Section 1115 Medicaid Expansion Waiver Implementation: Findings from Structured Interviews in Four States

Medicaid and CHIP Payment and Access Commission

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Overview

- Background on Section 1115 Medicaid expansion waivers
- Prior MACPAC work
- Study approach
- Key takeaways
- Administrative capacity considerations
- Challenges
- Interviewee suggestions for CMS

Background

- Seven states are currently using Section 1115 waiver authority to expand Medicaid to the new adult group
  - Arizona, Arkansas, Indiana, Iowa, Michigan, Montana, and New Hampshire
- Goals of expansion waivers include
  - Policy changes to mirror commercial benefit and enrollment design
  - Create incentives for enrollees to use resources more efficiently

Prior MACPAC Work

- MACPAC has published fact sheets on each of the state waiver programs
- At the April 2017 meeting, we presented findings from interim waiver evaluations
- Commissioners expressed interest in learning more about how states approached implementation and the administrative capacity elements that were needed

Study approach

- MACPAC contracted with the State Health Access and Data Assistance Center (SHADAC)
- Four waiver states
- Key program provisions
  - Exchange plan premium assistance
  - Enrollee contribution requirements
  - Health savings accounts
  - Healthy behavior incentives
  - Graduated copayments for non-emergency use of the emergency department (ED)

Study approach

- Policy questions
  - What administrative elements were needed?
  - What challenges arose, and how did states respond?
  - What are important considerations for CMS and other states?
- Structured interviews with 33 individuals
  - Current and former state agency staff, health plan staff

Key Takeaways

- Waiver programs are more administratively complex than traditional Medicaid, but worthwhile in order to expand coverage
- The overall value is not in cost savings, but in carrying out policies that promote consumer engagement
- Directives from state legislatures to incorporate specific program elements can create operational difficulties
- Short implementation timelines require a phased approach, which can be inefficient and create challenges

Key Takeaways

- Implementation requires significant work and investment
- Significant information technology (IT) systems work is required to develop, test, operationalize, and maintain programs
- Targeted, ongoing beneficiary outreach, education, and communication are essential
- Plans generally felt equipped to take on additional implementation responsibilities, with some concerns over rates

Administrative Capacity Needs

- Staff time
- Coordination and communication across entities and with beneficiaries
- Systems, processes, and IT infrastructure
- Little information available on total costs

Premium Assistance

Overview

- Arkansas (all expansion enrollees)
- Iowa (expansion enrollees with incomes over 100 percent of the federal poverty level (FPL))

Challenges

- Pricing the population
- Plan participation in Iowa
- Coordination between Medicaid, the Department of Insurance, and exchange plans in Arkansas

Enrollee Contributions

Overview

- In Iowa, premiums for expansion enrollees over 50 percent FPL
- In Michigan, retrospective cost sharing for expansion enrollees and premiums for those over 100 percent FPL

Challenges

- Calculating and collecting owed contributions
- Educating beneficiaries
- Setting up systems and coordination needed to collect unpaid contributions

Health Savings Accounts

Overview

- In Arkansas, initial use of Health Independence Accounts for enrollees over 100 percent FPL
- In Indiana, Personal Wellness and Responsibility (POWER) accounts for all enrollees
  - Required contributions for enrollees over 100 percent FPL

Challenges

- Educating beneficiaries
- Calculating contribution amounts
- In Indiana, reconciling information across plans, the state, and the fiscal agent at the end of the benefit period

Healthy Behavior Incentives

Overview

- Indiana, Iowa, and Michigan offer reductions in required contributions in exchange for engaging in a specified healthy behavior

Challenges

- In Indiana and Iowa, reconciling claims systems with the payment system used for crediting beneficiaries
- Michigan experienced processing delays in its paper-based health risk assessment screeners

Graduated Copayments for Non-Emergency Use of the ED

Overview

- In Indiana’s test group, $8.00 for first non-emergency visit, $25.00 subsequently; in control group, $8.00 for all non-emergency visits

Challenges

- Neither the state nor health plans in Indiana reported significant challenges
- Some interviewees expressed doubt about whether providers were collecting the graduated copayments

Challenges across Program Elements

- Short implementation timelines
- Reaching and educating beneficiaries
- Anticipated changes to state waivers will present additional administrative capacity and coverage implications

Steps to Improve Implementation Experiences

- Interviewees felt that CMS was responsive and helpful through the waiver process
- Additional actions CMS could take
  - allow more time for implementation
  - clarify which specific program elements CMS is willing to approve
  - provide more opportunities for information sharing across states about their experiences

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