Federal Flexibilities: 1115 Waiver Demonstration and State Plan Amendments

- Through Section 1115 of the Social Security Act, states can apply for program flexibility from the Centers for Medicare and Medicaid Services (CMS) to test new or existing approaches to financing, and delivering or expanding Medicaid and CHIP services.
- The Oregon Health Plan was created in 1994 through a 1115 waiver, allowing the state to:
  - Create a Medicaid managed care delivery system
  - Develop the Prioritized List of Health Care Services
  - Expand coverage to 100% of poverty for parents and childless adults

Federal Flexibilities: 1115 Waiver Demonstration and State Plan Amendments

- Most of what we seek to accomplish through Health System Transformation can be achieved through Oregon's current waiver, but some additional waiver authority is needed
- Our request for waiver amendments and renewal for 5 years was submitted March 1

What federal flexibilities do we need to make these changes to OHP?

Global budget

- Flexibility in budget to provide services to meet health outcomes, such as services and supports that do not meet definition of "medically necessary"
- Flexibility to establish a sustainable rate of growth within the CCO global budget

What federal flexibilities do we need to make these changes to OHP?

- New Payment Methods
  - Develop alternative payment methodologies to reimburse on the basis of outcomes and quality through shared savings and incentives
  - Reimburse non-traditional health care workers: community health workers, peer wellness specialists, doulas, personal health navigators
- Member Protections
  - Educate members without violating marketing prohibitions
  - Allow electronic communications at member's request

Expenditure Authority

- Authorize federal financial participation for designated state health programs (DSHP)
  - "Agreement in principle" reached with CMS on May 3, 2012 for total federal investment of $1.9 billion over 5 years.
  - 3 general program categories
    - "Traditional" DSHP: E.g., State support for community mental health programs
    - Oregon Medical Insurance Program (OMIP)
    - State support for healthcare workforce development

Expenditure Authority

- Authorize federal financial participation for designated state health programs (DSHP)
  - Oregon's commitment to CMS
    - $1.9 billion expenditures must be connected to CCOs and health system transformation
    - Creation of incentive system tied to quality metrics
    - Reduction of total Medicaid expenditures within OHP by 2 percentage points within 2 years. First expenditure test will be July 2014; annual test for remainder of demonstration
    - Investment in healthcare workforce: reinvigorate primary care physician loan repayment program, investment in training Community Health Workers
- Final approval contingent upon approval of the rest of the waiver; expected July 1, 2012
- Special Terms and Conditions (STCs) of the waiver will detail CMS requirements