



pennsylvania

DEPARTMENT OF PUBLIC WELFARE



Healthy PA

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Healthy Pennsylvania

1115 Waiver Executive Summary

February 2014

***Healthy Pennsylvania* 1115 Demonstration Application Executive Summary**

Introduction

Healthy Pennsylvania is Governor Tom Corbett's plan to ensure that Pennsylvanians have increased access to quality, affordable health care. To build on this approach, the Department of Public Welfare (Department) is submitting an 1115 Demonstration waiver application to the Federal Centers for Medicare and Medicaid Services (CMS) that will increase health care access for more than 500,000 Pennsylvanians.

In order to provide affordable, quality health care services to Pennsylvania's most vulnerable citizens, Pennsylvania must reform its Medicaid program. Pennsylvania's current Medicaid program continues to grow and requires substantial new state revenue on an ongoing basis. As in years past, these costs are projected to grow by more than \$400 million in fiscal year 2014-2015. This cost growth does not include additional costs that the Commonwealth may incur as a result of the mandatory provisions of the Affordable Care Act, nor does it include the projected 1.7 percentage point reduction in federal financial participation (FFP) for Pennsylvania in 2015.

While Medicaid provides critical health care to millions of Pennsylvanians, its continued annual growth places an increased burden on the taxpayers of Pennsylvania and makes it increasingly difficult to fund other critical program areas, such as education. As such, Pennsylvania is committed to providing a program that meets the needs of Pennsylvanians into the future.

Pennsylvania's approach to Medicaid reform is based on a comprehensive benefit and cost sharing design that promotes healthy behaviors, increased independence, and personal responsibility by encouraging employment. The *Healthy Pennsylvania* plan is designed to assist Pennsylvanians receiving Medical Assistance or the *Healthy Pennsylvania* Private Coverage Option transition to private employer sponsored coverage (ESC).

The vehicle used to implement the needed reforms is a Medicaid Section 1115 waiver, which gives the U.S. Secretary of Health and Human Services authority to approve demonstration projects. These demonstrations give states flexibility to design and improve their programs by demonstrating and evaluating new program approaches. The Department is targeting January 2015 to implement the proposed Demonstration.

The Department went through an extensive public comment process, and after carefully considering public input, modified the following aspects of the *Healthy Pennsylvania* plan:

- Proposed premium requirements
- Copayment requirements
- FQHC/RHC network requirement and the prospective payment system

- Healthy behavior incentives and implementation timelines
- *Encouraging Employment* implementation timelines
- Benefit limits
- Presumptive eligibility for hospitals
- Medically frail options
- Transition plans for participants in terminated programs
- Delivery System Reform Incentive Payments and State Innovation Model proposal

Below is a high level overview of the key policy and program reforms in the *Healthy Pennsylvania* Demonstration.

