## Virginia C.O.M.P.A.S.S.

## Creating Opportunities for Medicaid Participants to Achieve Self- Sufficiency

## September 20, 2018

### I. Introduction

Pursuant to 42 CFR § 431.408, notice is hereby given that the Virginia Department of Medical Assistance Services (DMAS) is seeking to extend for five years its Medicaid Section 1115 Demonstration Waiver, <u>"The Virginia Governor's Access Plan (GAP) and Addiction and Recovery Treatment Services (ARTS)</u> <u>Delivery System Transformation</u>"(Project #: 11-W-00297/3). Through the five-year extension, the Commonwealth will continue to provide essential substance use disorder (SUD) services to all Medicaid members through ARTS and maintain authority for Medicaid coverage for former foster care youth who were enrolled in Medicaid and aged out of foster care in another state but now live in Virginia. In addition, the Commonwealth will implement provisions of the <u>2018 Virginia Acts of Assembly Chapter 2</u> (2018 Appropriations Act) to:

- Implement a work and community engagement program in which participation is a condition of Medicaid eligibility for certain adults with income up to 138 percent of the Federal Poverty Level (FPL);
- Effectuate premiums, co-payments for non-emergency use of the emergency department (ED) and health and wellness accounts (HWAs) for certain adults with income between 100 and 138 percent of the FPL; and
- Create a new housing and employment supports benefit for high-need populations.

As described in further detail below, DMAS will provide the public with the opportunity to review and provide input on the Section 1115 Demonstration Extension, which will be called the Virginia COMPASS Demonstration, which will be submitted to the Centers for Medicare and Medicaid Services (CMS).

### II. Background on Section 1115 Demonstrations

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of the Medicaid and Children's Health Insurance Program (CHIP) programs. Under this authority, the Secretary may waive certain provisions of the Medicaid law to give states additional flexibility to design and improve their programs. To learn more about the Section 1115 Demonstration waivers, please visit the CMS website at: https://www.medicaid.gov/medicaid/section-1115-demo/index.html.

## III. Summary of Current Demonstration Features to be Continued Under the 1115 Demonstration Extension

Virginia's current Demonstration, which expires on December 31, 2019, includes: the GAP program, a targeted benefit package of physical and behavioral health care services to childless adults and noncustodial parents ages 21 through 64 with incomes at or below 100 percent of the FPL who have been diagnosed with a serious mental illness (SMI) and are not otherwise eligible for Medicaid, CHIP, or Medicare; the ARTS demonstration, an expanded SUD benefit package available to all Medicaid members who have a SUD diagnosis and meet the medical necessity criteria; and Medicaid coverage authority to former foster care youth who have aged out of foster care in another state but now reside in Virginia.

On June 7, 2018, Governor Ralph Northam signed the 2018 Appropriations Act authorizing DMAS to amend Virginia's Medicaid State Plan to expand Medicaid coverage to non-disabled, non-pregnant adults ages 19 to 64 with income up to 138 percent of the FPL, effective January 1, 2019. The Commonwealth is in the process of finalizing with CMS the State Plan Amendments (SPAs) necessary to expand Medicaid. As the Commonwealth will have expanded Medicaid, it has begun the process of sunsetting the GAP program and preparing to transition most GAP members to the new adult Medicaid eligibility group under State Plan authority, through which they will receive a more comprehensive benefit package.

The Commonwealth will continue the ARTS benefit package in the Virginia COMPASS Demonstration, and there will be no changes to requirements related to benefits, eligibility criteria, or cost sharing in ARTS.

Under the Virginia COMPASS Demonstration, the Commonwealth will also continue to provide Medicaid coverage to former foster care youth who have aged out of foster care in another state but now reside in Virginia and are applying for Medicaid. There will be no changes to requirements related to benefits, eligibility criteria, or cost sharing.

For more information about Virginia's current 1115 Demonstration, which the Commonwealth is seeking to extend, please visit the CMS website at: <u>https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/va/va-gov-access-plan-gap-ca.pdf</u>.

