



CHILDREN'S  
HOSPITAL  
ASSOCIATION

# Recent Medicaid Waivers and Innovative Policies Impacting Children and Children's Hospitals

February 23, 2024

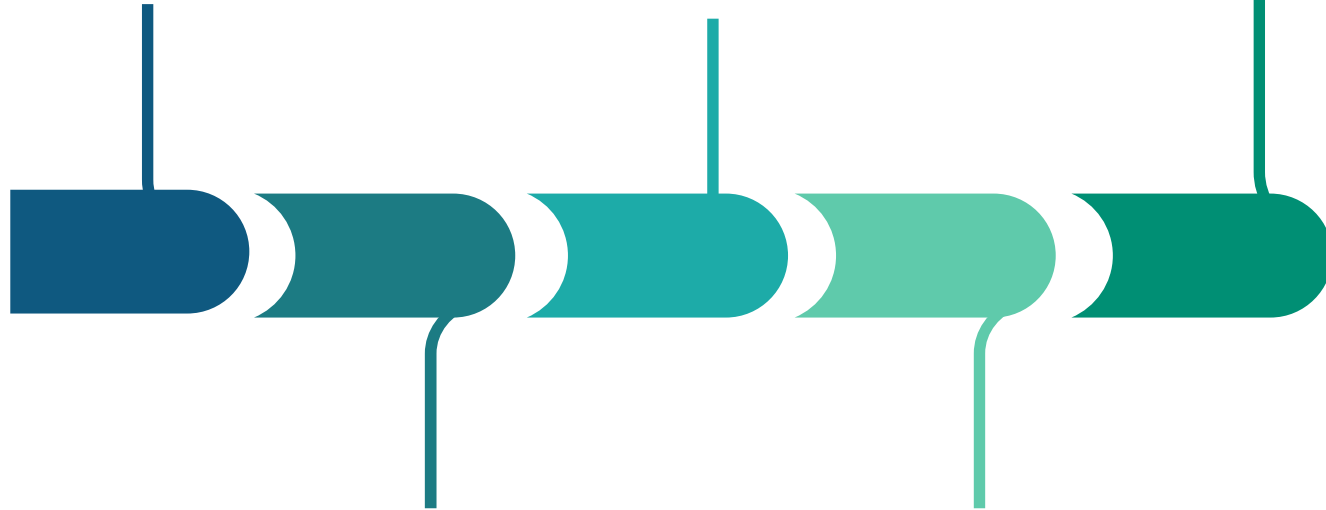
# Agenda

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**What are Medicaid 1115 Waivers?**

**Themes within Recent Medicaid Waivers**

**Q and A**



**History of Medicaid 1115 Waivers and Children's Health & Hospitals**

**New York 1115 Waiver and Pediatric Implications**

# Webinar Objectives

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- ✓ Share innovative or promising policies
- ✓ Hear feedback on impact of Medicaid policies on children's hospitals
- ✓ Utilize member feedback to inform our work with CMS on waivers and related policies

# What are Medicaid 1115 Waivers?



- **Section 1115** of the Social Security Act allows the Secretary of Health and Human Services to approve State Medicaid demonstration projects
  - Help states to design and improve their Medicaid programs
  - Allows states to waive federal policies and standards
  - Intended to demonstrate and evaluate innovative policies that are not usually allowed under the Medicaid program

## Waivers are required to:

- ✓ Promote the objectives of the Medicaid program
  - ✓ Be budget neutral (federal spending cannot be greater than it would be without the demonstration)
  - ✓ Garner stakeholder input during the development process
- Usually approved for a five-year period, with a possible three-year renewal period after the first five years
  - States are required to contract with independent evaluators to conduct periodic (quarterly and annual) evaluations of the waiver's outcomes

# History of Medicaid Waivers and Children's Health & Hospitals

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- Section 1115 waivers have been used by states to implement positive and negative policies that impact children and children's hospitals
- Approval of a waiver in one state can influence action in other states
- **Positive policies:**
  - Expanding eligibility to cover additional children
  - Covering additional pediatric services and supports
- **Negative policies:**
  - Threatening funding to children's hospitals
  - Proposed block grants
  - Negation of EPSDT

