



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

***Montana Waiver for Additional Services and Populations (WASP)***  
***Demonstration Program***

July 2, 2021

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**Section I. Historical Narrative Summary of the Demonstration**

**A. Introduction**

*The Section 1115 Montana Waiver for Additional Services and Populations was previously titled the Basic Medicaid Waiver.*

**Basic Medicaid Waiver History:**

In 1996, under the authority of an 1115 Welfare Reform Waiver referred to as Families Achieving Independence in Montana (FAIM), Montana implemented a limited Medicaid benefit package of optional services to the same group of adults eligible for Medicaid under Sections 1925 or 1931 of the Social Security Act. The limited Medicaid benefit package was referred to as "Basic Medicaid." The FAIM Welfare Reform Waiver expired on January 31, 2004, (confirmed by correspondence dated October 7, 2003, from Mr. Mike Fiore, Director, Family and Children's Health Program Group, Centers for Medicare and Medicaid Services).

**Basic Medicaid Waiver 2004:**

On October 23, 2003, the State of Montana, Department of Public Health and Human Services (Department) submitted a request for an 1115 Basic Medicaid Waiver of amount, duration and scope of services, Section 1902(a)(10)(B) of the Social Security Act, to provide a limited Medicaid benefit package of optional services for those adults age 21 to 64 who are not pregnant or disabled. The Waiver was approved to operate beginning February 1, 2004, and end January 31, 2009 for those Able-Bodied Adults who are eligible for Medicaid under Sections 1925 or 1931 of the Social Security Act.

**Previous 1115 Amendments:**

A Health Insurance Flexibility and Accountability (HIFA) waiver proposal was submitted on June 27, 2006. The 1115 Basic Medicaid Waiver amendments were submitted on March 23, 2007 and January 28, 2008, requesting seven new optional and expansion populations. Tribal Consultation was completed on December 14, 2007. As a result of discussions with CMS, Montana submitted a revised 1115 Basic Medicaid Waiver amendment on June 6, 2008, requesting four new populations. Further discussion resulted in a July 30, 2009, submittal requesting only one population, Waiver Mental Health Service Plan (WMHSP) individuals (individuals previously covered under a State-funded program who had schizophrenia, severe depression, or bipolar disease), in addition to Able Bodied Adults. Small changes were made to the July 30, 2009, application as a result of continuing conversations with CMS and the Basic Medicaid Waiver was approved December 2010. The Basic Medicaid Waiver Renewal was approved December 24, 2013, effective January 1, 2014. A Waiver amendment to increase coverage for the MWHSP group to cover all individuals with Severe Disabling Mental Illness (SDMI) was submitted on June 30, 2014 and became effective August 1, 2014.

The amendment submitted on November 15, 2015, with an effective date of January 1, 2016, made the following changes:

- Removed able-bodied adults from the Waiver;

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- Removed individuals under age 65 with SDMI who are not covered by or eligible for Medicare and who are between 0-138% of the modified adjusted gross income (MAGI) income level;
- Covered individuals age 18 or older with SDMI who are otherwise ineligible for Medicaid benefits and either:
  - Have income 0-138% of the Federal Poverty Level (FPL) and are eligible for or enrolled in Medicare; or
  - Have income 139-150% of the FPL regardless of Medicare status (they can be covered or not covered by Medicare and be eligible).
- Aligned the Basic Medicaid benefit package with the Standard Medicaid benefit package. Basic Medicaid previously did not cover or had very limited coverage of audiology, dental and denturist, durable medical equipment (DME), eyeglasses, optometry and ophthalmology for routine eye exams, personal care services, and hearing aids; and
- Adopted a 12-month continuous eligibility period for all non-expansion Medicaid-covered individuals whose eligibility is based on MAGI.

The amendment submitted on March 7, 2016, effective March 1, 2016, changed the name of the Waiver to Section 1115 Montana Waiver for Additional Services and Populations (WASP) and covered individuals determined categorically eligible for Aged, Blind, or Disabled (ABD) for dental treatment services above the Medicaid State Plan cap of \$1,125.