# IV. Summary of New Medicaid Program Features to be Included in the Virginia COMPASS Demonstration

## A. Work and Community Engagement Requirements

As directed by State legislation, the Commonwealth will implement the Training, Education, Employment and Opportunity Program (TEEOP) – a Virginia-specific initiative to promote work and community engagement with the goal of improving health and well-being and furthering greater financial stability and self-sufficiency among low-income Virginians. Participation in TEEOP will be a condition of eligibility for all Medicaid members between ages 19 and 64 with incomes up to 138 percent of the FPL who are not exempt. A complete list of standard and good cause/hardship exemptions is included in the <u>Virginia COMPASS application</u>. TEEOP members will be required to participate in a work or community engagement activity, such as employment, volunteer work, job training, or job search activities. A complete list of work and community engagement qualifying activities is included in the <u>Virginia COMPASS application</u>.

The work and community engagement hours requirement will begin at 20 hours per month for the first three months during which a member is subject to the TEEOP and will gradually increase from there. After a member is subject to the TEEOP for 12 months, the member will be required to participate in 80 hours per month.

Non-exempt members who fail to comply with their work and community engagement requirement for any three months within a 12-month period will have their coverage suspended. Members whose

coverage is suspended as a result of non-compliance with work and community engagement requirements may have their coverage re-instated upon:

- Demonstrating compliance with the work and community engagement requirement for one month;
- Qualifying for another Medicaid eligibility category not subject to the work and community engagement requirement;
- Qualifying for a standard or hardship/good cause exemption; or
- Turning age 65.

## B. Employment Supports for TEEOP Members

Recognizing that Virginia's Medicaid population faces unique employment, poverty, housing, and other important circumstances that interact with an individual's health and well-being, the Commonwealth proposes a multi-pronged, comprehensive approach to meaningfully connect TEEOP participants to the supports necessary to be successful in meeting the new program requirements.

Building on Virginia's existing workforce programs, Virginia seeks to provide employment supports to TEEOP members to help connect members with training, education, and employment opportunities. The Commonwealth will submit to CMS an Alternative Benefit Plan (ABP) SPA that will provide habilitation benefits that include employment supports, education supports, pre-vocational supports and individual and small group employment supports, to address barriers to meaningful community engagement and employment.<sup>1</sup> Submission of the ABP SPA may be contingent on the appropriation of additional State funding by the State Legislature to the extent existing coverage assessments do not cover all components of the benefit.

In addition, the Commonwealth will design a targeted case management benefit package for the TEEOP population under its Targeted Case Management State Plan authority. Under this Targeted Case Management SPA, the Commonwealth will provide coordination, assessment and referrals for employment, and other supports to address social determinants of health.

## C. Premiums, Co-Payments, and HWAs

The Commonwealth will implement premiums, co-payments, and HWAs to encourage newly Medicaid eligible adults to take greater responsibility for their personal health and well-being while preparing for the financial requirements of employer-sponsored insurance or other private health insurance coverage.

**Premiums.** Per the State Legislation, the Commonwealth will establish monthly premiums based on a sliding income scale for Medicaid members with incomes between 100-138 percent of the FPL as follows:

- Individuals with income 100-125 percent of the FPL: \$5 per month
- Individuals with income 126-138 percent of the FPL: \$10 per month

Additionally, Virginia will make Medicaid coverage effective on the first day of the month following receipt of the premium payment. The same categories of individuals who qualify for a TEEOP exemption will be exempt from a premium obligation. A complete list of standard and good cause/hardship

<sup>&</sup>lt;sup>1</sup> Specifically, the Commonwealth will define habilitation benefits under Essential Health Benefits (EHB) to encompass Section 1915(c) and (i) authorized supports. 42 CFR § 440.335; 78 Fed Reg. 42214-42215.

exemptions is included in the <u>Virginia COMPASS application</u>. Members will have their coverage suspended if they fail to pay their premiums after a three-month grace period. Coverage will be reactivated at any time after an individual makes one premium payment, meets an exemption, or reports a change in circumstances that reduces family income to less than 100 percent of the FPL.

*Healthy Behavior Incentives.* Individuals who are subject to premiums and complete at least one healthy behavior, such as an annual wellness exam, mammogram, or a flu shot, during the coverage year will have their premiums reduced by 50 percent in the following coverage year.

