Notice of Ohio’s 1115 Waiver Demonstration Application

Full Notice of Public Hearing and Public Comment Period

Pursuant to 42 C.F.R. 431.408, the Ohio Department of Medicaid (ODM) is required to submit a public notice of its intent to submit a Section 1115 Demonstration Waiver application to the Centers for Medicare and Medicaid Services (CMS).

Demonstration Overview

In the summer of 2017, the Ohio General Assembly enacted House Bill 49 (HB 49), which included Ohio Revised Code (ORC) section 5166.37 requiring a new eligibility condition for the adult Medicaid expansion population (Group VIII). This new eligibility condition encourages people to work while exempting those who, for one reason or another, are not required to work. To implement this important section of HB 49 and to improve Medicaid enrollee health and well-being through incentivizing work, the Ohio Department of Medicaid (ODM; referred to herein as “the State” or “Ohio”) developed a work and community engagement requirement for the Medicaid Group VIII population (the “Work and Community Engagement Requirement”). Specifically, to help improve health outcomes in Ohio and enhance individuals’ economic stability, Ohio is seeking Social Security Act Section 1115 Demonstration waiver authority to implement this statewide Work and Community Engagement Requirement.

It is widely recognized that poverty, food insecurity, housing, and employment status can impact an individual’s overall health. Indeed, there is a strong connection between improved health and being employed. In Ohio, recent study results show a positive correlation between employment and health care coverage. Specifically, Group VIII survey respondents indicated that Medicaid coverage helped them maintain their employment, or if unemployed, helped them look for employment. Despite these encouraging results, there has been less than a 2% increase in Group VIII employment rates (as compared to pre-expansion figures). These findings emphasize that more can be done to promote and encourage work and community engagement efforts that help improve health outcomes and further promote the goals of the Medicaid program.

As a result, over the past several months, Ohio has engaged in design efforts to create the Work and Community Engagement Requirement. In the midst of these efforts, on January 11, 2018, CMS released the State Medicaid Director Letter, “Opportunities to Promote Work and Community Engagement Among Medicaid Beneficiaries.” The guidance

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1. [http://codes.ohio.gov/orc/5166.37v1](http://codes.ohio.gov/orc/5166.37v1): “The Medicaid director shall establish a Medicaid waiver component under which an individual eligible for Medicaid on the basis of being included in the expansion eligibility group must satisfy at least one of the following requirements to be able to enroll in Medicaid as part of the expansion eligibility group: (A) Be at least fifty-five years of age; (B) Be employed; (C) Be enrolled in school or an occupational training program; (D) Be participating in an alcohol and drug addiction treatment program; (E) Have intensive physical health care needs or serious mental illness.”


includes a directive to states that “Individuals enrolled in and compliant with a TANF or SNAP work requirement, as well as individuals exempt from a TANF or SNAP work requirement, must automatically be considered to be complying with the Medicaid work requirements.” Ohio used this guidance to develop its proposed Work and Community Engagement Requirement for Group VIII that meets the intent of the recently enacted Ohio legislation.

ODM will align, as much as possible, the Work and Community Engagement Requirement with existing Supplemental Nutrition Assistance Program (SNAP) work requirements (including the Able-Bodied Adults Without Dependents (ABAWD) work requirements) to mitigate confusion amongst beneficiaries, reduce the administrative burden, and comply with the CMS Guidance described above. This includes adopting similar exemptions and activities to meet the work requirement. This also means that individuals who are currently meeting their SNAP or ABAWD work requirements will be deemed to meet the Work and Community Engagement Requirement. Individuals who are exempt from the work requirements in SNAP or ABAWD will be deemed exempt from the Work and Community Engagement Requirement. Group VIII individuals who are not deemed to meet and are not deemed exempt from the Work and Community Engagement Requirement will be required to meet the requirements for ABAWDs. A description of the Work and Community Engagement Requirement and qualifying community engagement activities are discussed in greater detail below.

To align as closely as possible to the SNAP and ABAWD policies, the following Group VIII adults will be exempt from the Work and Community Engagement Requirement:

- 50 years of age or older;
- Physically or mentally unfit for employment;
- Participant in the Specialized Recovery Services Program;
- Caring for a disabled/incapacitated household member;
- Pregnant women;
- Parent/caretaker/residing in same house with minor child;
- Applied for or receiving Unemployment Compensation;
- In school at least half-time;
- Participating in drug or alcohol treatment;
- An assistance group member subject to and complying with any work requirement under the Ohio Works First (OWF) program;

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6 See SNAP exemptions at 5101:4-3-11 of the Ohio Administrative Code.
7 Individuals diagnosed with a serious and persistent mental illness, a diagnosed chronic condition, or who are active on the solid organ or soft tissue transplant waiting list may be eligible for the Specialized Recovery Services (SRS) program.
8 Ohio has taken steps in recent years to ensure that individuals with behavioral health needs have access to the services they need. For example, Ohio has enhanced its behavioral health benefit and transitioned that benefit to managed care to further encourage coordination of physical and behavioral health services.
9 Ohio Works First is the financial assistance portion of the state’s Temporary Assistance to Needy Families program, which provides cash benefits to needy families for up to 36 months.
• Applicant for or recipient of Supplemental Security Income (SSI).