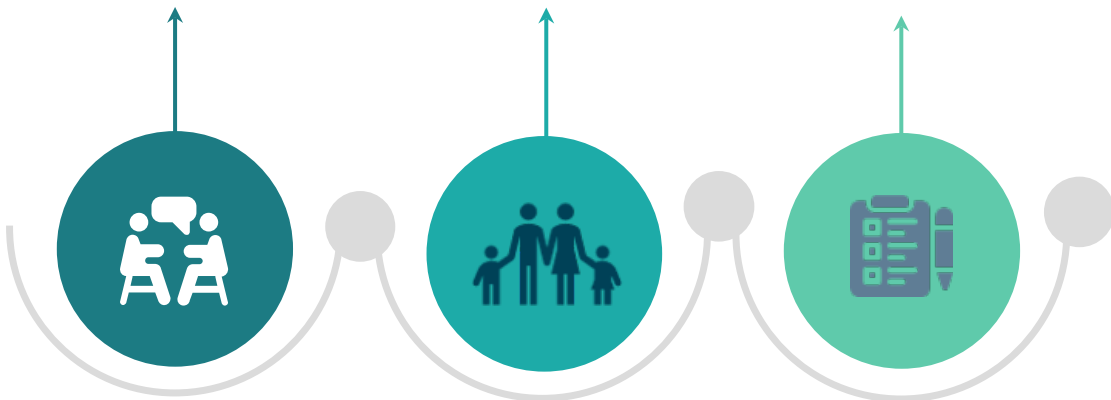


# CHA Work on 1115 Waivers

**Sharing Promising Practices with Children's Hospitals**

**Monitoring 1115 Waivers that Impact Children and Children's Hospitals**

**CHA Section 1115 Medicaid Waiver Principles**



February 2018

**Medicaid Section 1115 Waiver Principles for Child Health**  
CHA Principles

When first developed, 1115 waivers were being used to implement policies that were harmful for children and children's hospitals

State waiver approval in one state can influence other state actions

**Want to get member feedback to update these principles**

# Themes within Recently Approved 1115 Waivers

## Payment

- Provider rate increases for primary care, behavioral health, or OB/GYN care if less than 80% of Medicare
- Federal funding for Designated State Health Plans (DSHPs)
- Changes to budget neutrality requirements

## Coverage

- Continuous eligibility (i.e. for children 0-6 years old)
- Expansion of eligibility and benefits for youth with special health care needs

## Workforce

- Expanding access to services delivered by "nontraditional" health care providers
- Loan repayment programs
- Bonus or incentive payment models for certain providers

## Health-related Social Needs

- Housing supports (rent support, temporary housing)
- Food security (nutrition counseling, medically-tailored meals)

# New York's 1115 Waiver Amendment



On January 9, CMS approved New York's 1115 waiver amendment that provides \$7.5 billion over three-and-a-half years to support the State's efforts to advance health equity, reduce health disparities, support the delivery of health-related social needs (HRSN) services, and promote workforce development.

## HRSN

- Investment in infrastructure to screen for and coordinate HRSN services
- Newly approved HRSN services to address housing and nutrition needs
- Funding to establish a statewide entity that will coordinate regional HRSN initiatives

## Provider Payments

- A hospital pool for certain private safety-net hospitals in financial distress to adopt hospital global budgets
- Increases Medicaid payment rates
  - Prioritize primary care, behavioral health, and obstetrics

## Workforce Programs

- Funding for a Student Loan Repayment Program
- Funding for a Career Training Program to increase the health professional workforce

**CMS also authorizes federal Medicaid matching for programs that had formerly been state-funded, allowing NYS to use freed-up funds to finance the nonfederal share of other initiatives approached under the 1115 waiver.**

All Medicaid members will receive HRSN screening and navigation support through creation of Social Care Networks (SCNs), created with a significant infrastructure investment—the highest funding level that CMS has approved to date.



## Level 1

All enrollees will receive screening for HRSN services at regional SCNs and referrals to existing state, federal, and local services



Funding \$500 million



## Level 2



Targeted eligible beneficiaries\* will receive Level 2 HRSN services, including

- ✓ Housing supports (rent, temporary housing, moving costs)
- ✓ Nutrition (home-delivered meals, food prescriptions)
- ✓ Transportation (transportation to covered HRSN services)



Funding \$3.17 billion

\*Targeted eligible beneficiaries include: high utilizers; individuals with SUD; individuals with SMI; individuals with intellectual and developmental disabilities; juvenile justice involved youth, foster care youth, and those under kinship care; children under age 6; and children under the age of 18 with one or more chronic condition.

CMS approved \$125 million to establish the Health Equity Regional Organization or “HERO,” an independent entity that will develop health equity and value-based care approaches and will be responsible for:

1

Data aggregation, analytics, and reporting

2

Regional needs assessment and planning

3

Regional stakeholder engagement sessions

4

Recommendations to support value-based arrangements and incorporating HRSN into value-based payment methodologies

5

Program analysis, such as publishing initial health equity plans and health factor baseline data on Medicaid populations

The waiver proposal originally envisioned **nine regional** HEROS, but the amendment approval establishes a **single, statewide entity** that will develop regionally-focused approaches.