The extension/renewal submitted by DPHHS on July 15, 2016 for the Section 1115 WASP was approved December 15, 2017 and effective January 1, 2018, through December 31, 2022. This extension/renewal made no changes to the waiver.

**Present Context:**

Montana's 2021 Legislature passed a budget that explicitly removed funding for 12-month continuous eligibility and directed DPHHS to terminate the policy. 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 Section 1115 Waiver authorities of the WASP by removing the 12-month continuous eligibility for both the individuals age 18 or older with SDMI who are enrolled in WMHSP and for all non-expansion Medicaid-covered individuals whose eligibility is based on MAGI. The removal of the 12-month continuous eligibility for all non-expansion Medicaid covered individuals whose eligibility is based on MAGI removes this population from any coverage under WASP, as this was the only benefit they received under the waiver. The coverage WASP provides for the ABD population, for dental treatment services above the State Plan annual cap of \$1,125, would remain the same.

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 ABD individuals who receive expanded dental treatment services through WASP.

DPHHS is seeking an amendment effective date of July 1, 2021.

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**B. Summary of the Current WASP Demonstration Program**

The WASP allows Montana to continue benefits for up to 3,000 WMHSP individuals. Secondly, the Waiver continues to cover individuals determined categorically eligible for ABD for dental treatment services above the Medicaid State Plan cap of \$1,125.

Montana’s goal is to continue to provide Standard Medicaid coverage to individuals with SDMI utilizing previously generated Federal Waiver savings from the previously titled Basic Medicaid Waiver. Montanans served under this Waiver greatly reduced their out-of-pocket costs and gained access to significant health care benefits. Continuing to cover ABD Dental Treatment Services above the \$1,125 State Plan dental treatment cap allows this population to receive unlimited dental care.

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

The current 1115 WASP’s Special Terms and Conditions provide expenditure authority to enable 12-month continuous coverage for both the individuals age 18 or older with SDMI enrolled in WMHSP and for all non-expansion Medicaid-covered individuals whose eligibility is based on 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. DPHHS is not seeking additional changes to the current 1115 Waiver approved on December 15, 2017.

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

| Eligibility Group Name | Social Security Act and CFR Citations | Eligibility Criteria   |
|------------------------|---------------------------------------|--|
| WMHSP Enrollees        | Section 1115 Demonstration            | Covered individuals age 18 or older with SDMI who are otherwise ineligible for Medicaid benefits <u>and</u> either: <ul style="list-style-type: none"> <li>• Have income 0-138% of the FPL and are eligible for or enrolled in Medicare; or</li> <li>• Have income 139-150% of the FPL regardless of Medicare status (they can be covered or not covered by Medicare and be</li> </ul> |

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|   |  |   |
|---|--|---|
|   |  | eligible).  |
| Parents and Other Caretaker Relatives (PCR) | §1931 and §1925 of the Social Security Act | PCR adults whose eligibility is based on section 1931 or 1925 of the Social Security Act and have income 0-24% FPL. |

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 ABD individuals who receive expanded dental treatment services through the WASP waiver.

**D. Medicaid Delivery System and Covered Benefits**

The State does not propose any changes to the Medicaid health care delivery system; WMHSP demonstration enrollees will continue to receive services through the State’s fee-for-service delivery system as approved through this 1115 WASP Demonstration. Additionally, the coverage WASP provides for the ABD population, for dental treatment services above the State Plan annual cap of \$1,125, would remain the same.

**E. 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:

1. Coverage of the Standard Medicaid benefits package for WMHSP.
  - Covered individuals age 18 or older with SDMI who are otherwise ineligible for Medicaid benefits and either:
    - Have income 0-138% of the FPL and are eligible for or enrolled in Medicare; or
    - Have income 139-150% of the FPL regardless of Medicare status (they can be covered or not covered by Medicare and be eligible).
2. The ABD population receives additional dental treatment services above the dental treatment services annual cap outlined in the Medicaid State Plan. (Covered dental treatment services, excluding diagnostic, preventive, denture and anesthesia services for adults age 21 and over, are subject to the annual cap of \$1,125 in the State Plan.)

