



Montana Department of Public Health and Human Services
Section 1115 Demonstration Amendment Application

Montana Health and Economic Livelihood Partnership (HELP)
Demonstration Program

July 2, 2021

**Montana Department of Public Health and Human Services
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Section I. Historical Narrative Summary of the Demonstration

A. Introduction

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 who are 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 was originally approved for the period from January 1, 2016 through December 31, 2020.¹

On May 9, 2019, Governor Steve Bullock signed House Bill 658, the Medicaid Reform and Integrity Act, that directed the Department of Public Health and Human Services (DPHHS) to request federal waiver approval for new Medicaid expansion program features including those that condition Medicaid eligibility on participation in work/community engagement. Montana submitted an 1115 Waiver Amendment request on August 2019 seeking to condition Medicaid eligibility on work/community engagement requirements, increase monthly premiums based on coverage duration, and remove co-payments.²

In light of a delay to finalize the Special Terms and Conditions for Montana’s 1115 Waiver Amendment request before December 31, 2020, CMS approved a one-year extension of the 1115 waiver which is now slated to expire on December 31, 2021.³ Based on CMS’ withdrawal of other states’ 1115 waivers with work/community engagement requirements, CMS has communicated to DPHHS that a five-year extension of the Medicaid expansion waiver will not include work/community engagement requirements. It is expected that Special Terms and Conditions will be finalized in the fall of 2021 to ensure a waiver extension for the term of January 1, 2022-January 1, 2027.

During the course of the Special Terms and Conditions negotiations between DPHHS and CMS under the 1115 Waiver Amendment and Extension request that is currently before CMS for approval, Montana’s Legislature passed a budget that explicitly removed funding for 12-month continuous eligibility and directed DPHHS to terminate the policy. The General Appropriations Act, HB 2, states “[t]he Legislature

¹ Montana Health and Economic Livelihood Partnership (HELP) Program Demonstration, December 20, 2017, available at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mt/mt-HELP-program-ca.pdf>.

² Montana Department of Public Health and Human Services Section 1115 Demonstration Amendment and Extension Application, August 26, 2019, available at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mt/mt-help-program-pa3.pdf>.

³ Montana Health and Economic Livelihood Partnership (HELP) Program Temporary Extension Letter, December 1, 2020, available at <https://dphhs.mt.gov/Portals/85/hrd/MTHELPTemporaryExtensionLetterDecember2020through12312021.pdf>.

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intends that the Department of Public Health and Human Services eliminate the policy of 12-month continuous eligibility for the Medicaid expansion population.”⁴ The Budget was signed by Governor Gianforte on May 20, 2021.

In light of the statutory directive, Montana DPHHS is now seeking a waiver amendment to remove expenditure authority for 12-month continuous eligibility from the underlying 1115 Montana HELP Waiver. DPHHS is seeking to have this change reflected in the final negotiated 1115 HELP Waiver Special Terms and Conditions that it seeks to extend from January 1, 2022-January 1, 2027.

B. Summary of the Current HELP Demonstration Program

The HELP Demonstration Program was initially designed to meet the following policy objectives:

- 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;
- Provide incentives that encourage Montanans to take greater responsibility for their personal health;
- Boost Montana’s economy; and
- Reduce the costs of uncompensated care and the resulting cost-shifting to patients with health insurance.

The State has made significant progress in meeting the policy objectives of the HELP Demonstration Program. As of May 2021, Montana’s Medicaid enrollment under the HELP Demonstration Program reached 99,899 adults, which is 9.5 percent of the state population.⁵ The rate of uninsurance in Montana has declined to 8.6 percent.⁶ Medicaid expansion in Montana has afforded unprecedented access to primary and preventive care, cancer treatment, and mental health and substance use treatment, among other essential health care services. 132,789 adults have received preventive services, 12,071 adults have received a colon cancer screening with 4,466 cases of colon cancer averted, 6,588 adults were newly diagnosed and are now treated for hypertension, and 14,077 women have received a breast cancer screening.⁷ Based on the findings from the most recent federal evaluation, under the HELP demonstration, “[o]verall, there were substantial gains in health insurance coverage; beneficiaries for the most part expressed satisfaction with the program; and stakeholders believed it had positive economic impacts by decreasing hospital uncompensated care costs and stimulating economic growth in the state.”⁸