To align as closely as possible with SNAP and ABAWD policies, the Work and Community Engagement Requirement for non-exempt Group VIII individuals is the ABAWD work requirement.

• The ABAWD work requirement policy is as follows:
  – Work or participate in a community engagement activity (or combination of the two) for a minimum of 20 hours per week (80 hours averaged monthly);
  – Community engagement activities include:
    › SNAP education and training activities;
    › Job search/job readiness programs (for no more than 30 days); or
    › Work Experience Program (WEP).

Individuals will have appeal rights, including the right to appeal the State’s decision that an individual is not exempt from the Work and Community Engagement Requirement.

All Group VIII individuals will be provided an explanation of their rights and responsibilities, including information regarding what activities are considered to meet the requirement, reporting requirements, and the consequences of failing to meet the Work and Community Engagement Requirement. A written statement detailing the above information will be provided to all Group VIII individuals. All Group VIII individuals will be required to sign an acknowledgement of the information as part of their Medicaid eligibility application. As will be described in the document provided, individuals will be required to report any changes to their exemption status or their failure to meet the Work and Community Engagement Requirement to a County Department of Job and Family Services (CDJFS) office. Failure to meet the Work and Community Engagement Requirement will result in termination of Medicaid eligibility.

Goals/Objectives

The 1115 Demonstration waiver application is submitted to comply with the legislative intent of the requirements enacted by the Ohio General Assembly and to meet the requirements for community engagement waiver requests described in CMS guidance.

The goals of this 1115 Demonstration waiver are (i) to promote economic stability and financial independence, and (ii) to improve health outcomes via participation in work and community engagement activities.

Impact on Expenditures and Enrollment:

CMS requires that all 1115 Demonstration waiver applications demonstrate budget neutrality. This application presents information on projected expenditures and enrollment.

These estimates are highly dependent upon assumptions utilized in the analysis including the assumed approval and implementation dates. As noted above, Ohio does not collect information on some of the exemptions that will be
allowed under this proposal, and therefore the number of exempt individuals will likely be higher than we can currently estimate.\textsuperscript{10}

**Historical Data**

Please note that Group VIII began on January 1, 2014 (half way through State Fiscal Year (SFY) 2014).

<table>
<thead>
<tr>
<th></th>
<th>SFY '14</th>
<th>SFY '15</th>
<th>SFY '16</th>
<th>SFY '17</th>
<th>SFY '18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Group VIII</td>
<td>$700,231,801</td>
<td>$3,437,733,036</td>
<td>$4,632,258,762</td>
<td>$5,005,534,376</td>
<td>$5,005,613,366</td>
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<tr>
<td>Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible member</td>
<td>1,673,081</td>
<td>6,424,714</td>
<td>8,295,879</td>
<td>8,644,113</td>
<td>8,519,075</td>
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<tr>
<td>months</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Average PMPM</td>
<td>$418.53</td>
<td>$535.08</td>
<td>$558.37</td>
<td>$579.07</td>
<td>$587.58</td>
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**Projected Enrollment and Expenditures (Without Waiver)**

It is assumed the Demonstration would start July 1, 2018 (SFY 2019).

<table>
<thead>
<tr>
<th></th>
<th>DY 1</th>
<th>DY 2</th>
<th>DY 3</th>
<th>DY 4</th>
<th>DY 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Group VIII</td>
<td>$5,115,323,854</td>
<td>$5,329,197,790</td>
<td>$5,552,893,712</td>
<td>$5,787,368,141</td>
<td>$6,031,924,971</td>
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<tr>
<td>Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Eligible member</td>
<td>8,519,096</td>
<td>8,508,370</td>
<td>8,500,456</td>
<td>8,500,456</td>
<td>8,500,456</td>
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<tr>
<td>months</td>
<td></td>
<td></td>
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<tr>
<td>Average PMPM</td>
<td>$600.45</td>
<td>$626.35</td>
<td>$653.25</td>
<td>$680.83</td>
<td>$709.60</td>
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</tbody>
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**Projected Enrollment and Expenditures (With Waiver)**

It is assumed the Demonstration would start July 1, 2018 (SFY 2019).

