



Department of Public Health and Human Services

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Steve Bullock, Governor

Sheila Hogan, Director

Date: July 23, 2019

To: Montana Health Coalition Members, Ad Hoc Members, and Interested Parties

From: Marie Matthews, Medicaid State Director

Re: **Revised Full Public Notice Pertaining to Montana Medicaid 1115 Expansion Waiver Amendment and Extension Application**

The Montana Department of Public Health and Human Services (DPHHS) is providing the Montana Health Coalition with a revised public notice of its intent to: (1) submit to the Centers of Medicare and Medicaid Services (CMS), on or before August 30, 2019, a written 1115 Demonstration application to amend and extend the Health and Economic Livelihood Partnership (HELP) Demonstration Program and test new program features including work/community engagement requirements and a premium structure based on coverage duration; and (2) hold public hearings to receive comments on the 1115 Demonstration amendment and extension application.

This notice revises a prior notice sent to you in an electronic memo dated June 14, 2019. The revisions to this public notice include additional detail related to the 1115 Demonstration amendment and extension's goals and objectives, enrollment projections and expenditures, waiver authorities, interim federal evaluation findings, and hypotheses that will be tested through the Demonstration.

I. Overview

In November 2015, CMS approved Montana's Section 1115 Demonstration Waiver, "Montana Health Economic Livelihood Partnership (HELP) Demonstration," that: expanded Medicaid coverage to newly eligible adults effective January 1, 2016; authorized 12 month continuous eligibility for all new adults; applied enrollee premiums equal to two percent of aggregate household income; and, instituted maximum co-payments allowable under federal law. The approved waiver also authorized the administration of Medicaid through a Third Party Administrator (TPA) for enrollees subject to premiums.

In December 2017, CMS approved an amendment to Montana's Section 1115 Demonstration Waiver that maintained Medicaid expansion, 12 month continuous eligibility and premiums, but removed the authorization of the TPA and the premium credit that applied to some HELP enrollees' cost-sharing obligations. The amended Demonstration is approved for the period from January 1, 2016 through December 31, 2020.

House Bill 658, the Medicaid Reform and Integrity Act, continues the state's Medicaid expansion and directs the Department of Public Health and Human Services (DPHHS or the Department) to request federal Demonstration approval to implement new Medicaid expansion program features. Therefore, the Department is seeking to amend and extend its current Medicaid Section 1115 Waiver, [Montana Health](#)

[and Economic Livelihood Partnership \(HELP\) Demonstration Program](#), to: (1) condition Medicaid coverage on compliance with work/community engagement requirements; and (2) apply a premium structure that gradually increases enrollee premiums based on coverage duration. The HELP Demonstration Program will continue to apply to most Medicaid expansion enrollees eligible under Section 1902(a)(10)(A)(i)(VIII) of the Act and 42 CFR 435.119, as now incorporated into Montana's Medicaid State Plan.

Through the 1115 Demonstration amendment and extension, Montana will continue to provide quality and affordable coverage for the nearly 100,000 low-income Montanans who gained coverage under expansion. The goals and objectives of the demonstration are described in more detail below.

II. Goals and Objectives

Through this Demonstration amendment and extension, Montana seeks to accomplish the following goals and objectives:

- Improve the health, well-being, and financial stability of Montanans through participation in work/community engagement requirements;
- 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 changes to the premium structure;
- Improve continuity of coverage and care through 12 month continuous eligibility;
- Increase the availability of high quality health care to Montanans;*
- Provide greater value for the tax dollars spent on the Montana Medicaid program;*
- Reduce health care costs;*
- Boost Montana's economy;* and
- Reduce the costs of uncompensated care and the resulting cost-shifting to patients with health insurance.*

**Indicates original policy objectives of the HELP Demonstration Program.*

III. Program Description

A. Work/Community Engagement Requirements

Montana will condition Medicaid coverage on compliance with work/community engagement requirements for new adult enrollees ages 19 to 55 with incomes up to 138 percent of the federal poverty level (FPL). Non-exempt Demonstration enrollees will be required to participate in 80 hours of work/community engagement activities each month. Qualifying work/community engagement activities include: employment; work readiness and workforce training activities; secondary, postsecondary, or vocational education; substance abuse education or substance use disorder treatment; other work/community engagement activities that promote work or work readiness or advance the health purpose of the Medicaid program; a community service or volunteer opportunity; and any other activity required by the Centers for Medicare and Medicaid Services (CMS) for the purpose of obtaining necessary waivers.

