

# MASSACHUSETTS STATEWIDE HEALTH REFORM DEMONSTRATION

## FACT SHEET

<b>Name of Section 1115 Demonstration:</b>	MassHealth
<b>Date Proposal Submitted:</b>	April 15, 1994
<b>Date Proposal Approved:</b>	April 24, 1995
<b>Date of Implementation:</b>	July 1, 1997
<b>Three-Year Extension Requested:</b>	June 28, 2001
<b>Three-Year Extension Approved:</b>	December 21, 2001
<b>Three-Year Extension Requested:</b>	June 30, 2004
<b>Three-Year Extension Approved:</b>	January 26, 2005
<b>Date of Expiration:</b>	June 30, 2008
<b>Three-Year Extension Requested:</b>	June 29, 2007 and December 24, 2007
<b>Three-Year Extension Approved:</b>	December 19, 2008

## SUMMARY

The section 1115 MassHealth Demonstration was originally implemented in July 1997. The demonstration expands Medicaid income eligibility for certain categorically eligible populations including pregnant women, parents or adult caretakers, infants, children and disabled individuals. Eligibility is also expanded to certain non-categorically eligible populations, including certain unemployed adults and non-disabled persons with HIV disease. The demonstration created the Insurance Partnership program which provides premium subsidies to both qualifying small employers and their low-income employees for the purchase of private health insurance. The State is able to support these expansions by requiring beneficiaries to enroll in managed care delivery systems thus generating health spending savings.

CMS and the Commonwealth took the opportunity created by the 2005 demonstration renewal process to use Federal and State Medicaid dollars to expand coverage directly to the uninsured by redirecting public funds from providers of uncompensated care directly to individuals under an insurance-based model. This necessary restructuring laid the groundwork for 2006 health care reform in Massachusetts. As part of the renewal, the Safety Net Care Pool (SNCP) was created. This pool allowed the Commonwealth to develop innovative Medicaid reform efforts by supporting a new insurance program (Commonwealth Care) while continuing certain uncompensated care payments to safety net providers as the Commonwealth transitioned to mandatory health coverage for its citizens. The pool limited federal financial participation in supporting supplemental payments to Boston Medical Center and Cambridge Health Alliance and required the Commonwealth develop new Medicaid financing mechanisms and to adopt measures to decrease the rate of uninsurance in the State or lose the supplemental Federal payments. The original SNCP existed as a \$1.34 billion annual sub-cap under the demonstration's overall budget neutrality limit. The State's Disproportionate Share Hospital (DSH) payments are also made under the SNCP. The State was required to remove these DSH payments from the State Plan in 2005.

Massachusetts' health care reform legislation passed in April 2006 and on July 26, 2006 CMS approved an amendment to the MassHealth Demonstration to incorporate health reform changes. This amendment included the authority to establish the Commonwealth Care program under the SNCP to provide sliding scale premium subsidies for the purchase of private health plan coverage for uninsured persons at or below 300% of FPL, the development of payment methodologies for approved expenditures from the SNCP, eligibility expansions for children, an expansion of employee income eligibility to 300 percent of FPL under the Insurance Partnership, and increased enrollment caps for MassHealth Essential and the HIV/Family Assistance Program.

Massachusetts' third demonstration request was approved on December 19, 2008. This renewal approved several major new features to the Demonstration including new hypothetical treatment under budget neutrality for certain eligibility groups with a categorical link to title XIX currently eligible under the Commonwealth Care and MassHealth Essential benefit types, certain provider rate increases associated with Chapter 58 Health Care Reform and a significant re-design of the SNCP. The following features represent the final terms of the new SNCP:

- The Commonwealth is given SNCP expenditure flexibility through a 3-year aggregate SNCP spending limit rather than annual limits. The 3-year aggregate is \$4.6 billion;
- A gradual phase out of Federal support for the Designated State Health Programs (DSHPs) representing 100 percent support in the first year of the renewal, 75 percent in the second year of the renewal, and 50 percent by the final year of the renewal period;
- The Commonwealth is not permitted to spend more on non-Commonwealth Care, non-DSHP, SNCP uses (Health Safety Net, supplemental payments, etc.) over the 3-year period than the total of the annual DSH allotments. This keeps the program moving in the direction of providing health care coverage for people rather than being a payment vehicle for providers;
- The STCs include specific reporting requirements to detail annual SNCP payments based on actual and projected SNCP spending for each demonstration year; and
- The Commonwealth is potentially given access to additional savings associated with pre-approved cost-containment initiatives based on their ability to document savings. Any documented savings can only be applied to additional spending under the Commonwealth Care program, if needed.

Massachusetts, now entering demonstration year 12, has used expenditure authority to extend comprehensive medical care to persons not otherwise eligible for Medicaid, including individuals with HIV, breast and cervical cancer, long-term unemployed persons, disabled individuals, low-income workers, and workers receiving unemployment benefits. The demonstration also provides premium assistance to certain individuals with access to an ESI plan or for the direct purchase of private insurance. With the combination of previous expansions and the recent health reform efforts, The MassHealth Demonstration now covers more than one million low-income persons.

The objectives of the MassHealth section 1115 demonstration are to:

1. Achieve near-universal health care coverage for all citizens of the Commonwealth;
2. Continue to the redirect spending from uncompensated care to insurance coverage;
3. Demonstrate successful cost-containment by reducing the rate of spending growth in the Medicaid budget for eligible populations; and
4. Increase access to and improve the quality of care for Demonstration enrollees.

