



Greg Gianforte, Governor

Adam Meier, Director

Date: July 2, 2021

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

From: Marie Matthews, Medicaid State Director

Subject: Montana Section 1115 Health and Economic Livelihood Partnership (HELP) Waiver Amendment Application
Montana Section 1115 Waiver for Additional Services and Populations (WASP) Amendment Application

Introduction

During the state's 2021 Legislative Session, Montana legislators passed a budget that explicitly removed funding for 12-month continuous Medicaid coverage and directed the Department of Public Health and Human Services (DPHHS) to terminate the policy; the budget was signed by Governor Gianforte on May 20, 2021. The Centers for Medicare and Medicaid Services (CMS) informed DPHHS that amendments to the current 1115 HELP and WASP Waivers are needed to remove the 12-month continuous eligibility policy.

Therefore, DPHHS will submit two 1115 waiver amendments, effective July 1, 2021, to remove expenditure authority for 12-month continuous eligibility of Medicaid Expansion adults (HELP Waiver) and all non-expansion Medicaid-covered individuals whose eligibility is based on MAGI and all Waiver Mental Health Service Plan enrollees (WASP Waiver). Below are more details about the amendments and how to provide public comment during the consecutive 60-day state and 30-day federal comment periods.

HELP Waiver

DPHHS is providing public notice of its intent to: (1) submit to the Centers for Medicare and Medicaid Services (CMS), on or before September 3, 2021, a written 1115 Demonstration application to amend the Health and Economic Livelihood Partnership (HELP) Demonstration Program to remove 12-month continuous enrollment and (2) hold public hearings to receive comments on the 1115 Demonstration amendment application. DPHHS is seeking the removal of 12-month continuous enrollment to be effective July 1, 2021.

I. Program Description

A. 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, 2020.¹

On May 9, 2019, former 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 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.

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>.

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>.

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 an effective date of July 1, 2021, and 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 Amendment Request

The current 1115 HELP Waiver’s Special Terms and Conditions provide 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 (MAGI)-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 in August 2019, which is still under consideration by CMS.⁵

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.⁶ In the event that the national public health emergency is extended beyond the date of this amendment approval, DPHHS will maintain continuous enrollment through the end of the public health emergency.

C. Eligibility Requirements

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) 42 C.F.R. 435.119	New adult group with income 0-138 percent FPL

⁵ 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>.

⁶ P.L. 116-127, Families First Coronavirus Response Act, March 18, 2020.

D. Health Care Delivery System and Benefits

This amendment request is seeking to remove § 1115(a)(2) expenditure authority for 12-month continuous enrollment and 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.

E. Cost Sharing

Montana currently does not apply cost sharing to any of its Medicaid members and therefore no cost sharing will be imposed under this 1115 amendment request. All monthly premiums will be consistent with the HELP 1115 Waiver and Cost Sharing State Plan.

II. Goals and Objectives

This amendment request is seeking to remove § 1115(a)(2) 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.⁷

III. Enrollment Projections and Annual Expenditures

In 2014, studies estimated that continuous eligibility policies increase coverage continuity by 2.6%.⁸ 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. ($1,118,558 \times 2.6\% = 29,083$). The loss in coverage months will result in an estimated reduction of waiver expenditures of \$22,212,722 ($29,083 \times 763.77 = 22,212,722$).

IV. Waiver 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

⁷ 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>.

⁸ 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]

changes to the HELP Demonstration Program beyond what is proposed in the August 2019 1115 HELP Waiver Amendment and Extension Request.⁹

V. Demonstration Hypotheses and Evaluation Parameters

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.¹⁰

⁹ 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>.

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>.

WASP

DPHHS is providing public notice of its intent to: (1) submit to CMS, on or before September 3, 2021, a written 1115 Demonstration application to amend the Waiver for Additional Services and Populations (WASP) Demonstration Program to remove 12-month continuous enrollment and (2) hold public hearings to receive comments on the 1115 Demonstration amendment application. DPHHS is seeking the removal of 12-month continuous enrollment to be effective July 1, 2021.

I. Program Description

A. Overview

Montana's Waiver for Additional Services and Populations (WASP), formerly known as the Basic Medicaid Waiver, has remained a positive source of Medicaid coverage since the program's inception in 1996. The Basic Program was comprised of mandatory Medicaid benefits and a collection of optional services available for emergencies and when necessary, for seeking and maintaining employment. These services were available to Able-Bodied Adults (neither pregnant nor disabled) who were parents and/or caretaker relatives of dependent children. This waiver has undergone multiple changes over the years, including extending Medicaid eligibility to a capped number of low-income individuals with Severe Disabling Mental Illness diagnoses through the Waiver Mental Health Service Plan (WMHSP).

Changes that directly impacted this waiver's services in 2016 were precipitated by the implementation of Medicaid expansion, called the Health and Economic Livelihood Partnership (HELP) Plan. Due to Medicaid expansion, many Basic Medicaid / WASP Program members became eligible for Montana Medicaid. At the same time, significant changes were made to the Basic Program / WASP Program. An amendment effective January 1, 2016, reduced the number of persons covered, changed the nature of the population eligible, changed the plan of benefits for WASP members and implemented 12-month continuous eligibility. Basic Medicaid previously did not cover or had very limited coverage of some services. This amendment aligned the Basic Medicaid benefit package with the Standard Medicaid benefit package and the 12-month continuous eligibility policy for WMHSP enrollees and parent and caretaker relative adults eligible for Medicaid based on Modified Adjusted Gross Income (MAGI) standards.

An additional amendment, effective March 1, 2016, changed the name of the Basic Waiver to Waiver for Additional Services and Populations. It also added dental treatment coverage, above the Medicaid State Plan cap of \$1,125, for categorically eligible ABD individuals, as a pass-through cost.