**Co-Payments for Non-Emergent Use of the ED.** Individuals with income 100 to 138 percent of the FPL will be required to pay a \$5 co-payment for non-emergent or avoidable ED use. The same categories of individuals who qualify for a TEEOP exemption will be exempt from a co-payment for non-emergent use of the ED. A complete list of standard and good cause/hardship exemptions is included in the <u>Virginia</u> <u>COMPASS application</u>.

*HWAs and Health Rewards.* The Commonwealth will develop HWAs, funded through member contributions and State funds, to the extent that the State Legislature appropriates State funds for this purpose, to incentivize healthy behaviors and promote personal responsibility. Members will be required to pay monthly contributions (in the form of premiums) to HWAs. These payments will constitute the deductible obligation for the HWA; members with incomes between 100 and 125 percent of the FPL are required to meet a \$50 deductible obligation while members with income between 126 and 138 percent of the FPL must meet a \$100 deductible obligation.

Members who meet their deductible obligation *and* engage in at least one healthy behavior will receive a rebate from their HWA. Specifically, members who meet their deductible and healthy behavior obligation will be eligible to withdraw funds from their HWA up to the full balance (i.e., at least \$50 for a member with income between 100 and 125 percent of the FPL or at least \$100 for a member with income between 126 and 138 percent of the FPL based on their respective \$5 and \$10 monthly premiums). The withdrawal will be distributed in the form of a limited-use Health Rewards gift card distributed at the start of the following coverage year to pay for non-covered medical or other healthrelated services (e.g., eyeglasses or vitamins).

Members who meet their deductible obligation but do not engage in a healthy behavior will not be eligible for a Health Rewards gift card; however, their HWA accrued funds will roll over to the next coverage year. Members who do not meet their deductible obligation and do not participate in a healthy behavior will forfeit any accrued HWA funds.

## C. Housing and Employment Supports Benefit

The Commonwealth will offer a housing and employment supports benefit to a targeted group of highneed Medicaid members. Housing and employment supports services, such as assistance with completing applications for housing or individualized job development and placement, are determined to be necessary for an individual to obtain and reside in an independent community setting as well as obtain and maintain employment. Eligible high-need members must meet needs-based criteria and a set of required risk factors to receive the housing and employment supports benefit.

## V. Demonstration Goals and Objectives

Through Virginia COMPASS, Virginia seeks to:

- Address the substance use and opioid crisis in Virginia by continuing to provide essential SUD services to all Medicaid members with a SUD diagnosis through the ARTS program;
- Increase coverage and health and well-being by maintaining authority to enroll former foster care youth who aged out of foster care in another state into Medicaid;
- Improve health, well-being, and financial stability among Virginians by implementing a work and community engagement program in which participation is a condition of Medicaid eligibility for certain populations;
- Improve continuity of care, promote personal responsibility, and improve health and well-being by implementing premiums, cost-sharing for non-emergent use of the ED, and incentives for healthy behaviors through HWAs for Medicaid expansion adults above 100 percent of the federal poverty level;
- Improve health and well-being by establishing housing and employment supports for high-need populations.

## VI. Demonstration Projected Enrollment and Expenditures

CMS requires that all 1115 Demonstration applications demonstrate budget neutrality. With the exception of an extension of the ARTS delivery system transformation, the Commonwealth is not seeking expenditure authority for this demonstration extension's new programs.<sup>2</sup>

This application presents information on projected expenditures and enrollment as required by CMS.

## Table 1: Historical Enrollment and Expenditures for Former Foster Care Youth (FFCY) from Another State

	CY2017	CY2018
Member Months	813	*
Total Expenditures	\$393,551	*
Per Member Per Month (PMPM)	\$484	*

## Table 2: Projected Enrollment and Expenditures of FFCY from Another State in the 1115Demonstration Extension

	DY 1	DY2	DY3	DY4	DY5
Member Months	812	820	828	836	844
Total Expenditures	\$522,222	\$553,738	\$587,093	\$622,404	\$659,778
Per Member Per Month (PMPM)	\$643	\$675	\$709	\$745	\$782

<sup>&</sup>lt;sup>2</sup> DMAS notes that because the Commonwealth will expand eligibility to the new adult group beginning January 1, 2019, a budget neutrality test is no longer needed for the demonstration authority to provide coverage for former foster care youth who were in foster care under the responsibility of other states and have income higher than 133 percent of the FPL. See: CMCS Informational Bulletin. Available at <a href="https://www.medicaid.gov/federal-policy-guidance/downloads/cib112116.pdf">https://www.medicaid.gov/federal-policy-guidance/downloads/cib112116.pdf</a>.

