

Overview of *Healthy Pennsylvania* 1115 Demonstration Application

Healthy Pennsylvania is Governor Tom Corbett's plan to ensure that Pennsylvanians have increased access to quality, affordable health care. The *Healthy Pennsylvania* 1115 Demonstration application is built upon common sense reforms that provide coverage options to our most vulnerable citizens in a flexible and sustainable way that protects taxpayers. The reforms and coverage options proposed in the *Healthy Pennsylvania* Demonstration application align with and promote the three key health care priorities of the Governor's *Healthy Pennsylvania* plan: improving access, ensuring quality, and providing affordability. The Medicaid reforms and the Private Coverage Option encompassed in the *Healthy Pennsylvania* Demonstration application will:

1. Increase health care access for more than 500,000 Pennsylvanians.
2. Promote healthy behaviors, improve health outcomes and increase personal responsibility.
3. Provide benefits that match health care needs.
4. Implement a strategy for sustainability by reforming the current Medicaid program to align it with private market health care coverage.

To implement the Medicaid reforms and Private Coverage Option within the *Healthy Pennsylvania* plan, the Department of Public Welfare (Department) submitted an 1115 Demonstration application to the Federal Centers for Medicare and Medicaid Services (CMS). The waiver submitted to CMS includes numerous adjustments from previous versions, taken from the more than 1,000 comments the Department received during seven statewide hearings, two webinars and submitted public comments.

Reforming Medicaid benefits

Reforming the existing Medicaid benefit designs will allow the Department to provide Medicaid eligible individuals with health care coverage through two simplified, private market-like adult benefit packages. These redesigned benefit packages are consistent with national standards pertaining to Essential Health Benefits, mental health parity, and preventive services.

Most individuals who are determined to be eligible for Medicaid or the *Healthy Pennsylvania* Private Coverage Option will be screened to determine the extent of their health care needs. The health screening will be completed as part of the application process and will consist of a self-administered questionnaire that includes questions about an individual's health care needs and conditions. The questions are specifically designed to identify an individual's medical and behavioral health needs and the responses will be analyzed along with Department claims data in order to match the applicant to the appropriate benefit plan.

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 (known as Low Risk Benefit Plan). Those whose screening indicates that they have higher, more complex, health care needs, either medical or behavioral health, will be enrolled in the Medicaid High Risk Alternative Benefit Plan (known as High Risk Benefit Plan). Both the Low Risk Benefit Plan and the High Risk Benefit Plan will be administered by the current HealthChoices managed care plans (populations excluded from HealthChoices participation will receive care through the traditional FFS program).

Increasing access to private market coverage through the Private Coverage Option

The Department seeks to purchase health insurance through the private health insurance market for more than 500,000 individuals who are: 1) Childless adults; or 2) Adult parents/caretaker relatives, with

incomes greater than 33% FPL (Pennsylvania's current income limit for this group). To be eligible, these individuals must be 21 through 64 years of age, have incomes not greater than 133% FPL and not be "medically frail" or entitled to Medicare coverage.

The *Healthy Pennsylvania* Private Coverage Option will promote continuity of coverage by reducing churn between Medicaid and the private health insurance market, increase provider access, and lower health care costs for all Pennsylvanians.

Each *Healthy Pennsylvania* Private Coverage Option participant will choose between at least two health plans offered in the private market. This choice will allow participants to select the plan that best meets their health care needs. The Private Coverage Option plans must meet national standards for coverage, including minimum Essential Health Benefits, mental health parity, provider network adequacy standards, coverage of out-of-network services for emergency and pregnancy care, and federal consumer protection policies.

Promoting healthy behaviors and improved health outcomes

The *Healthy Pennsylvania* 1115 Demonstration application continues to encourage personal responsibility through implementing innovative cost sharing designs and encouraging employment.

Starting in Demonstration Year 2 (CY 2016), participants with incomes greater than 100% FPL will be required to pay a nominal payment towards their health care coverage. This requirement provides a mechanism for participants to engage in making decisions about their health care, which will encourage them to make healthier choices. Additionally, it will prepare these participants for the health coverage financial obligations they will see when they move into the private health insurance market as their incomes increase beyond the limits of Medicaid or the Private Coverage Option. For those with income no greater than 100% FPL, copayments, as defined in the current program, are still required but the Department will evaluate data on participant copayments from Demonstration Year 1 and consider program changes to support incentives and personal responsibility in Demonstration Years 2 through 5.

The goal of the *Encouraging Employment* program is to better enable low-income, able bodied Pennsylvanians to move out of poverty by engaging in job training and employment-related activities that connect them 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 these participants to participate in the *Encouraging Employment* program as a condition of eligibility. Additionally, starting in Demonstration Year 2, the Commonwealth will reduce the monthly premium amount or other cost sharing obligations of participants who are working more than an average of 20 hours per week.

Pennsylvania will seek to incent healthy behaviors by offering reductions in cost sharing obligations as participants practice healthy behaviors. In Demonstration Year 1, participants will be encouraged to pay copayments on time and have an annual wellness visit. In Demonstration Year 2, participants will be further incentivized to engage in healthy behaviors through reductions in their cost sharing.