

# National Association of Medicaid Directors

## *New Administration, New Approach to Medicaid Waivers?*

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**NAMID**  
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# Medicaid Waivers: Background and Context

- Enacted in 1965, Medicaid is the nation's main public health insurance program for people with low income. As of June 2017, it was responsible for the care of **74.4 million individuals**.
- There is a widespread desire among Medicaid Directors to reorient the health care system to achieve better care lower costs, rendering Medicaid programs an indispensable platform for innovation and system-wide improvement. **Yet, the underlying Medicaid statute (now more than 50 years old) is not structured to meet this need.** It reflects a health care reality that no longer exists, overlooking the tremendous diversity defining state and territorial Medicaid programs.

*“If you’ve seen one Medicaid program...you’ve seen one Medicaid program.”*

## In Come Medicaid Waivers...!

- One mechanism states can leverage to build programs that comply with federal authority while best meeting the distinctive needs of their beneficiaries is a **waiver**. States can use waivers to:
  - Offer a specialized benefit package to a subset of Medicaid beneficiaries;
  - Restrict enrollees to a specific network of providers; and/or
  - Extend coverage to groups beyond those defined in Medicaid law.
- Waivers should be **budget neutral** to the federal government and should **further the goals** of the Medicaid program.
- **All states** use them, and most states use MANY of them.

## Some Examples of Waivers

- **Section 1115 Research and Demonstration Projects**, which give states broad authority to pursue “any experimental, pilot or demonstration project likely to assist in promoting the objectives” of the program.
- **Section 1915(c) waivers**, which give states authority to provide HCBS as an alternative to institutional care in nursing homes, intermediate care facilities for individuals with intellectual disabilities, and hospitals.
- **Section 1915(b) waivers**, which permit states to implement service delivery models (e.g., those involving managed care plans) that restrict choice of providers other than in emergency circumstances.
- The **big reform waivers** are complex state-federal negotiations that often directly involve the highest pay grades (Governor, HHS Secretary, White House, etc.).

## Waivers in Recent Years

- During the Obama administration, states as politically and geographically diverse as Texas, California and New York pursued 1115 waivers to craft **Delivery System Reform Incentive Payment (DSRIP) models**.
- States also used waivers to pursue alternate approaches to the ACA's Medicaid expansion:
  - Under an 1115 waiver, **Indiana** employs Medicaid funds to administer a benefit package modeled after a high-deductible health plan and health savings account.
  - **Arkansas**, also under an 1115 waiver, uses Medicaid funds to purchase private health plans on the Marketplace for low-income residents who fall in a coverage gap.
- Many waiver approaches were **rejected** by the Obama administration, such as those involving:
  - Work requirements
  - Lifetime limits
  - Personal responsibility, etc.

# What Types of Waivers Are Being Proposed Today?

## ➤ Work requirements

- **Indiana** is requesting an amendment to its January 2017 waiver application (HIP 2.0) to further tailor its HIP program, mandating participation in the 'Gateway to Work' program for all qualified able-body adults.
- Other states that have proposed waivers for work requirements: Wisconsin, Arkansas, Kentucky, Indiana, Maine

## ➤ University funding

- **Oklahoma** is seeking expenditure authority for payments made to four-year public universities in order to provide the universities funding for students enrolled in academic programs that license healthcare workers.

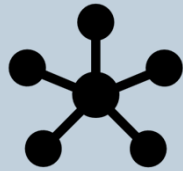
## ➤ Foster care

- **Wisconsin** wishes to provide Medicaid coverage to former foster care youth who currently reside in Wisconsin but were in foster care and enrolled in Medicaid at age 18 or older in a different state.

## Looking to the Future for Waivers

- NAMD has long called for **waiver reform**, backing policies that would:
  - Streamline CMS approval of waivers, perhaps by developing a functional clock similar to the state plan amendment process;
  - Create an efficient system of evaluation and reporting;
  - Build safeguards around budget neutrality;
  - Make the commonplace waivers a part of the underlying statute and grandfather waivers that have been approved and renewed; and
  - Create a pathway to permanency, eliminating requirements to continually adapt models and unnecessarily reinvent the wheel.
  
- Above all, NAMD believes that the federal-state partnership must be improved to ensure focus on coordination, health outcomes, program integrity, and efficiency, not on process measures or antiquated notions of program design. **States should not be limited by yesterday's standards, and every development in program improvement should be able to be brought forward to employ by others as they become ready.**

## Get Connected with NAMD!



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Fall Meeting (November 6<sup>th</sup>-8<sup>th</sup>):  
<http://events.medicaiddirectors.org/attendee-information/>

Early bird  
registration  
ends October  
6<sup>th</sup>!