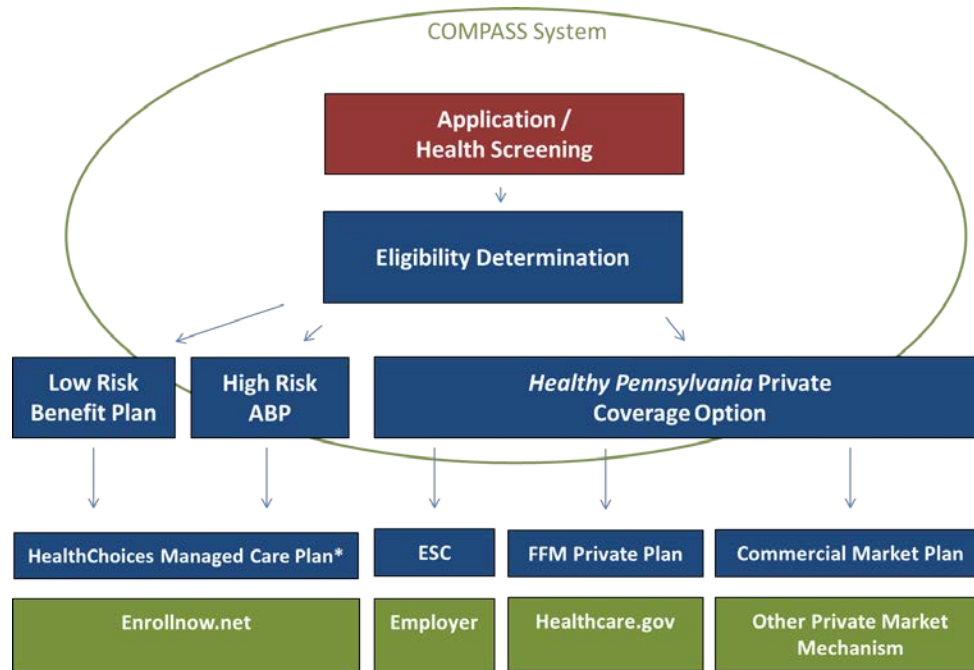
Demonstration Priorities

Governor Corbett’s *Healthy Pennsylvania* plan focuses on three key health care priorities: improving access, ensuring quality, and providing affordability. With approval of this Demonstration application and associated Medicaid State Plan Amendments, the Department is seeking to offer two health care options based on a participant’s circumstances: a Private Coverage Option and a reformed Medicaid program.

The Department is seeking to improve access to quality, affordable health care by:

- Increasing access to private market health insurance plans through the *Healthy Pennsylvania* Private Coverage Option for Pennsylvanians 21 years of age or older but less than 65 years of age with incomes up to 133% of the Federal Poverty Level (FPL).
- Reforming the existing Medicaid benefit plan designs to align with the private health insurance market, but provide a safety net when individuals are in their greatest need, to assure long term sustainability of the program.
- Promoting healthy behaviors and improved health outcomes through a cost sharing design and by encouraging employment.

The Commonwealth can accomplish these goals through the proposed common sense reforms that provide coverage options to eligible program participants in a sustainable way.



*Populations excluded from HealthChoices participation will receive care through the traditional Medicaid FFS program.

Increase Access to Coverage – The *Healthy Pennsylvania Private Coverage Option*

The Department seeks to use premium assistance to purchase private market health insurance plans offered in the private health insurance market, the Federally-Facilitated Marketplace (FFM), or through ESC for individuals deemed newly eligible under Title XIX of the Social Security Act who are:

1. Childless adults (who are not entitled to Medicare coverage), 21 years of age or older, but under 65 years of age, with incomes up to 133% FPL.
2. Adult parents/caretaker relatives (who are not entitled to Medicare coverage), 21 years of age or older but under 65 years of age, with incomes greater than 33% FPL (Pennsylvania’s current income limit of this group), but not greater than 133% FPL.

In addition to uninsured adults, these participants include individuals who are currently covered through Pennsylvania’s General Assistance (GA) Medical Assistance, the State Blind Pension medical program, the Medical Assistance for Workers with Disabilities (MAWD) (under the Medicaid category added through the Ticket to Work and Work Incentives Improvement Act), the medically needy program, and the SelectPlan for Women Program (a demonstration project to provide family planning services to women of childbearing age). Pennsylvania will transition income eligible adults into the newly eligible group. Current GA and MAWD recipients who are eligible under the Demonstration criteria and determined to be medically frail will be maintained in the traditional Medicaid program.

Participants in the Private Coverage Option will receive Essential Health Benefits (EHB) through a private market health insurance plan and will have cost sharing obligations consistent with a reformed cost sharing approach. Participants who are determined to have higher health care needs due to a significant physical or behavioral health need (medically frail) will be covered through a new Medicaid High Risk Alternative Benefit Plan (referred to as High Risk Benefit Plan) provided through Pennsylvania’s HealthChoices program (described below).

Ultimately, the Demonstration will provide truly integrated coverage for low income Pennsylvanians—leveraging the efficiencies of the private market to improve continuity, access, and quality for *Healthy Pennsylvania* Private Coverage Option participants, resulting in improved health outcomes and lowered health care costs for all Pennsylvanians. Additionally, through the inclusion of more than 500,000 Pennsylvanians in the private health insurance market, the Department will improve affordability by driving more competitive premiums.

Realigning Medicaid Benefits

Pennsylvania and the federal government currently spend approximately \$24 billion annually on Medicaid programs that play a critical role in serving approximately 2.2 million Pennsylvanians. The Medicaid program includes low income parents and families, children, pregnant women, persons with disabilities, and older Pennsylvanians. This Demonstration is critical to ensure the sustainability of the Medicaid program and its ability to maintain a safety net for those vulnerable populations.