## **Table 3: ARTS Program Without Waiver Estimates**

Non-Expansion					
Adults	DY 01	DY 02	DY 03	DY 04	DY 05
Member Months	4,246	4,611	5,008	5,439	5,907
Per Member Per					
Month (PMPM)	\$4,606.35	\$4,836.67	\$5,078.50	\$5,332.43	\$5,599.05
Total Expenditures	\$19,558,562	\$22,301,885	\$25,433,128	\$29,003,087	\$33,073,588
Expansion Adults	DY 01	DY 02	DY 03	DY 04	DY 05
Member Months	5,748	6,392	7,108	7,904	8,789
PMPM	\$4,606.35	\$4,836.67	\$5,078.50	\$5,332.43	\$5,599.05
Total Expenditures	\$26,477,300	\$30,915,995	\$36,097,978	\$42,147,527	\$49,210,050

### Table 4: ARTS Program With Waiver Estimates

Non-Expansion					
Adults	DY 01	DY 02	DY 03	DY 04	DY 05
Member Months	4,246	4,611	5,008	5,439	5,907
PMPM	\$4,606.35	\$4,836.67	\$5,078.50	\$5,332.43	\$5,599.05
Total Expenditures	\$19,558,562	\$22,301,885	\$25,433,128	\$29,003,087	\$33,073,588

Expansion Adults	DY 01	DY 02	DY 03	DY 04	DY 05
Member Months	5,748	6,392	7,108	7,904	8,789
PMPM	\$4,606.35	\$4,836.67	\$5,078.50	\$5,332.43	\$5 <i>,</i> 599.05
Total Expenditures	\$26,477,300	\$30,915,995	\$36,097,978	\$42,147,527	\$49,210,050

#### **Table 5: New Demonstration Features Without Waiver Estimates**

Non-Expansion					
Adults	DY 01	DY 02	DY 03	DY 04	DY 05
Member Months	1,412,075	1,426,196	1,440,458	1,454,863	1,469,412
PMPM	\$672.00	\$705.60	\$740.88	\$777.92	\$816.82
Total Expenditures	\$948,914,400	\$1,006,323,898	\$1,067,206,523	\$1,131,772,844	\$1,200,245,404
Expansion Adults	DY 01	DY 02	DY 03	DY 04	DY 05
Member Months	2,588,230	3,628,410	3,654,127	3,672,440	3,690,844
PMPM	\$630.26	\$649.17	\$668.64	\$688.70	\$709.36

Total Expenditures \$1,631,257,871 \$2,355,447,105 \$2,443,305,983 \$2,529,217,064 \$2,618,148,935

## **Table 6: New Demonstration Features With Waiver Estimates**

Non-Expansion					
Adults	DY 01	DY 02	DY 03	DY 04	DY 05
Member Months	1,412,075	1,412,414	1,426,538	1,440,804	1,455,212
PMPM	\$672.00	\$705.60	\$740.88	\$777.92	\$816.82
Total Expenditures	\$948,914,400	\$996,599,318	\$1,056,839,473	\$1,120,836,011	\$1,188,646,557
Expansion Adults	DY 01	DY 02	DY 03	DY 04	DY 05
Member Months	2,588,230	3,320,412	3,343,946	3,360,704	3,377,546
PMPM	\$630.26	\$649.17	\$668.64	\$688.70	\$709.36
Total Expenditures	\$1,631,257,871	\$2,155,504,386	\$2,235,905,341	\$2,314,523,839	\$2,395,906,706

## VII. Demonstration Hypotheses and Evaluation Approach

Virginia COMPASS will test the following hypotheses included in Table 7.

