# Rhode Island's 1115 Research and Demonstration Waiver: The Global Consumer Choice Compact

**Elena Nicolella**

**RI Executive Office of Health and Human Services**

**Presentation to EOHHS Senior Staff**

# Medicaid

- Funded by both the federal and state government
- Medical Assistance, rehabilitation and other services to help attain or retain capability for independence or self-care
- Families with dependent children
- Aged, blind, or disabled individuals
- Income and resources are insufficient to meet the costs of necessary medical services

# Medicaid: Administration

- Federal Level:
  - Department of Health and Human Services Centers for Medicare & Medicaid Services (CMS);
  - 52% of funding
- State Level:
  - Executive Office of Health and Human Services
  - 48% of funding

# Medicaid: Program

- Serves app. 200,000 Rhode Islanders
- Expenditures - $1.9 billion
- Generous Safety – Net:
  - Children – 250% FPL
  - Parents – 175% FPL
  - Medically Needy Program
- 75% of Medicaid eligibles enrolled in a managed care arrangement

# State of Medicaid 2008

- Severe budget deficit
- System reform was needed:
  - Too many people inappropriately residing in nursing homes
  - Insufficient capacity in the community for long-term care
  - Lack of coordinated care for adults with disabilities and frail elders
  - Payment methodologies driven by provider costs

# RI 1115 Global Waiver

- Three Program Goals:
  - Re-balance the Long-term Care System
  - Ensure primary and acute care is managed and coordinated with other services and supports
  - Procure Medicaid-funded services through cost-effective strategies that support program goals

# RI 1115 Global Waiver Program Goals: Results to Date

- Positive impact on the number of low-acuity persons entering or remaining in nursing homes

- Stemmed growth rate of nursing home costs and utilization and increased expenditures in and utilization of home and community-based services

# RI 1115 Global Waiver Program Goals: Results to Date

- All Medicaid beneficiaries except those with third party coverage are enrolled in a form of managed care: either managed care organization of primary care case management

- More predictable payment methodologies based on patient diagnosis or need as opposed to provider costs

# RI 1115 Global Waiver Program Goals: Results to Date

- Cost Savings (FY 2009 – 2010):
  - Program Management Provisions – No 1115 Waiver Required: **$22,892,894**
  - Provisions requiring additional CMS Approval - Could have implemented under old waiver authority: **$9,396,325**
  - Explicit Global Waiver Provisions: **$22,944,288**

# RI 1115 Global Waiver

- Administrative Goals:
  - Incorporate 11 different waiver authorities and accompanying reporting and administrative requirements into one waiver.
  - Facilitate the current 1115 Waiver Amendment review process – level of CMS review is commensurate with scope of change.

# RI 1115 Global Waiver Administrative Goal

Facilitate the current 1115 Waiver Amendment review process – ensure level of CMS review is commensurate with scope of change

| | |
|---|---|
| Cat I | Change that is administrative in nature:<br>-changes to prior authorization process;<br>-additional HCBS benefits |
| Cat II | Programmatic change not requiring review of budget neutrality agreement:<br>-changes to payment methodologies<br>-addition or elimination of optional benefits |
| Cat III | Requires review of budget neutrality agreement:<br>-Eligibility Changes |

# RI 1115 Global Waiver Administrative Goal: Results to Date

Results are mixed:

- Majority of Category I changes are approved quickly
- No category III requests have been submitted
- Impact of the maintenance of effort requirements in ARRA and then in the ACA have negatively impacted the flexibility anticipated
  - example: increased premiums for families in managed care

# RI 1115 Global Waiver

- Financing Goals:
  - Determine if the use of Federal Medicaid matching funds for populations or services that are not generally eligible for federal match is cost-effective.

# RI 1115 Global Waiver Financing Goal

- Global Waiver is not a block grant; it is an 1115 Waiver that operates under a 5 year federal cap
- Different from other 1115 Waiver Budget Neutrality agreements:
  - Traditional Budget neutrality allows expenditures on both the State and Federal side to grow every year
  - Rhode Island can only draw down federal funds up to an aggregate budget cap of $12.1 billion over the five year demonstration.
  - **Still dependent on initial State expenditure**
  - Unlikely that cap will be reached

# RI 1115 Global Waiver Financing Goal

- Federal cap does allow immediate access to CNOM
- "Costs Not Otherwise Matchable" - explicit authority from CMS to claim federal matching funds for populations or services that are not traditionally eligible for federal Medicaid match
- Authority based on notion that the 1115 Waiver allows States to demonstrate that there may be services or populations that CMS should consider including in the Medicaid State Plan

# RI 1115 Global Waiver Financing Goal

| CNOM Expenditures | | | |
|---|---|---|---|
| | **State** | **Federal** | **Total** |
| **FY 09** | $5,801,081 | $6,434,905 | $12,235,986 |
| **FY '10** | $15,414,550 | $16,834,903 | $32,249,453 |
| **FY '11** | $17,335,506 | $19,502,121 | $36,837,626 |

# RI 1115 Global Waiver Lessons Learned

- Know what it is you are asking for
  - Not sufficient to just ask for flexibility – easy for CMS to grant flexibility to increase access; improve quality
  - Executive Branch must keep Legislature informed and involved

# RI 1115 Global Waiver
# Lessons Learned

- Medicaid alone is not enough
  - States need to look at all publicly funded health care and ensure care is coordinated; regardless of the existence of a matching Federal Medicaid dollar
- Today's environment is not tomorrow's
  - ARRA and ACA were not anticipated – have required re-focused attention

# RI 1115 Global Waiver
# Lessons Learned

- Ensure you are using existing flexibility
  - Generally, the regulatory flexibility exists, CMS imposes unnecessary administrative constraints
  - Global Waiver has not been as successful in addressing administrative barriers due to the historic structure and culture of CMS and unanticipated State restrictions

# RI 1115 Global Waiver

- Have we achieved a less expensive, better, more sustainable publicly-funded health care system?
- **Yes**
  - Inter-agency cooperation has improved
  - Major program reforms have been implemented
  - Savings have been realized

# RI 1115 Global Waiver

- If we could get a block grant today, would we want one?
- **No**
  - RI not ready to give up on entitlement to health care
  - Federal involvement is both necessary and healthy

    But, need to continue to improve administrative processes at Federal level

# Future Steps

- Pursuing a dual-eligible initiative:
  - CMS is showing creativity and openness in terms of financing – shared savings; three-party agreements
- Interested potential model of federal financial participation through a pay-for-performance model to States
  - Collaborate with other States
  - Federal funding would be based on State's outcome measures
- Need to decide whether to renew Waiver, in light of changes in 2014.