## **ELIGIBILITY**

MassHealth has multiple components:

**MassHealth Standard:** Children under age 1 and pregnant women with incomes at or below 200 percent of the FPL; children ages 1 through 18 with incomes at or below 150 percent of the FPL; parents with children under age 19 with incomes at or below 133 percent of the FPL; and disabled adults ages 19 through 64 with incomes at or below 133 percent of the FPL. Certain women diagnosed with breast or cervical cancer whose gross family income is at or below 250 percent of the FPL are also covered.

**MassHealth CommonHealth:** Disabled children through age 18 with incomes over 150 percent FPL; working disabled adults, no income limit; and non-working disabled adults with incomes over 133 percent of the FPL.

**MassHealth Basic:** Adults who receive state-funded cash assistance through the Emergency Assistance to the Elderly, Disabled, and Children (EAEDC) program, or are unemployed clients of the Department of Mental Health whose income is at or below 100 percent FPL.

**MassHealth Essential:** Adults who are long-term unemployed with incomes at or below 100 percent of the FPL and who are not eligible for MassHealth Basic.

**MassHealth Family Assistance/Premium Assistance:** Children ages 1 through 18 with incomes between 150 and 200 percent of the FPL who have or have access to employer sponsored health insurance. Adults ages 19 through 64 with incomes at or below 200 percent of the FPL who have or have access to employer sponsored health insurance. For these individuals, the State pays the employee's share of the employer-sponsored insurance premium minus a small employee contribution. Also covered are individuals with HIV who are under the age of 65, are not institutionalized, and have income that is less than or equal to 200 percent of the FPL.

**MassHealth Family Assistance/Direct Purchase of benefits:** Children ages 1 through 18 with incomes between 150 and 200 percent of the FPL who may or may not have access to employer sponsored health insurance. For these children, the State provides the MassHealth Standard benefit.

**MassHealth Limited:** Emergency services to undocumented aliens who would otherwise be eligible for MassHealth Standard but for their immigration status.

**MassHealth Prenatal:** Time-limited prenatal services to pregnant women who self-declare gross family income that is at or below 200 percent of the FPL.

### **BENEFIT PACKAGE**

MassHealth beneficiaries generally receive all services that are currently covered under the Massachusetts Medicaid program. While covered benefits vary slightly across MassHealth components, benefit coverage is comprehensive.

### **DELIVERY SYSTEM**

MassHealth members can choose from four MCOs (insert names) or the Primary Clinician Care Plan, which is a Primary Care Case Management (PCCM) plan operated by the State. Federally Qualified Health Centers and community health centers are participating providers in all of the MCOs and the PCCM plan.

### **QUALITY ASSURANCE**

As required under applicable Federal laws and regulations, quality of care furnished under MassHealth is subject to internal and external review. The State also ensures the effectiveness and quality of care by monitoring access, utilization practices, and client information, as well as through established service standards in contracts with MCOs.

### **COST-SHARING**

Cost-sharing requirements vary across the MassHealth components and the Commonwealth Care programs. For individuals who would be eligible for title XIX absent the demonstration the requirements for premiums and copayments are nominal. Where cost-sharing is required, it is on a sliding-scale based on income.

### **AMENDMENTS**

#### **Amendment #7: Independent Foster Care Adolescents**

An amendment was approved on June 19, 2007, to allow Massachusetts to add independent foster care adolescents as a base demonstration population and to authorize expenditures for behavioral health services for this population.

<b>Date Amendment Submitted:</b>	December 29, 2006
<b>Date Amendment Approved:</b>	June 19, 2007
<b>Date of Technical Corrections Letter:</b>	October 19, 2007

#### **Amendment #6: Non-emergency Medical Transportation (NEMT)**

An amendment was approved on June 19, 2007, to allow the Massachusetts to add non-emergency medical transportation (NEMT) benefits for expansion populations.

<b>Date Amendment Submitted:</b>	November 30, 2006
<b>Date Amendment Approved:</b>	June 19, 2007

**Amendment #5: Health Care Reform Amendment**

An amendment was approved on July 26, 2007, to allow Massachusetts to (1) increase its enrollment caps for beneficiaries with HIV receiving coverage under the Family Assistance program and for long-term chronically unemployed beneficiaries receiving services under the Essential program; (2) implement program modifications enacted by the Health Care Reform Act to the current Insurance Partnership (IP) program; and (3) expend funds from the Safety Net Care Pool (SNCP) based on approved payment methodologies.

**Date Amendment Submitted:** May 1, 2006  
**Date Amendment Approved:** July 26, 2006

**Amendment #4: Disability Determination Amendment**

On August 29, 2003, Massachusetts submitted an amendment request to allow the Commonwealth to modify the standards utilized in its disability determination process in determining eligibility for the MassHealth Program to ensure that only adults who are truly incapable of substantial gainful activity are found “disabled.” CMS disapproved this amendment request.

**Date Amendment Submitted:** August 29, 2003  
**Date Amendment Approved:** Disapproved

**Amendment #3: Enrollment Cap Amendment**

An amendment was approved on January 29, 2004, to allow Massachusetts to impose an enrollment cap on non-state plan demonstration eligibles.

**Date Amendment Submitted:** June 5, 2003  
**Date Amendment Approved:** January 29, 2004

**Amendment #2: Pharmacy Amendment**

Massachusetts submitted an amendment request to allow the Commonwealth to cover prescription drug expenditures for low- income elderly and disabled individuals not otherwise eligible for MassHealth. Massachusetts withdrew this amendment request on August 29, 2003.

**Date Amendment Submitted:** March 14, 2003  
**Date Amendment Withdrawn:** August 29, 2003

**Amendment #1: Breast and Cervical Cancer Amendment**

An amendment was approved on December 4, 2002, to allow Massachusetts to provide coverage for certain uninsured women with breast and cervical cancer.

**Date Amendment Submitted:** July 16, 2002  
**Date Amendment Approved:** December 4, 2002

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