Medicaid expansion has also enabled rural hospitals and health care providers to keep their doors open, preserving access for rural Montanans of all incomes. Following the HELP Demonstration Program’s

⁴ HB 2 available at <https://leg.mt.gov/bills/2021/billpdf/HB0002.pdf>. See also budget narrative available at <https://leg.mt.gov/content/Publications/fiscal/Session-2021/HB-2-Narrative/B-Senate-Floor.pdf>.

⁵ For the most up-to-date enrollment numbers, see the Montana Medicaid Expansion Dashboard, available at <https://dphhs.mt.gov/helpplan/medicaidexpansiondashboard>.

⁶ Montana Healthcare Foundation, 2019 Report on Health Coverage and Montana’s Uninsured, June 2019, available at <https://mthcf.org/resources/2019-report-on-health-coverage-and-montanas-uninsured/>.

⁷ Id.

⁸ Federal Evaluation of Montana Health and Economic Livelihood Partnership (HELP): Draft Interim Evaluation Report, July 22, 2019, available at <https://www.medicaid.gov/medicaid/downloads/mt-fed-eval-draft-interim-eval-rpt.pdf>.

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implementation, Montana hospitals witnessed a 49 percent decrease in uncompensated care and Montana’s community health centers saw an increase of \$11.7 million in Medicaid revenue.⁹

C. Summary of Montana’s New Proposed HELP Demonstration Program Features

The current 1115 HELP Waiver’s Special Terms and Conditions provides expenditure authority to enable 12-month continuous coverage for Medicaid expansion adults. Montana’s currently approved HELP Waiver authorized expenditures for health care related costs for individuals in the new adult population determined financially eligible under the Modified Adjusted Gross Income based eligibility methods. That population received continued benefits during any periods within a twelve-month eligibility period regardless of a change of circumstances, with some exceptions. The state made a downward adjustment claiming 2.6 percent of expenditures at the standard federal matching rate instead of the enhanced new adult population federal matching rate.

As directed by statute, DPHHS is seeking the removal of this expenditure authority from its 1115 HELP Waiver. DPHHS is not seeking any changes to the current 1115 Waiver Amendment and Extension request submitted on August 2019, which is still under consideration by CMS.¹⁰ These requested amendment changes include:

- *Work/Community Engagement.* The State seeks waiver authority to condition Medicaid coverage on compliance with work/community engagement requirements for non-exempt expansion adults with incomes up to 138 percent of the FPL.
- *Premium Increase Structure Based on Coverage Duration.* The State seeks to amend its Demonstration approach to premiums by applying a premium structure that gradually increases monthly premiums based on the length of time an individual is enrolled in coverage under the Demonstration. In the first two years of coverage, Demonstration enrollees with income greater than 50 percent of the FPL will pay premiums in the amount equal to two percent of their aggregate household income. The enrollee’s 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 4 percent of the enrollee’s aggregate household income. Medicaid enrollees will not be subject to co-payments under this premium payment structure.

D. Eligibility

The Demonstration amendment request to remove 12-month continuous eligibility will affect the new adults eligible for the HELP Program as described in the chart below.

| Eligibility Group Name | Social Security Act and CFR Citations | Income Level |
|-------------------------|---|---|
| HELP Program New Adults | Social Security Act 1396(a)(10)(A)(i)(VIII) | New adult group with income 0-138 percent FPL |

⁹ HELP Act Oversight Committee, 2018 Report to the Governor and Legislative Finance Committee, August 2018, available at <https://dphhs.mt.gov/Portals/85/Documents/healthcare/HELP-ActOversightCommitteeReport2018.pdf>.

¹⁰ Montana Department of Public Health and Human Services Section 1115 Demonstration Amendment and Extension Application, August 26, 2019, available at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mt/mt-help-program-pa3.pdf>.

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| | 42 C.F.R. 435.119 | |
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E. Medicaid Delivery System and Covered 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.