Leveraging available administrative data sources as well as information collection and retention tools, Montana will identify and exempt from work/community engagement requirements enrollees who meet work/community engagement requirements or qualify for certain standard or hardship/good cause exemptions. Demonstration enrollees will also have multiple ways to self-report an exemption or their compliance with work/community engagement requirements, including online, through a call center, by

mail, and in person. The Department will notify an enrollee who is not in compliance with the work/community engagement requirements that they have 180 days to come into compliance, and failure to comply within the 180-day period will result in suspension from the program. A suspended enrollee may be reinstated 180 days after the date of suspension or upon a determination by the Department that they are: (a) exempt from the work/community engagement requirements; (b) in compliance with the requirements for 30 days; or (c) meet a Medicaid eligibility category that is not subject to the Demonstration.

B. Cost Sharing: Premium Increase Structure Based on Coverage Duration

Montana intends to extend its waiver authority to require premium payment as a condition of eligibility for Medicaid for new adults enrolled in the Demonstration. Montana is seeking to modify the current Demonstration premium structure to increase premiums based on coverage duration in the HELP Demonstration Program. Enrollees 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. The premium will increase 0.5 percent in each subsequent year of coverage, up to a maximum of 4 percent of the enrollee's aggregate household income.

As is the case under the current demonstration, enrollees who fail to make payment for overdue premiums will have premium debt assessed against their income taxes by the Department of Revenue. Enrollees with incomes above 100 percent FPL and up to 138 percent FPL who fail to pay premiums will be suspended from coverage until they pay overdue premiums or until the Department of Revenue assesses the premium debt against their income taxes.

Pursuant to State statute, program enrollees who are exempt from the work/community engagement requirement are also exempt from premium increases based on duration of HELP Demonstration Program enrollment.

Demonstration enrollees are currently subject to co-payments. Under this amendment and extension application, Demonstration enrollees will not be subject to co-payments.

C. Eligibility Requirements

Populations eligible for the Demonstration are not changing, but eligibility requirements are changing as described in the Work/Community Engagement Requirements section above.

D. Health Care Delivery System and Benefits

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.

IV. Enrollment Projections and Annual Expenditures

To predict future costs, adjustments to reflect enrollment trends based on the proposed work/community engagement activities and premium changes were predicted based on available administrative data related to work requirement exemptions and compliance requirements and the State's recent experience with premium disenrollment. We have broken out the analysis of the projected impact of work/community engagement requirements and premium collections to more clearly reflect assumptions related to each

requirement, and note that some beneficiaries will be subject to both requirements. Finally, in providing these estimates, the State notes that because work/community engagement requirements is a new policy, and one with little precedent nationally, it is impossible to predict future enrollment effects of the Demonstration with certainty, and that coverage losses could be greater.

The State estimates that, on average, 100,000 adults will be enrolled in the HELP Demonstration Program and be subject to work/community engagement requirements. The State estimates that through the review of available administrative data, 74 percent of enrollees will be exempt from or compliant with work/community engagement requirements. Of the remaining 26 percent of enrollees, the State predicts that between 4 percent and 12 percent of enrollees will not report or fail to meet the work/community engagement requirement.

Evaluations of Montana’s current premium requirement indicate that in 2018, 2.9 percent of beneficiaries subject to premiums with income above 100 percent of the FPL, the group subject to disenrollment for failing to pay premiums, were disenrolled for non-payment. The proposed Demonstration amendment and extension would increase premium obligations from 2 percent of income to 4 percent of income based on the duration of beneficiaries’ enrollment and continue the State’s authority to suspend individuals over 100 percent FPL who fail to pay their premiums. There is overlap across beneficiaries who could lose coverage for non-payment of premiums and non-compliance with work/community engagement requirements and thus there are limitations with the estimates of the projected coverage losses.

