



Steve Bullock, Governor

Sheila Hogan, Director

Date: June 14, 2019
To: Interested Parties
From: Marie Matthews, Medicaid State Director
Subject: Montana Medicaid 1115 Waiver Amendment and Extension Application

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

On May 9, 2019, Governor Steve Bullock signed into law House Bill 658, the Medicaid Reform and Integrity Act, that directs the Department of Public Health and Human Services (DPHHS or the Department) to request federal Demonstration approval to continue the state's Medicaid expansion and to implement new Medicaid expansion program features. The Department is seeking to amend its Medicaid Section 1115 Waiver, Montana Health and Economic Livelihood Partnership (HELP) 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.

Through the 1115 Waiver 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.

Work/Community Engagement Requirements

Montana will condition Medicaid coverage on compliance with work/community engagement requirements for Demonstration enrollees enrolled in HELP 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 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.

Premium Increase Structure Based on Coverage Duration

Montana will also require enrollees to pay monthly premiums that increase based on duration of enrollment in the HELP program. Enrollees will 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. 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 FPL who fail to pay premiums will be suspended from coverage until they pay overdue premiums or until the Department of Revenue assess the premium debt against their income taxes.

The State will request the following waivers in the 1115 Demonstration Waiver:

- § 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.
- § 1902(a)(14): To impose monthly premiums not to exceed 4 percent of household income.
- § 1902(a)(17)*: To waive Medicaid comparability requirements to enable the State to vary cost-sharing requirements for enrollees who would otherwise be subject to the State Plan and to enable the State to charge targeted cost sharing to non-exempt individuals with income greater than 50 percent of the FPL.
- § 1902(e)(12)*: To apply 12 month continuous eligibility to Medicaid eligible adults.

**Waivers being requested are the same as those approved in the current demonstration*

The Demonstration will be Statewide and will operate for five years following Demonstration approval. Montana estimates that 88,019 individuals (92 percent) will either meet or be exempt from the work/community engagement requirements. The remaining 8,163 individuals (8 percent) would be required to participate in and report on work/community engagement activities

to remain eligible for Medicaid; based on the experience of other states requiring work activities to remain eligible for healthcare coverage, the Department estimates 50 percent of these individuals will be unable to meet the community engagement activities, exemptions, or reporting requirements. This will result in the projected disenrollment of 4,081 enrollees from health coverage.¹

The Demonstration will test the following hypotheses related to promoting continuous coverage and continuity of care, securing employment, promoting financial stability, and improving health and well-being.

- Enrollees in the Demonstration will secure sustained employment.
- 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.
- The Demonstration's work/community engagement requirements will not deter eligible enrollees from applying for or renewing Medicaid coverage.
- 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.
- 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.
- Conditioning coverage among enrollees with incomes above 100 percent FPL on payment of gradually increasing premiums will promote continuous coverage and continuity of care.
- Premiums will not deter eligible enrollees from applying for, enrolling in or renewing Medicaid coverage.
- Enrollees who are required to make premium payments will gain familiarity with a common feature of commercial health insurance.

Two public meetings will be held regarding the waiver:

(1) July 15, 2019 from 10:00 am to 12:00 pm in the Sanders Auditorium, 111 North Sanders, Helena, Montana.

(2) July 18, 2019 from 11:00 am to 1:00 pm in the Mary Alice Fortin Conference Center, Rooms B & D, Billings Clinic, 920 N 27th St, Billings, 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.

¹ Montana Governor's Office of Budget and Program Planning, HB 658 Fiscal Note, May 10, 2019. Available at: https://leg.mt.gov/bills/2019/FNPDF/HB0658_3.pdf

The complete version of the current draft of the Demonstration application is available for public review beginning on June 14, 2019, at <https://dphhs.mt.gov/MedicaidExpExt>.

Public comments may be submitted until midnight on August 15, 2019. Questions or 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. You will also have opportunity to officially comment during the federal public comment period after CMS finds the application and public notice requirements met.