## Table 7: Evaluation Hypotheses Under Consideration

Hypothesis	<b>Evaluation Approach</b>	Data Sources
Work and Community Engagement		
Members enrolled in the demonstration will secure sustained employment.	Analyze Medicaid employment outcomes	<ul> <li>Eligibility and enrollment data</li> <li>Evaluation survey data</li> <li>Other Commonwealth administrative data sources (e.g. Virginia Longitudinal Data Set, workforce, wage, and employment)</li> </ul>
The demonstration's work and community engagement requirements will not cause Medicaid individuals to lose Medicaid coverage unless the loss is related to obtaining employer sponsored or other commercial health insurance coverage.	Analyze coverage outcomes	<ul> <li>Eligibility and enrollment data</li> <li>State and national survey data</li> </ul>
The demonstration's work and community engagement requirements will not deter eligible individuals from applying for or renewing Medicaid coverage.	Analyze coverage trends pre/post implementation	<ul> <li>State and national survey data</li> <li>Eligibility and enrollment data</li> <li>Evaluation survey data</li> </ul>

Hypothesis	<b>Evaluation Approach</b>	Data Sources
Participation in the demonstration's work and community engagement requirements will improve member health and well-being.	Analyze member utilization, diagnoses, and self-reported health	<ul> <li>Utilization and diagnoses data</li> <li>Evaluation survey data</li> <li>Health outcomes data</li> </ul>
Premiums for Individuals with Income 100-138	Percent of the FPL	
Conditioning coverage on payment of premiums will promote continuous coverage and continuity of care.	Analyze coverage gaps and utilization trends	<ul> <li>Eligibility and enrollment data</li> <li>Evaluation survey data</li> </ul>
Premiums will not deter eligible individuals from applying for, enrolling in or renewing Medicaid coverage.	Analyze coverage trends within and inside/outside Medicaid	<ul> <li>State and national survey data</li> <li>Eligibility and enrollment data</li> </ul>
Housing and Employment Supports for High-N	eed Populations	
Participation in housing and employment supports will improve member housing and employment stability and health and well- being	Analyze employment, housing, and health trends in the high- needs populations	<ul> <li>Eligibility and enrollment data</li> <li>Utilization and diagnoses data</li> <li>Other Commonwealth administrative data sources</li> </ul>
Former Foster Care Children		
Provision of coverage to former foster care youth will increase and strengthen overall coverage and improve health outcomes	Analyze enrollment trends and utilization of medical services, including emergency services and treatments for chronic conditions, such as asthma	<ul> <li>Eligibility and enrollment data</li> <li>Utilization and diagnosis data</li> </ul>
ARTS Program		
The demonstration will improve quality of care and population health outcomes for the Medicaid population with a SUD.	Analyze quality and population health outcomes and utilization and cost trends	<ul> <li>Utilization and diagnoses data</li> <li>Health outcomes data from MCOs</li> <li>Vital statistics data from Department of Health</li> </ul>

Hypothesis	<b>Evaluation Approach</b>	Data Sources
Medicaid members' access to and utilization of community-based and outpatient ARTS services including Medication Assisted Treatment will increase.	Analyze member utilization	<ul> <li>Utilization and diagnoses data</li> </ul>
Medicaid members with a SUD will experience a decrease in utilization of high-cost ED and hospital services.	Analyze member utilization and costs	Utilization and cost     data
The demonstration will improve care coordination and care transitions for Medicaid members with a SUD.	Analyze member and provider experience and utilization of care coordination and case management service	<ul> <li>Qualitative data from interviews with providers</li> <li>Member satisfaction surveys</li> </ul>
The demonstration will increase the number and type of healthcare clinicians, including buprenorphine-waivered practitioners providing ARTS services, including MAT, to Medicaid members with a SUD.	Analyze provider networks	<ul> <li>Provider network data from MCOs</li> <li>Provider billing data</li> </ul>
The demonstration will improve outcomes for Medicaid-covered pregnant women with a SUD and Substance-Exposed Infants, including those with Neonatal Abstinence Syndrome.	Analyze member quality outcomes and utilization	<ul> <li>Utilization and diagnoses data</li> <li>Health outcomes data from MCOs</li> <li>Vital statistics data from Department of Health</li> </ul>

## VIII. Waiver Authorities

The Commonwealth will request the following waivers and expenditure authorities to operate the Demonstration:

## Table 8: Waiver and Expenditure Authority Requests

Waiver/ Expenditure Authority	Use for Waiver/Expenditure Authority	Currently Approved Waiver Request?
§1902(a)(8) and §1902(a)(10) Provision of Medical Assistance and Eligibility	To suspend eligibility for members who fail to comply with work and community engagement requirements unless the member is exempt; and to limit the state plan group coverage to former foster care youth who were in Medicaid and foster care in a different state	Νο
§1902(a)(17)	To apply premiums, require participation in HWAs, and apply non-emergent use of the	No