Pursuant to State statute, program enrollees who are exempt from the work/community engagement requirement are also exempt from premium increase. Given that the populations projected to lose coverage overlap, and that the exemptions for premiums under the current demonstration are intended to continue, the State expects that the disenrollment rate for non-payment of premiums will continue at 2.9 percent. In providing these estimates, the State notes that because the premium increases based on coverage duration is a new policy it is impossible to predict future enrollment effects of the Demonstration with certainty, and that coverage losses as a result of premium non-payment could be greater.

Based on the assumptions above, the table below depicts Montana’s enrollment projections, by total member months, taking into account the proposed changes to the HELP Demonstration Program. The table also includes the State’s budget projections for Demonstration spending.

Figure 1. Projected Enrollment and Expenditures for HELP Demonstration Expansion Population, Assuming Adoption of Work/Community Engagement Requirements and Premium Payment Requirements¹

	DY1	DY2	DY3	DY4	DY5
Estimated Number of Member Months	1,200,000	1,212,000	1,224,120	1,236,361	1,248,725
Estimated Number of Member Months For Enrollees Determined	888,360	897,243	906,216	915,278	924,430

¹ Estimated enrollment is expected to grow in proportion to Montana’s population growth which is estimated at 1 percent per year. This growth assumption is applied to all member month rows in Figure 5.

	DY1	DY2	DY3	DY4	DY5
Exempt or Compliant via Administrative Data					
Member Months Subject to Work/Community Engagement Requirements And Not Determined Exempt or Compliant Via Administrative Data	311,640	314,756	317,903	321,083	324,294
Member Months Noncompliant with Work/Community Engagement Reporting or Participation Requirements (Disenrolled)	48,000 – 144,000	48,480 – 145,440	48,965 – 146,894	49,454 – 148,363	49,949 – 149,847
Member Months over 100% FPL Subject to Premium Requirements	97,416	98,390	99,374	100,368	101,371
Member Months over 100% FPL Noncompliant with Premium Requirements (Disenrolled)	2,825	2,853	2,882	2,911	2,940
Total Member Months Less Member Months Removed	1,053,175 – 1,149,175	1,063,707 – 1,161,667	1,074,344 – 1,172,273	1,085,087 – 1,183,996	1,095,938 – 1,195,836
PMPM	\$660.60	\$662.80	\$666.22	\$669.74	\$673.27
Total Costs	\$695,724,593 – \$759,141,941	\$705,027,502 – \$769,292,837	\$715,755,966 – \$780,999,232	\$726,723,053 – \$792,966,001	\$737,858,181 – \$805,116,129

V. Waiver and Expenditure Authorities

The State will request to continue the waivers and expenditure authorities currently approved under the demonstration except as indicated below. In addition, the State is seeking the following new waivers and expenditure authorities in the 1115 Demonstration amendment and extension application.

Figure 2. Waiver Authority Requests

Waiver Authority	Use of Waiver	Currently Approved Waiver Request?
§ 1902(a)(8)	To waive the reasonable promptness requirement to permit suspension or termination of eligibility for Demonstration enrollees who fail to comply with certain Demonstration requirements.	No
§ 1902(a)(14) § 1916	To impose monthly premiums not to exceed 4 percent of household income.	No

Demonstration enrollees are currently subject to co-payments. Under this amendment and extension application, Demonstration enrollees will not be subject to co-payments and therefore the State is no longer requesting waiver authority of § 1902(a)(17).

The State is seeking § 1115(a)(2) expenditure authority to apply 12 month continuous eligibility to Medicaid eligible adults. This expenditure authority was approved under the current demonstration.

VI. Demonstration Hypotheses and Evaluation Parameters

Montana plans to continue participation in the federal evaluation through federal fiscal year 2019; the federal evaluators released a [Draft Interim Evaluation Report](#) in July 2019. The State intends to contract with an independent third party to evaluate: the objectives and hypotheses that are approved under the current Demonstration that the State is seeking to extend; and the objectives and hypotheses for the new authorities requested for this Demonstration including those related to work/community engagement and the premiums.

The hypotheses under consideration for the new authorities requested for this Demonstration amendment and extension period are below.