F. Summary of Current Demonstration Features to be Continued Under the 1115 Demonstration Amendment

Under this amendment application, Montana seeks approval to continue the following current Demonstration features:

- *Premiums.* The State will continue, and amend its approach to, charging premiums to non-exempt individuals with incomes greater than 50 percent of the FPL, as described in greater detail in the August 2019 1115 HELP Waiver Amendment and Extension Request.¹¹

Enrollees excluded from the current Demonstration will continue to be excluded in this amendment. These enrollees include those who:

- Are medically frail;
- The State determines have exceptional health care needs, as identified through the application process or by an individual notifying the State at any time, including but not limited to medical, mental health, or developmental conditions;
- Live in a region (that may include all or part of an Indian reservation), that would not be effectively or efficiently served through the Demonstration, including where the State is unable to contract with sufficient providers;
- The State determines, in accordance with objective standards approved by CMS, require continuity of coverage that is not available or cost-effective through the Demonstration; or
- Individuals exempted by federal law from premium or cost sharing obligations, whose exemption is not waived by CMS, including all individuals with incomes up to 50 percent of the FPL.

These excluded enrollees are served under the Medicaid State Plan and subject to the terms and conditions therein.

G. Future Additional Goals of the HELP Demonstration Program

This amendment request is seeking to remove expenditure authority for 12-month continuous enrollment and does not propose any future additional goals of the HELP Demonstration Program beyond what is proposed in the August 2019 1115 HELP Waiver Amendment and Extension Request.¹²

¹¹ Montana Department of Public Health and Human Services Section 1115 Demonstration Amendment and Extension Application, August 26, 2019, available at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mt/mt-help-program-pa3.pdf>.

¹² Montana Department of Public Health and Human Services Section 1115 Demonstration Amendment and Extension Application, August 26, 2019, available at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mt/mt-help-program-pa3.pdf>.

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Section II. Changes Requested to the Demonstration

The current 1115 HELP Waiver’s Special Terms and Conditions authorizes expenditure authority to enable 12-month continuous coverage for Medicaid expansion adults. As directed by statute, DPHHS is seeking the removal of this expenditure authority from its 1115 HELP Waiver.

Section III. Implementation of Amendment

Montana is seeking the removal of 12-month continuous enrollment to be effective July 1, 2021. DPHHS understands that it is required to maintain continuous Medicaid coverage during the public health emergency as a condition of receiving a temporary 6.2 percent Federal Medical Assistance Program (FMAP) increase under the Families First Coronavirus Response Act.¹³ In the event that the national public health emergency is extended beyond December 31, 2021, DPHHS will maintain continuous enrollment through the end of the public health emergency.

Section IV. Requested Waivers and Expenditure Authorities

This amendment request is seeking to remove § 1115(a)(2) expenditure authority for 12-month continuous enrollment and does not propose any additional waiver and expenditure authority changes to the HELP Demonstration Program beyond what is proposed in the August 2019 1115 HELP Waiver Amendment and Extension Request.¹⁴

Section V. Financial Data

A. Historical Enrollment and Expenditures

Historical enrollment figures since the launch of the program and corresponding program year expenditures for full coverage years are summarized below.

Figure 1. HELP Demonstration Program Historical Enrollment

| Program Month and Year | Point in Time Enrollment |
|-------------------------------|---------------------------------|
| December 2016 | 59,501 |
| December 2017 | 89,605 |
| December 2018 | 94,967 |
| December 2019 | 84,845 |
| December 2020 | 92,704 |

Figure 2. HELP Demonstration Program Historical Total Expenditures

| |
|---------------------------|
| Total Expenditures |
|---------------------------|

¹³ [P.L. 116-127](#), Families First Coronavirus Response Act, March 18, 2020.

¹⁴ Montana Department of Public Health and Human Services Section 1115 Demonstration Amendment and Extension Application, August 26, 2019, available at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mt/mt-help-program-pa3.pdf>.