The Commonwealth seeks to reform its existing Medicaid program through reforming the existing adult benefit designs to provide the health care coverage that Medicaid eligible individuals need through two simplified, private market-like adult benefit packages. These reformed benefit packages are consistent with national standards pertaining to Essential Health Benefits, mental health parity and preventive services. The Commonwealth aims to move away from a legacy ‘one size fits all’ approach and focus on benefit plan designs that align with the commercial market, but provide a safety net when individuals are in their greatest need, to assure long term sustainability of the program.

Most adults, 21 through 64 years of age, eligible under the current Medicaid eligibility levels, will be enrolled in the Medicaid Low Risk Benefit Plan (Low Risk Benefit Plan). All who are determined to be Medicaid eligible will be screened to determine the extent of their health needs. The Department will use claims data where possible to assist in determining the appropriate benefit plan for current eligible individuals. Those whose screening indicates that they have more complex health care needs, either physical or behavioral health, will be enrolled in the High Risk Benefit Plan.

Most enrollees in the Low Risk and the High Risk Benefit Plans will receive services through managed care plans in the current HealthChoices program (populations excluded from

HealthChoices participation will receive services through the traditional fee-for-service program). The HealthChoices program is a mandatory managed care program that provides both physical health services and behavioral health services. The benefit package for eligible individuals under 21 years of age will not change. The adult benefit packages are described below:

Current Medical Assistance vs. Proposed Low Risk / High Risk

Services	Current Medical Assistance State Plan	Low Risk MA	High Risk MA		
		Proposed	Proposed		
Category 1: Ambulatory Services					
Primary Care Provider Visits/Immunizations	No limit	No limit	No limit		
Routine Adult Visits*	18 visits per year (Combined with *)	12 visits per year (Combined with *)	18 visits per year (Combined with *)		
Specialists Visits*					
Certified Registered Nurse Practitioner *					
Federally Qualified Health Center/Rural Health Clinic*					
Outpatient Clinic/Independent Clinic*					
Hearing Screening*					
Optometrist Services*				NOT COVERED	NOT COVERED
Podiatrist Services*				NOT COVERED	NOT COVERED
Chiropractor Services*	NOT COVERED	NOT COVERED			
Hospice Care	The only key limitation is related to respite care, which may not exceed a total of 5 days in a 60-day certification period.	The only key limitation is related to respite care, which may not exceed a total of 5 days in a 60-day certification period.	The only key limitation is related to respite care, which may not exceed a total of 5 days in a 60-day certification period.		

Services	Current Medical Assistance State Plan	Low Risk MA	High Risk MA
		Proposed	Proposed
Radiology (for example: X-Rays, MRIs, CTs)	No limits	6 tests	8 tests
Dentists	Diagnostic, preventive, restorative, and surgical dental procedures, prosthodontics and sedation. Key Limitations: Dentures 1 per lifetime, Exams/prophylaxis 1 per 180 days, Crowns, Periodontics and Endodontics only via approved benefit limit exception	Diagnostic, preventive, restorative, and surgical dental procedures, prosthodontics and sedation. Key Limitations: Dentures 1 per lifetime, Exams/prophylaxis 1 per 180 days, Crowns, Periodontics and Endodontics only via approved benefit limit exception	Diagnostic, preventive, restorative, and surgical dental procedures, prosthodontics and sedation. Key Limitations: Dentures 1 per lifetime, Exams/prophylaxis 1 per 180 days, Crowns, Periodontics and Endodontics only via approved benefit limit exception
Outpatient Surgery (SPU/ASC)	No limits	2 visits per year	4 visits per year
Non-Emergency Medical Transport	Only to and from MA covered services.	Only to and from MA covered services.	Only to and from MA covered services.
Family Planning Clinic	Current limits	Current limits	Current limits
Renal Dialysis	Initial training for home dialysis is limited to 24 sessions per patient. Backup visits to the facility limited to no more than 15 per calendar year	Initial training for home dialysis is limited to 24 sessions per patient. Backup visits to the facility limited to no more than 15 per calendar year	Initial training for home dialysis is limited to 24 sessions per patient. Backup visits to the facility limited to no more than 15 per calendar year
Category 2: Emergency Services			