**F. Future Additional Goals of the WASP 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 WASP Demonstration Program beyond what was in the Section 1115 WASP extension/renewal approved on December 15, 2017.

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**Section II. Changes Requested to the Demonstration**

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

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 ABD individuals who receive expanded dental treatment services through the WASP 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.<sup>1</sup> In the event that the national public health emergency is extended beyond this amendment effective date, 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 WASP Demonstration Program beyond what is in the extension/renewal for the Section 1115 WASP approved December 15, 2017.

**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 1a. **WASP WMHSP Demonstration Program Historical Enrollment**

| <b>Program Month and Year</b> | <b>Point in Time Enrollment</b> |
|-------------------------------|---------------------------------|
| <b>December 2016</b>          | 1,123                           |
| <b>December 2017</b>          | 1,182                           |
| <b>December 2018</b>          | 1,173                           |
| <b>December 2019</b>          | 1,125                           |
| <b>December 2020</b>          | 1,071                           |

Figure 1b. **WASP PCR Demonstration Program Historical Enrollment**

<sup>1</sup> [P.L. 116-127](#), Families First Coronavirus Response Act, March 18, 2020.

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| <b>Program Month and Year</b> | <b>Point in Time Enrollment</b> |
|-------------------------------|---------------------------------|
| <b>December 2016</b>          | 19,830                          |
| <b>December 2017</b>          | 17,033                          |
| <b>December 2018</b>          | 16,155                          |
| <b>December 2019</b>          | 14,745                          |
| <b>December 2020</b>          | 17,912                          |

Figure 2a. **WASP WMHSP Demonstration Program Historical Total Expenditures**

| <b>Total Expenditures</b>               |   |
|---|---|
| <b>Program Year<br/>(Calendar Year)</b> | <b>Expenditures<br/>(for full year)</b> |
| <b>2016</b>                             | 7,861,412                               |
| <b>2017</b>                             | 7,307,944                               |
| <b>2018</b>                             | 6,521,168                               |
| <b>2019</b>                             | 7,310,246                               |
| <b>2020</b>                             | 7,635,765                               |
| <b>Total (2016 – 2020)</b>              | <b>36,636,535</b>                       |

Figure 2b. **WASP PCR Demonstration Program Historical Total Expenditures**

| <b>Total Expenditures</b>               |   |
|---|---|
| <b>Program Year<br/>(Calendar Year)</b> | <b>Expenditures<br/>(for full year)</b> |
| <b>2016</b>                             | 86,172,281                              |
| <b>2017</b>                             | 108,710,418                             |
| <b>2018</b>                             | 75,937,884                              |
| <b>2019</b>                             | 72,771,519                              |
| <b>2020</b>                             | 81,359,751                              |
| <b>Total (2016 – 2020)</b>              | <b>424,951,853</b>                      |

Figure 3a. **WASP WMHSP Historical Information – PMPM Based by Program Year**

| <b>Program Year<br/>(Calendar Year)</b> | <b>Count of Enrollees</b> | <b>Member Months</b> | <b>PMPM</b> |
|---|---------------------------|----------------------|-------------|
| <b>2016</b>                             | 1,568                     | 13,550               | 580.18      |
| <b>2017</b>                             | 1,337                     | 13,885               | 526.32      |



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|-------------|-------|--------|--------|
| <b>2018</b> | 1,325 | 14,295 | 456.19 |
| <b>2019</b> | 1,284 | 13,786 | 530.27 |
| <b>2020</b> | 1,156 | 13,168 | 579.87 |