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| Program Year (Calendar Year) | Expenditures (for full year) |
|---|---|
| 2016 | 291,856,023 |
| 2017 | 647,168,966 |
| 2018 | 699,573,205 |
| 2019 | 749,886,184 |
| 2020 | 854,344,128 |
| Total (2016 – 2020) | 3,245,828,506 |

Figure 3. Historical Information – PMPM Based by Program Year

| Program Year (Calendar Year) | Count of Enrollees | Member Months | PMPM¹⁵ |
|---|---------------------------|----------------------|--------------------------|
| 2016 | 88,720 | 667,526 | 416.45 |
| 2017 | 114,565 | 1,017,744 | 621.88 |
| 2018 | 125,666 | 1,198,211 | 570.34 |
| 2019 | 129,985 | 1,164,553 | 643.63 |
| 2020 | 116,588 | 1,118,588 | 763.77 |

B. Projected Enrollment and Expenditures for the Demonstration Amendment

Enrollment and expenditure projections under the proposed Demonstration amendment are described below.

National studies estimated that continuous eligibility policies increase coverage continuity by 2.6%.¹⁶ Montana is assuming that discontinuation of continuous eligibility policies for Medicaid expansion adults will have an equivalent loss in coverage or change in eligibility group. Using the 2020 member months, Montana forecasts 29,083 fewer Medicaid expansion coverage months under the proposed amendment. ($1,118,588 \times 2.6\% = 29,083$). The loss in coverage months will result in an estimated reduction of waiver expenditures of \$22,212,722 ($29,083 \times 763.77 = 22,212,722$).

¹⁵ PMPM reflects health care services only and excludes administrative expenses.

¹⁶ See Ku, L. and Steinmetz, E. "Bridging the Gap: Continuity and Quality of Coverage in Medicaid. George Washington University. Sept. 2013. <http://ccf.georgetown.edu/wp-content/uploads/2013/09/GWContinuity-Report-9-10-13.pdf> [ccf.georgetown.edu]; See also Guyer, J., Schwartz, T, "Manatt on Medicaid: New Strategy for Financing 12 Months of Continuous Coverage for Newly Eligible Adults," available at https://www.manatt.com/uploadedFiles/Content/4_News_and_Events/Newsletters/HealthLaw@Manatt/Manatt_On_Medicaid_Contiuous_Coverage.pdf [manatt.com]

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Section VI. Evaluation & Demonstration Hypotheses

A. Evaluation

To meet the federal 1115 waiver evaluation requirement, Montana participated in the multi-state 1115 Demonstration Federal Evaluation and Meta-Analysis.¹⁷ The interim federal evaluation of Montana’s HELP Demonstration Program was conducted by Social & Scientific Systems (SSS) and the Urban Institute and was released in July 2017.¹⁸

B. Demonstration Hypotheses

This amendment request is seeking to remove § 1115(a)(2) expenditure authority for 12-month continuous enrollment and does not propose any additional hypotheses to the HELP Demonstration Program beyond what is proposed in the August 2019 1115 HELP Waiver Amendment and Extension Request.¹⁹

Section VII. Compliance with Public Notice Process

To be completed after state notice and public comment period concludes.

¹⁷ Centers for Medicare & Medicaid Services, 1115 Demonstration Federal Evaluation & Meta-Analysis, accessible at <https://www.medicaid.gov/medicaid/section-1115-demo/evaluation-reports/federal-evaluation-and-meta-analysis/index.html>; “Evaluation Design Report for Montana HELP Federal Evaluation,” Social & Scientific Systems, Inc., (Silver Spring, MD: Centers for Medicare & Medicaid Services, 2017), <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/waivers/1115/downloads/mt/help-program/mt-help-program-fed-state-eval-dsgn-051617.pdf>.

¹⁸ Federal Evaluation of Montana Health and Economic Livelihood Partnership (HELP): Draft Interim Evaluation Report, July 22, 2019, available at <https://www.medicaid.gov/medicaid/downloads/mt-fed-eval-draft-interim-eval-rpt.pdf>.

¹⁹ Montana Department of Public Health and Human Services Section 1115 Demonstration Amendment and Extension Application, August 26, 2019, available at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mt/mt-help-program-pa3.pdf>.