Services	Current Medical Assistance State Plan	Low Risk MA	High Risk MA
		Proposed	Proposed
Emergency Room (ER)	No limits	No limits	No limits
Ambulance	No limits	No limits	No limits
Category 3: Hospitalization			
Inpatient Acute Hospital	No limits	2 non-emergency admits per year	3 non-emergency admits per year
Inpatient Rehab Hospital	1 admit per year	1 admit per year	2 admits per year
Inpatient Psychiatric Hospital	30 days per year	30 days per year	45 days per year
Inpatient Drug & Alcohol	No limits	30 days per year	45 days per year
Category 4: Maternity and Newborn			
Maternity – Physician, Certified Nurse Midwives, Birth Centers	No limits	No limits	No limits
Category 5: Mental Health and Substance Abuse (Behavioral Health)			
Outpatient Mental Health Treatment (Clinic): Includes Mobile Mental Health Treatment and Psych Clinic	Five hours or 10 one-half hour sessions of psychotherapy per recipient per 30 consecutive days.	30 visits per year	60 visits per year

Services	Current Medical Assistance State Plan	Low Risk MA	High Risk MA
		Proposed	Proposed
Outpatient Drug and Alcohol Treatment	42 opiate detox visits per 365 days; three chemotherapy or drug-free visits per 30 days; eight hours total psychotherapy per 30 days.	<ul style="list-style-type: none"> Opiate Detox: 42 visits per 365 days Chemotherapy/Drug-free visits: 3 visits per 30 days Psychotherapy: 30 visits per year 	<ul style="list-style-type: none"> Opiate Detox: 42 visits per 365 days Chemotherapy/Drug-free visits: 3 visits per 30 days Psychotherapy: 60 visits per year
Methadone Maintenance	One visit per day / 7 visits per week	One visit per day / 7 visits per week	One visit per day / 7 visits per week
Clozapine	Limited to persons with Schizophrenia	Limited to persons with Schizophrenia	Limited to persons with Schizophrenia
Psychiatric Partial Hospital	540 hours per year	540 hours per year	540 hours per year
Peer Support	No limits	4 hours per day / 900 hours per year	4 hours per day / 900 hours per year
Crisis	No limits	No limits	No limits
Targeted Case Management – Behavioral Health Only	Limited to persons with SMI diagnoses	NOT COVERED	Limited to persons with SMI diagnoses
Category 6: Prescription Drugs			
Prescription Drugs	6 per month	6 per month	6 per month
Nutritional Supplements	No limits	No limits	No limits
Category 7: Rehabilitation and Habilitation Services and Devices			
Skilled Nursing Facility	No limits	120 days per year	365 days per year
Home Health Care	28 days unlimited; 15 days per month thereafter.	60 visits per year	Unlimited visits for 1 st 28 days, Limited to 15 days per month thereafter
ICF/ID and ICF/ORC	No limits	NOT COVERED	365 days per year

Services	Current Medical Assistance State Plan	Low Risk MA	High Risk MA
		Proposed	Proposed
Durable Medical Equipment (includes Orthotics and Prosthetics)	Orthotic devices limited to one pair every three years.	\$1,000 per year	\$2,500 per year
Medical Supplies	No limits	\$1,000 per year	\$2,500 per year
Therapy (Speech, Language, Hearing)	Only when provided by a hospital, outpatient clinic, or home health provider	Only when provided by a hospital, outpatient clinic, or home health provider	Only when provided by a hospital, outpatient clinic, or home health provider
Category 8: Laboratory Services			
Laboratory	No limits	\$350 per year	\$450 per year
Category 9: Preventative / Wellness Services and Chronic Care			
Tobacco Cessation	70 per year	70 per year	70 per year

The Department will grant exceptions to the limits specified above when it determines that one of the following criteria applies:

- The participant has a serious chronic systemic illness or other serious health condition and denial of the exception will jeopardize the life of or result in the serious deterioration of the health of the recipient.
- Granting the exception is a cost effective alternative for the Medical Assistance Program.
- Granting the exception is necessary in order to comply with Federal law.

Promoting Personal Responsibility, Healthy Behaviors and Improved Health Outcomes

The Department wants to ensure that Medicaid remains a transitional benefit available to vulnerable, low income Pennsylvanians. To encourage personal responsibility, while still maintaining a safety-net program for the most vulnerable citizens, a three part approach is being proposed:

1. **Premium and Copayment Requirements:** In Demonstration Year 1, participants will pay copayments as currently outlined in Pennsylvania’s Medicaid program. Starting in Demonstration Year 2 (CY 2016), eligible individuals with incomes greater than 100% FPL

will be required to pay a nominal portion of their income toward a monthly premium as outlined in the chart below:

Healthy Pennsylvania Premiums

Federal Poverty Level	Monthly Premium for Household with One Adult	Monthly premium for Household with More Than One Adult
0%-100%	-----	-----
>100%–133%	\$ 25	\$ 35

The following eligible individuals are exempt from paying the premium:

- Individuals with household income that does not exceed 100% FPL,
- Pregnant women (including the postpartum period),
- Individuals 65 years of age and older,
- Individuals under 21 years of age,
- SSI recipients and individuals deemed SSI eligible for purposes of Medicaid eligibility,
- Individuals who are dually eligible for Medicare and Medicaid, and
- Individuals who are institutionalized.