Figure 3. Evaluation Hypotheses Under Consideration

Hypothesis	Selected Outcome Measures & Analytic Approaches	Data Sources
Work/Community Engagement		
Enrollees enrolled in the Demonstration will secure sustained employment.	Analyze enrollee employment outcomes	<ul style="list-style-type: none"> • Eligibility and enrollment data • Enrollee survey data • State and national survey data

Hypothesis	Selected Outcome Measures & Analytic Approaches	Data Sources
		<ul style="list-style-type: none"> • Other state administrative data sources
<p>Community engagement requirements will increase the likelihood that Medicaid beneficiaries transition to commercial health insurance after separating from Medicaid, compared to Medicaid beneficiaries not subject to the requirements.</p>	<p>Analyze coverage outcomes</p>	<ul style="list-style-type: none"> • Eligibility and enrollment data • Enrollee survey data • State and national survey data
<p>The Demonstration’s work/community engagement requirements will not deter eligible enrollees from applying for or renewing Medicaid coverage.</p>	<p>Analyze coverage trends pre/post implementation</p>	<ul style="list-style-type: none"> • State and national survey data • Eligibility and enrollment data • Enrollee survey data
<p>Participation in the Demonstration’s work/community engagement requirements will improve current and former enrollee health and well-being, compared to Medicaid beneficiaries not subject to the requirements.</p>	<p>Analyze enrollee utilization, diagnoses, and self-reported health</p>	<ul style="list-style-type: none"> • Utilization and diagnoses data, including preventive services • Enrollee survey data • State and national survey data • Health outcomes data
<p>Work/community engagement requirements will increase the average income of Medicaid beneficiaries subject to the requirements, compared to Medicaid beneficiaries not subject to the requirements.</p>	<p>Analyze enrollee income</p>	<ul style="list-style-type: none"> • Enrollee survey data • State and national survey data
<p>Premium Increase Structure Based on Coverage Duration</p>		
<p>Conditioning coverage among enrollees with incomes above 100 percent FPL on payment of gradually increasing premiums will promote continuous coverage and continuity of care.</p>	<p>Analyze coverage gaps and utilization trends</p>	<ul style="list-style-type: none"> • Eligibility and enrollment data • Enrollee survey data
<p>Premiums will not deter eligible enrollees from applying for, enrolling in or renewing Medicaid coverage.</p>	<p>Analyze coverage trends pre/post implementation and within and inside/outside Medicaid</p>	<ul style="list-style-type: none"> • Enrollee survey data • State and national survey data • Eligibility and enrollment data

Hypothesis	Selected Outcome Measures & Analytic Approaches	Data Sources
Enrollees who are required to make premium payments will gain familiarity with a common feature of commercial health insurance.	Analyze familiarity with premiums pre/post implementation	<ul style="list-style-type: none"> • Enrollee survey data • State and national survey data

VII. Public Review and Comment Process

The complete version of the updated draft of the Demonstration amendment and extension application is available for public review at <https://dphhs.mt.gov/MedicaidExpExt>. Paper copies are available to be picked up in person at DPHHS offices located at 111 North Sanders Street, Helena, Montana 59601.

Two public meetings will be held regarding the Demonstration amendment and extension application:
 (1) July 31, 2019 from 11:30 am to 1:30 pm MT at the Billings Clinic, Conference Center, 2800 10th Avenue North, Billings, Montana.

(2) August 1, 2019 from 11:00 am to 1:00 pm MT at the Sanders Auditorium, 111 North Sanders, Helena, Montana.

To register for one or both meetings, use the following link, <https://dphhs.mt.gov/MedicaidExpExt>. You will receive instructions for joining the meeting upon registration. If special accommodations are needed, contact (406) 444-2584.

Public comments may be submitted **until midnight on August 23, 2019**. Questions or public comments may be addressed care of Medicaid Expansion Extension, Director’s Office, PO Box 4210, Helena, MT 59604-4210, or by telephone to (406) 444-2584, or by electronic mail to dphhscomments@mt.gov.

After Montana reviews comments submitted during this state public comment period, we will submit a revised application to CMS. Interested parties will also have opportunity to officially comment during the federal public 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/index.html>.