## **CMS approved \$2.2 billion in incentive funding for private, safety-net hospitals to implement hospital global budgets, creating the first new hospital “pool” that CMS has approved in several years.**

- CMS approves \$2.2 billion in incentive funding to financially distressed private, safety-net hospitals in Brooklyn, Bronx, Queens, and Westchester counties that have:
  - A Medicaid and uninsured payer mix of at least 45% and an average operating margin that is less than or equal to 0% over the past four years (calendar years 2019–2022), and
  - Received state-only subsidies due to financial distress in state fiscal year 2023 and/or 2024
- These payments are in addition to Medicaid funding for service reimbursement.
- New York is required to propose a methodology for the Medicaid global budget to CMS, which will be required to launch by April 1, 2027.
  - New York is able to satisfy this criteria by applying and being accepted into the CMS Innovation Center’s States Advancing All-Payer Health Equity Approaches and Development (AHEAD) model.
  - The AHEAD Model would provide participating hospitals with an annual global budget that replaces Medicare FFS and Medicaid payment for hospital-based services.

Stipulations for the waiver amendment approval will increase rates for primary care, behavioral health, and obstetrics care in two key actions.

## Medicaid-Medicare Payment Ratios

- CMS requires New York to increase Medicaid fee-for-service (FFS) provider base payment rates and Medicaid managed care payment rates in primary care, behavioral health, and obstetrics care **by at least two percentage points** if New York's Medicaid-to-Medicare provider rate ratio is below 80% of Medicare rates in any of these three categories.

## Sustained Rate Increases

- A unique condition of CMS' approval, New York is required to invest approximately \$199 million in provider payment rate increases as part of the amendment, which must be sustained by the state once implemented. This requirement is applicable even if no Medicaid rates are below 80% of Medicare rates.
  - The state is expected to prioritize rate increases for primary care, behavioral health, and obstetrics care but may also invest in other service areas.

**The waiver amendment makes investments in the state's workforce through student loan repayment for existing clinicians as well as training programs to increase the number of healthcare professionals in the state.**

## **Student Loan Repayment (\$48.3 million)**

- Will provide up to \$300,000 in loan repayment for psychiatrists (with a priority on child/adolescent psychiatrists), up to \$100,000 for primary care physicians and dentists, and up to \$50,000 for nurse practitioners and pediatric clinical nurse specialists.
- Providers must make a four-year full-time work commitment to a practice panel that includes at least 30% Medicaid and/or uninsured members.

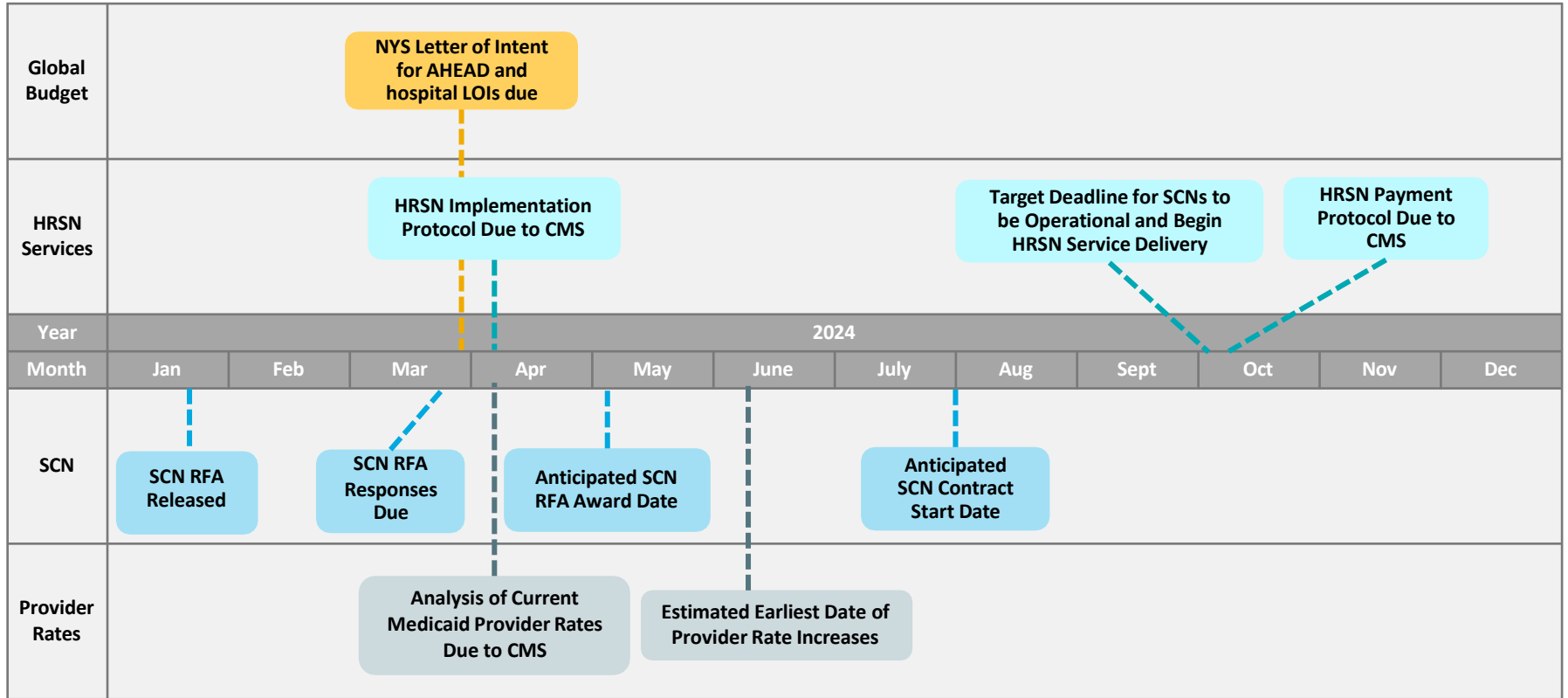
## **Career Pathways Training (\$645.75 million)**