This requirement provides a mechanism for participants to engage in their health care, which will encourage them to make healthier choices, both in their daily lives and when making decisions about their health care. Additionally it will prepare these individuals for health coverage financial obligations that will become their responsibility when their income increases and they move into the private health insurance market.

Starting in the Demonstration Year 2, for those with income no greater than 100% FPL, the Department will evaluate data on participant copayment obligations and consider changes to support incentives and personal responsibility. This could include changes in copayment amounts, implementing a nominal premium and/or other cost sharing payments.

In addition to the premiums and copayments described above, starting in Demonstration Year 2, a \$10 copayment for non-emergent use of the ER will be implemented for all non-institutional Medicaid eligible adults and *Healthy Pennsylvania* Private Coverage Option participants, without regard to income.

2. **Healthy Behaviors Incentives:** Reducing the cost of health coverage needs to be the responsibility of both the health care provider and the individuals receiving care. In the past, Pennsylvania has implemented payment reforms to incentivize providers to improve the quality and cost of care. Following the lead of private health insurance market plans, Pennsylvania will address the participant side of the equation by offering reductions in monthly premiums and copayment obligations as participants practice healthy behaviors.

The Department will use compliance with paying copayments and having an annual wellness visit in Demonstration Year 1 to establish initial cost sharing reductions in Demonstration Year 2. In Demonstration Year 2, participants will be incentivized to complete a Health Risk Assessment, pay applicable copayments and monthly premiums on time, and have an annual wellness visit.

3. **Encouraging Employment:** The goal of the *Encouraging Employment* program is to better enable low-income, able bodied Pennsylvanians to move out of poverty by connecting with potential employers while also gaining access to health care coverage. Adults, 21 through 64 years of age, who are able to work and working less than an average of 20 hours per week, will be asked to engage in job training and employment-related activities as part of an integrated approach to improving their health and obtaining employment. The Department is seeking a waiver to require most participants working an average of less than 20 hours a week to register with JobGatewaysm and participate in the *Encouraging Employment* program as a condition of eligibility. JobGatewaysm provides participants with access to current job openings and the ability to connect with employment opportunities.

Additionally, in Demonstration Year 2 for participants who are working more than an average of 20 hours per week, the Commonwealth will reduce the amount of their monthly premiums or cost sharing obligations. The following individuals will be exempt from required participation in the *Encouraging Employment* program:¹

- SSI recipients and individuals deemed SSI eligible for purposes of Medicaid eligibility,
- Pregnant women (including the postpartum period),
- Individuals 65 years of age and older,
- Individuals under 21 years of age,
- Individuals who are institutionalized, and
- Individuals who are dually eligible for Medicare and Medicaid.

¹ Full-time and part-time students who are working less than 20 hours per week are required to complete JobGatewaysm registration, but are exempt from participating in the work search activities portion for each year they are enrolled in a postsecondary education institution or technical school.

Conclusion

The proposed *Healthy Pennsylvania* Demonstration will increase access to health care for more than 500,000 Pennsylvanians. The Medicaid reforms and the Private Coverage Option encompassed in the Demonstration will implement a strategy for sustainability by aligning the Medicaid program with private market health insurance coverage. Additional benefits of the Commonwealth's approach include ensuring that benefits match individuals' health needs, promoting healthy behaviors, improving health outcomes, and increasing personal responsibility. The Demonstration will also increase continuity of care, increase access to providers, and lower costs.

To continue the existing program and realize the benefits of the *Healthy Pennsylvania* Demonstration, Pennsylvania will rely on several funding sources to draw down additional federal revenues to support existing programs. The State's ability to provide quality health care coverage to low income Pennsylvanians will depend on a continuing commitment from the federal government to maintain, without change or disruption, all the existing funding sources. This Demonstration request is also predicated on enhanced federal funding under the Affordable Care Act. If these enhanced funds and the existing federal funding sources are not available, Pennsylvania will withdraw its request and cease the Demonstration program operations.