The benefits for this demonstration are offered through a fee for service model to individuals who qualify.

In the spring of 2021, Montana’s Legislature passed a budget that explicitly removed funding for 12-month continuous eligibility and directed DPHHS to terminate the policy.¹¹ 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 WASP 1115 waiver. DPHHS is seeking an effective date of July 1, 2021.

B. Summary of Amendment Request

The current 1115 WASP Waiver’s Special Terms and Conditions provide expenditure authority to enable 12-month continuous coverage for WMHSP enrollees and Medicaid-eligible parent and caretaker relative adults. Montana’s currently approved WASP Waiver authorized expenditures for health care-related costs for WMHSP enrollees and non-expansion Medicaid-covered individuals whose eligibility is based on Modified Adjusted Gross Income (MAGI). These populations received continued benefits during any periods within a twelve-month eligibility period regardless of a change of circumstances, with some exceptions.

As directed by statute, DPHHS is seeking the removal of this expenditure authority from its 1115 WASP Waiver. The removal of this authority for all non-expansion Medicaid-covered individuals whose eligibility is based on MAGI (namely, parent and caretaker relatives) removes this population from any coverage under WASP. This population remains eligible for Medicaid as before; the only change for this population is that they will no longer have 12-month continuous eligibility.

This amendment also seeks the removal of cost sharing and copayments for demonstration enrollees, to align with the removal of cost sharing from the Montana Medicaid plan effective January 1, 2020. This will apply to WMHSP enrollees as well as the categorically eligible Aged, Blind or Disabled individuals who receive expanded dental treatment services through the WASP waiver.

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.¹² In the event that the national public health emergency is extended beyond the date of this amendment approval, DPHHS will maintain continuous enrollment through the end of the public health emergency.

C. Eligibility Requirements

The Demonstration amendment request to remove 12-month continuous eligibility will affect the following populations in the WASP Program as described in the chart below.

¹¹ 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>.

¹² [P.L. 116-127](#), Families First Coronavirus Response Act, March 18, 2020.

Eligibility Group Name	Social Security Act and CFR Citations	Income Level
WMHSP	Section IV, Paragraph 2 of WASP Section 1115 Demonstration STCs	139-150% FPL; or 0-138% FLP and eligible for or enrolled in Medicare
Parent and Caretaker Relatives enrolled under sections 1931 or 1925 of the Act	§1931 and §1925 of the Act	0-24% FPL

D. Health Care Delivery System and Benefits

This amendment request is seeking to remove § 1115(a)(2) expenditure authority for 12-month continuous enrollment and 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. The State does not propose any changes to benefits for Demonstration enrollees.

E. Cost Sharing

Cost sharing was removed from the Medicaid program as of January 1, 2020. This amendment will remove references to cost sharing and copayments that were in the previously approved waiver.

II. Goals and Objectives

This amendment request is seeking to remove § 1115(a)(2) expenditure authority for 12-month continuous enrollment and does not propose any future additional goals of the WASP Demonstration Program.

III. Enrollment Projections and Annual Expenditures

Studies estimated that continuous eligibility policies increase coverage continuity by 2.6%.¹³ The projected State and Federal Continuous Eligibility expenditures assuming a 2.6% coverage continuity increase for WMHSP and the Parent Caretaker Relative groups for SFY 2022 were \$2,688,944 and SFY 2023 were \$2,715,834. This amendment removing 12-month continuous eligibility results in an estimated total state general fund savings for State Fiscal Year (SFY) 2022 of \$941,130 and a savings of \$953,258 for SFY 2023.

¹³ 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]

IV. Waiver 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 WASP Demonstration Program.

V. Demonstration Hypotheses and Evaluation Parameters

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 WASP Demonstration Program.

Public Review and Comment Process for the HELP and WASP Waivers

The complete version of the HELP amendment application is available for public review at <https://dphhs.mt.gov/helpplan/2021medicaidnotice>.

The complete version of the WASP amendment application is available for public review at <https://dphhs.mt.gov/montanahealthcareprograms/medicaid/2021waspwaiver>.

Paper copies of both amendment applications are available to be picked up in person at the DPHHS Director's Office located at 111 North Sanders Street, Room 301, Helena, Montana 59601.

Two virtual public meetings will be held regarding the HELP and WASP Demonstration applications:

- (1) Public hearing on July 28 from 10:00 a.m. to 12:00 p.m. MT
Registration link can be found at <https://dphhs.mt.gov/helpplan/2021medicaidnotice> and <https://dphhs.mt.gov/montanahealthcareprograms/medicaid/2021waspwaiver>.
- (2) Montana Health Coalition meeting on July 29 from 1:00 p.m. to 3:00 p.m.
Registration link can be found at <https://dphhs.mt.gov/helpplan/2021medicaidnotice> and <https://dphhs.mt.gov/montanahealthcareprograms/medicaid/2021waspwaiver>.

You will receive instructions for joining the meeting upon registration. If special accommodations are needed, contact Mary Eve Kulawik at (406) 444-2584 or mkulawik@mt.gov.

Public comments may be submitted until 11:59 PM (Mountain Time) on August 31, 2021. Questions or public comments may be addressed care of Medicaid HELP or WASP Waiver Amendment, Department of Public Health and Human Services, 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. Please note that comments will continue to be accepted after August 31, 2021, but the state may not be able to consider those comments prior to the initial submission of the Demonstration application to CMS.

After Montana reviews comments submitted during this state public comment period, the state will submit a revised application to CMS. Interested parties will also have an opportunity to officially comment during the 30-day 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>.