- Funds training and education that focuses on career advancement and creating a reliable healthcare workforce pipeline.
- Includes licensed practical nurses, registered nurses, nurse practitioners, mental health and substance use counselors, certified pharmacy technicians, certified medical assistant, and community health workers
- Eligible individuals must have a three-year commitment of service to healthcare providers enrolled in the Medicaid program that serve at least 30% Medicaid members and/or uninsured individuals to participate in the program.

**CMS approved federal funding for the designated state health program (DSHP) under the amendment approval. This new source of federal funding allows NYS to reinvest state funds into other initiatives.**

- CMS approved the NYS DSHP per previously established guardrails:
  - DSHPs may only be used to finance a portion the nonfederal share of new initiatives that advance the objectives of the Medicaid program (no supplantation of existing state investments; monitoring required)
  - States must contribute 15% of nonfederal share through non-DSHP funding sources
  - DSHP spending capped at 1.5% of total Medicaid expenditures over the demonstration period
  - DSHP funding is temporary
- State non-federal funding “freed up” from approval of DSHP will be used to fund key components of the waiver:
  - HRSN investments (both services and infrastructure)
  - Workforce initiatives

# Timeline of Waiver Implementation Milestones





# Future Considerations for Children's Hospitals

## HRSN

- Screening individuals for HRSN
- Examining partnerships with community-based organizations to refer and coordinate HRSN services

## Provider Payments

- Rate increases will be most impactful for hospitals with employed behavioral health and primary care providers
- Working with public health plans to understand timing of provider rate increases
- Bringing awareness to other service lines that should be included in the \$199 million provider rate increase

## Workforce Programs

- Utilize student loan repayment and workforce training programs to increase staffing
  - Requires that the hospital can place professionals in a practice with the correct payer mix/patient panels for the programs

**NY is preparing to submit an amendment to CMS to provide continuous Medicaid eligibility for children ages 0-6**

## HRSN

- Illustrates ongoing willingness to fund HRSN services and programming
- CMS has established a list of HRSN services that states can provide with an 1115 waiver without needing to find savings to offset costs; services beyond the established list will require the state to produce savings to meet budget neutrality requirements
  - This will influence which HRSN services states are likely to pursue

## Provider Payments

- The required provider rate increase is a unique development and may mean that CMS' policies are continuing to evolve and will likely feature similar negotiations in other waiver requests
- The Hospital Global Budget Initiative demonstrates that CMS is open to discussing hospital pools again

## Workforce Programs

- Builds on initiatives approved by CMS in other states (ex: MA) and emphasizes CMS' appetite to address workforce issues
  - CMS' approval for NY reduced workforce initiatives in the proposal by \$1B.

# Q&A





# Additional Resources



- [KFF: Medicaid Waiver Tracker - Approved and Pending Section 1115 Waivers by State](#)
- [Medicaid.gov: State Waivers List | Medicaid](#)
- [Georgetown Center for Children and Families \(CCF\): Waivers](#)
- [CHA: Webinar "Medicaid Waivers: Opportunities for Children and Children's Hospitals"](#) (March 2023)