<table>
<thead>
<tr>
<th></th>
<th>DY 1</th>
<th>DY 2</th>
<th>DY 3</th>
<th>DY 4</th>
<th>DY 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Group VIII</td>
<td>$5,085,228,354</td>
<td>$5,206,281,121</td>
<td>$5,419,303,620</td>
<td>$5,647,909,689</td>
<td>$5,886,344,575</td>
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<tr>
<td>Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible Member</td>
<td>8,451,528</td>
<td>8,296,658</td>
<td>8,284,240</td>
<td>8,284,240</td>
<td>8,284,240</td>
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<tr>
<td>Months</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Average PMPM</td>
<td>$601.69</td>
<td>$627.52</td>
<td>$654.17</td>
<td>$681.77</td>
<td>$710.55</td>
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While Ohio will work with all individuals who are not otherwise deemed to be exempt or already meeting the Work and Community Engagement Requirement to ensure that they have the tools and supports they need to meet the

\textsuperscript{10} Ohio understands that CMS has indicated that “states will not be permitted to accrue savings from a reduction in enrollment that may occur as a result of using this section 1115 authority.” See, State Medicaid Director Letter, “Opportunities to Promote Work and Community Engagement Among Medicaid Beneficiaries” at pg. 8; available at https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf.
requirement, we are estimating that 50% of them\textsuperscript{17} will not comply with the Work and Community Engagement Requirement and will lose their Medicaid eligibility.

**Demonstration Hypothesis and Evaluation**

To track progress toward program goals, the State has identified the following areas for its research and evaluation efforts. The table below presents a preliminary plan for how the State may evaluate its efforts, with possible future adjustments and subject to CMS approval. Based on CMS guidance, the State understands that it will be expected to provide an evaluation plan for CMS comment and approval within 180 days of 1115 Demonstration waiver application approval.

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Data Sources and Metrics</th>
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<tr>
<td><strong>Hypothesis 1: Group VIII population will have improved health outcomes as a result of complying with the Work and Community Engagement Requirement.</strong></td>
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</table>
| Track and compare health service utilization rates between pre- and post-levels for members of 1115 Demonstration waiver. | Claims data:  
  • Primary care encounters;  
  • Specialist care encounters; and  
  • Preventive care encounters.  
Public reports:  
  • Preventive service utilization in contiguous state Medicaid programs. |
| Track and compare chronic disease management compliance rates for pre- and post-1115 Demonstration waiver members. | Claims data on chronic disease management code.  
Comprehensive Primary Care (CPC) Program\textsuperscript{11} data. |
| Track and compare hospitalization and emergency department utilization rates for pre- and post-1115 Demonstration waiver members. | Claims data on emergency department visits. |
| **Hypothesis 2: Supporting and encouraging member community engagement will result in transition to employer-based coverage.** |                                                                                         |
| Track number of members transitioned to employer-based coverage. | Group VIII survey                                                                         |
| **Hypothesis 3: Employment requirements will result in broader sustained employment over time.** |                                                                                         |
| Compare the rate of sustained employment of Group VIII individuals prior to 1115 Demonstration waiver to the rate of sustained employment after implementation. | Group VIII survey                                                                         |
| Track members’ employment rates. | Group VIII survey                                                                         |

\textsuperscript{17} As noted in Section II above, Ohio is estimating that approximately 36,036 Group VIII individuals will (i) not meet an exemption and (ii) not be deemed to already be meeting the Community Engagement Requirement.

\textsuperscript{11} Ohio CPC is an investment in primary care infrastructure intended to support improved population health outcomes. CPC is a patient-centered medical home program, which is a team-based care delivery model led by a primary care practice that comprehensively manages a patient’s health needs. CPC has invested in analytic tools which should be able to provide relevant data to help evaluate this demonstration.
SECTION VII: LIST OF PROPOSED WAIVERS AND EXPENDITURE AUTHORITIES

1. Comparability of Eligibility Requirements: Section 1902(a)(10)(A)(i)(VIII) and 1902(a)(17)

To the extent necessary to enable Ohio to require work and community engagement as a condition to maintain eligibility for the eligibility category defined in 1902(a)(10)(A)(i)(VIII).

2. Provision of Medical Assistance: Section 1902(a)(8) and (a)(10)

To the extent necessary to enable Ohio to discontinue eligibility for, and not make medical assistance available to, beneficiaries who fail to comply with the Work and Community Engagement Requirement unless the beneficiary is exempted from the Work and Community Engagement Requirement.

3. Expenditure authority to the extent necessary to provide transportation services and other necessary supports to assist beneficiaries with meeting the Work and Community Engagement Requirement.

Public Hearing Information

ODM will host public hearings on the proposed 1115 Demonstration at the following dates, times, and locations:

- February 21, 2018 at 9:00am at the Tangeman University Center, 2766 UC Main Street, Room 417, Cincinnati, Ohio 45221
- March 1, 2018 at 10:00am at the Medical Care Advisory Committee - Ohio Department of Medicaid, 50 W. Town St., Room C621, Columbus, OH 43215

Public Comment

This notice also serves to open the 30-day public comment period, which closes at 11:59pm on March 18, 2018. Comments and questions about the proposed 1115 waiver application can also be submitted:

- By email to: MedicaidWorks@medicaid.ohio.gov
- By mail: Group VIII Work Requirements and Community Engagement 1115 Waiver, Bureau of Health Plan Policy, Ohio Department of Medicaid, 50 W. Town St.; 5th Floor, Columbus, OH 43215

All comments must be received by March 18, 2018.