Figure 3b. **WASP PCR Historical Information – PMPM Based by Program Year**

| <b>Program Year<br/>(Calendar Year)</b> | <b>Count of Enrollees</b> | <b>Member Months</b> | <b>PMPM</b> |
|---|---------------------------|----------------------|-------------|
| <b>2016</b>                             | 32,579                    | 230,993              | 373.05      |
| <b>2017</b>                             | 27,208                    | 214,896              | 505.87      |
| <b>2018</b>                             | 23,365                    | 196,698              | 386.06      |
| <b>2019</b>                             | 23,169                    | 182,615              | 398.50      |
| <b>2020</b>                             | 21,552                    | 186,212              | 436.92      |

**B. Projected Enrollment and Expenditures for the Demonstration Amendment**

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

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

**Section VI. Evaluation & Demonstration Hypotheses**

**A. Evaluation**

Montana evaluated the effectiveness of the WASP with a CMS approved evaluation design from December 2010, through December 2017. A baseline survey of the 800 WMHSP individuals was completed in the summer of 2012, and then a follow-up survey was conducted in October 2015. The 2015 return rate was 25.5% compared to the 2012 return rate of 26.5%. In 2015, approximately 3.5 times the number of surveys were sent out compared to 2012, with about 3.5 times the numbers of surveys returned. In 2015, 704 were returned and in 2012, 209 surveys were returned. The survey helped DPHHS learn about participants’ health

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<sup>2</sup> 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\\_Continuous\\_Coverage.pdf](https://www.manatt.com/uploadedFiles/Content/4_News_and_Events/Newsletters/HealthLaw@Manatt/Manatt_On_Medicaid_Continuous_Coverage.pdf) [manatt.com]

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status, access to health care, and quality of care. A new survey and analysis were completed in late 2017 and findings were included in the 2017 Annual Report.

A new, less extensive survey of the WASP WMHSP population was completed in September of 2019. The results show a positive increase in member experience in SFY 2019 compared to the prior year. Additionally, the results show an overall higher level of satisfaction with services compared to the non-WASP Montana Medicaid population.

| Domain                                | SFY18      | SFY19      |
|---------------------------------------|------------|------------|
| General Satisfaction                  | 84%        | 90%        |
| Access to Services                    | 76%        | 87%        |
| Quality & Appropriateness of Services | 81%        | 86%        |
| Participation in Treatment            | 79%        | 86%        |
| Outcomes                              | 62%        | 68%        |
| Improved Functioning                  | 60%        | 66%        |
| Improved Social Connectedness         | 54%        | 69%        |
| <b>Average of all 7 Domains</b>       | <b>71%</b> | <b>79%</b> |

| Domain                                | SFY19 WASP | SFY19 NON-WASP |
|---------------------------------------|------------|----------------|
| General Satisfaction                  | 90%        | 85%            |
| Access to Services                    | 87%        | 83%            |
| Quality & Appropriateness of Services | 86%        | 87%            |
| Participation in Treatment            | 86%        | 86%            |
| Outcomes                              | 68%        | 64%            |
| Improved Functioning                  | 66%        | 65%            |
| Improved Social Connectedness         | 69%        | 66%            |
| <b>Average of all 7 Domains</b>       | <b>79%</b> | <b>77%</b>     |

In the summer of 2020, over three months into the COVID-19 pandemic, CMS informed Montana that the WASP Medicaid Demonstration evaluation design draft was long overdue. This design draft, due 120 days after approval of the extension, had been due on May 1, 2018. It is believed that change in staffing at both CMS and the State of Montana contributed to this oversight. On August 19, 2020 CMS provided Montana with recommendations for developing an evaluation design draft.

In prior years, the approved WASP evaluation designs have been limited to the WMHSP population only. For this new demonstration period, CMS requested the other two populations: ABD and PCR be included in the evaluation design draft.

Due to the impact of COVID-19 in 2020, CMS and Montana agreed upon a due date for the draft evaluation design. Montana submitted the draft evaluation design on January 13, 2021. The evaluation design was approved April 5, 2021.

**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 WASP Demonstration

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Program beyond what is in the extension/renewal submitted by the DPHHS on July 15, 2016 and approved December 15, 2017.

**Section VII. Compliance with Public Notice Process**

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