Waiver/ Expenditure Authority	Use for Waiver/Expenditure Authority	Currently Approved Waiver Request?
Comparability	ED co-payments only for individuals with income between 100-138 percent FPL	
<b>§1902(a)(14)</b> Premiums	To impose monthly premiums on individuals with income 100-138 percent of the FPL	No
<b>§1902(a)(8)</b> Reasonable Promptness	To waive the reasonable promptness requirement and suspend coverage for non-payment of premiums and limit the number of high-needs individuals who receive employment and housing supports	Νο
<b>§1902(a)(23)(A)</b> Freedom of Choice	To restrict the housing and employment support benefit to the managed care delivery system and to limit the providers who are authorized to deliver the benefits	No
<b>§1902(a)(1)</b> Statewideness	To restrict the provision of housing and employment supports to high-risk members to certain geographic regions	No
Expenditures related to ARTS	Expenditures not otherwise eligible for federal financial participation may be claimed for otherwise covered services furnished to otherwise eligible individuals (eligible under the State Plan or Former Foster Care Youth components of this demonstration), including services for individuals who are short-term residents in facilities that meet the definition of an IMD for the treatment of SUD and withdrawal management	Yes

### XIII. Public Hearings

DMAS will host four public hearings during the public notice and comment period at the following times and locations:

### Tuesday, September 25, 2018, 10:00 AM-12:00 PM

Medical Assistance Services Board (DMAS Board) Meeting, 600 E. Broad Street, Richmond, VA 23219; If unable to attend in-person, you may:

- Participate online by clicking the link below from a PC, Mac, iPhone or Android device: https://webinar.ringcentral.com/j/1495928570
- Join by phone: (646) 357 3664; Webinar ID: 149 592 8570
- If you require a toll free audio-only option, please dial: (866) 842 5779; when prompted, dial: 3284486931

Wednesday, October 3, 2018, 3:30-5:00 PM Roanoke Elks Lodge No. 197 1147 Persinger Rd SW Roanoke, VA 24015

**Tuesday, October 9th, 2018, 3:30 -5:00 PM** Great Falls Library 9830 Georgetown Pike Great Falls VA 22066

Thursday, October 11th, 2018, 1:30-3:00 PM MEO Central Library 4100 Virginia Beach Blvd Virginia Beach, VA 23452

Monday, October 15th, 2018, 3:30-5:00-PM Arlington Central Library 1015 N. Quincy St Arlington, VA 22201

#### IX. Public Comment

The 30-day public comment period for the Virginia COMPASS application is from September 20, 2018 until October 20, 2018. All comments must be received by midnight (Eastern Time) on Saturday, October 20, 2018.

All information regarding the Virginia COMPASS application can be found on the DMAS website, <u>www.dmas.virginia.gov/#/1115waiver</u>. DMAS will update this website throughout the public comment and application process.

There are several ways to give your comments to DMAS. One way is to attend the four public hearings held at the dates and locations noted above. At the public hearings, you can give verbal or written comments to DMAS. To give verbal comments at the public hearings, individuals will need to sign up in advance on a sign-up sheet available at the public hearing. All verbal public comments shall be limited to two minutes each.

Another way to provide your comments is by emailing comments to <u>1115Implementation@dmas.virginia.gov</u> or mailing written comments to the address below. When mailing or emailing please specify the Virginia COMPASS.

Susan Puglisi Virginia Department of Medical Assistance Services Attn: Virginia COMPASS 600 E Broad Street Richmond, VA 23219 Requests for a hard copy of the Virginia COMPASS application should be submitted by mail to the address above. A hard copy of the Virginia COMPASS application can also be picked up at DMAS, which is located at the address above.

DMAS would like to hear your comments about the changes it is proposing. After considering the public's ideas and comments about the proposed changes, DMAS will make final decisions about what changes to make to the Virginia COMPASS Demonstration and then submit a revised application to CMS. The summary of comments will be posted for public viewing on the DMAS website along with the waiver extension application when it is submitted to CMS.