, observation stay, or emergency department visit, or had a prescription for an oral corticosteroid to treat asthma.

The pilot program will be administered through the Primary Care Clinician (PCC) Plan. Primary care sites will be selected to participate through a request for proposal (RFP) process. The waiver renewal provisions contemplate that the pilot program will be conducted in two phases. The first phase will provide a bundled per member per month payment for services not traditionally covered by MassHealth, such as home visits and care coordination by community health workers and supplies to mitigate environmental asthma triggers in the home. The second phase may expand the pilot payment methodology to include a bundled payment to cover certain Medicaid State plan services with utilization that is particularly sensitive to uncontrolled asthma. The state may also request a shared savings component of the payment after demonstrating favorable pilot outcomes to CMS.

The RFP process must prioritize qualified practices that serve a high number of patients with high-risk asthma and seek to include qualified practices that are geographically dispersed and represent a range of provider types. Sites will be eligible for up to $10,000 to defray the costs of implementing the financial, legal, and information technology system infrastructure needed.

CMS approval of a state-submitted protocol, including an evaluation design, is required before enrolling members into this pilot.

Intensive Early Intervention Services for Children with Autism Spectrum Disorder

Under the waiver extension, MassHealth will cover enhanced early intervention program services including medically necessary Applied Behavioral Analysis (ABA)-based treatment services that address the core symptoms of Autism Spectrum Disorders (ASD). Such services will be available to children who are eligible for Early Intervention and MassHealth and who are between the ages of birth through three years. These children must have a confirmed autism diagnosis and not be otherwise enrolled in the state's 1915 (c) waiver entitled "children's autism spectrum disorder waiver" because they do not meet institutional level of care requirements under that waiver. It is estimated that there are roughly 560 children who could benefit from these enhanced services.

A waiting list for these services will not be allowed and there will be no annual maximum benefit. ABA-based treatment services will be provided by Early Intervention providers paid on a fee-for-service basis. Children enrolled in a contracted managed care organization (MCO) will receive the services as a "wrap" to the MassHealth covered services provided through the MCO.

ABA-based treatment services will include, among other things: assessment of the child's functional skills across domains impacted by ASD; development of an individualized treatment plan; direct child instruction to teach new skills; functional behavioral assessment and support to decrease problematic behavior and increase appropriate behavior, when indicated; and family training to assist generalization of skills into the child's natural routines.

Massachusetts will utilize a child-centered and family-directed planning process to create a universal Individualized Family Service Plan (IFSP) that identifies the strengths, capacities, preferences, needs, and desired outcomes for the child. The IFSP will also include a statement that the ABA-based treatment will be provided in the natural environment for that child to the maximum extent appropriate.

The Department of Public Health will certify providers of ABA-based treatment services. The state must implement an overall Quality Assurance and Improvement (QAI) strategy that assures the health and welfare of children receiving the ABA-based services.

Delivery System Transformation Initiatives (DSTI)

As part of this waiver renewal, the Commonwealth will implement a program to support eligible safety net hospitals' efforts to enhance access to health care, improve the quality of care and the health of patients and families they serve, and support the development of payment reform strategies and models. Projects to be implemented under this program must be consistent with the overarching approach of improving health care through the simultaneous pursuit of three aims: improving the experience of care, improving the health of populations, and reducing per capita costs of health care. A total of $628 million from the Safety Net Care Pool is designated under the waiver extension for the DSTI.

Under this program, incentive payments will be made available to acute hospitals with the highest Medicaid patient volumes, defined as hospitals with a Medicaid and low-income payer mix more than one standard deviation above average and a commercial payer mix more than one standard deviation below average. Seven hospitals are eligible to receive these payments: Boston Medical Center, Cambridge Health Alliance, Holyoke Medical Center, Lawrence General Hospital, Mercy Medical Center, Signature Healthcare Brockton Hospital, and Steward Carney Hospital.

The state will develop a plan – referred to as the "master DSTI plan" – for review and approval by CMS that outlines the global context, goals, and outcomes that the state seeks to achieve through the DSTI as well as the projects, population-focused objectives, and evaluation metrics. Four categories for which funding authority is available include:

1) Development of a fully integrated delivery system – including projects that are the foundation of delivery system change to encompass the concepts of the patient-centered medical home model to increase delivery system efficiency and capacity;
2) Improved health outcomes and quality – including the development, implementation, and expansion of innovative care models which have the potential to make significant demonstrated improvements in patient experience, cost, and care management;
3) Ability to respond to statewide transformation to value-based purchasing and to accept alternatives to fee-for-service payments that promote system sustainability; and,
4) Population-focused improvements – including evaluating investments and system changes through population-focused objectives.

The state must develop and submit in conjunction or as part of the master DSTI plan a DSTI payment and funding protocol, including an incentive payment formula for each metric.

After CMS approval of the master DSTI plan, each hospital will develop its own hospital-specific plan that identifies the projects, population-focused objectives, and specific metrics adopted from the master DSTI to be implemented by the specific hospital. The hospital-specific plans must include a mix of process- and outcome-oriented evaluation metrics for the transformation projects it selects to undertake.

Payments will be contingent on each provider meeting project metrics defined in its approved hospital-specific DSTI plan. Federal matching funds for such payments will not be available until the DSTI master plan, the individual provider's plan, and the funding protocol have been approved by CMS.

An initial fund of $4 million per hospital is made available as a "foundational amount of funding" that any hospital, regardless of its size, would need to undertake transformation initiatives. The remaining $600 million devoted to this program ($200 million per year) is then made available to the seven hospitals proportionate to their relative share of Medicaid and low-income payer gross patient service revenue.

Express Lane Eligibility

MassHealth will streamline its annual eligibility renewal process for parents with children who are enrolled in the supplemental nutrition assistance (SNAP – or food stamps) program by relying on eligibility redetermination for that program by the Department of Transitional Assistance to satisfy MassHealth eligibility redetermination. MassHealth plans to implement this same streamlined eligibility renewal for children of these families as well, under an amendment to its state Children's Health Insurance Program (CHIP).

Preparing for Implementation of the Affordable Care Act

The waiver extension anticipates implementation of the Affordable Care Act and includes provisions requiring the state to begin planning for such implementation activities during the demonstration period. On or before July 1, 2012, the State is required to submit a draft transition plan including how the state plans to coordinate the transition of individuals enrolled in the demonstration to a coverage option available under the Affordable Care Act. MassHealth will incrementally revise this plan as needed and submit quarterly progress updates to CMS. By October 1, 2013, the state must begin to implement a simplified, streamlined process for transitioning eligible enrollees in the demonstration to Medicaid, the Exchange, or other coverage options available starting in 2014.