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New York 1115 Waiver Approval Summary

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Executive Summary

On January 9, 2024, CMS approved New York's 1115 waiver amendment titled, "Medicaid Redesign Team," (MRT). **The goal of this amendment is to advance health equity, reduce health disparities, and support the delivery of social care through Social Care Networks (SCNs) and improve overall quality and health.** The State plans to accomplish this by addressing several health-related social needs (HRSNs) as well as supporting increased integration between primary care providers, community-based organizations (CBOs), and behavioral health specialists. The amendment also includes funding to support a Medicaid Hospital Global Budget Initiative for eligible, private not-for-profit safety net hospitals operating at a zero or negative margin looking to transition to pay for value.

Other initiatives provide additional support to safety net hospitals and the workforce. This amendment supports New York's interest and preparation in pursuing the Making Care Primary and AHEAD models from CMMI. By the end of the demonstration, New York's goal is to have made significant progress towards value-based payment (VBP) strategies, multi-payer alignment, and population health accountability. **The waiver approval represents more than $6 billion in new funding for the state's Medicaid initiatives and the demonstration period is set to expire on March 31, 2027.**

Goals

Investments in HRSN via greater integration between primary care providers and CBOs to improve quality and health outcomes;

Improving quality and outcomes of enrollees in geographic areas that have a longstanding history of health disparities and disengagement from the health system, including through an incentive program for safety net providers with exceptional exposure to enrollees with historically worse health outcomes and HRSN challenges;

Focus on integrated primary care, behavioral health (BH), and HRSN to improve population health and health equity outcomes for high-risk enrollees including kids/youth, pregnant and postpartum individuals, the chronically homeless, and individuals with Substance Use Disorder (SUD);

Workforce investments to provide equitable and sustainable access to care in Medicaid;

Developing regionally focused approaches, including new VBP programs, with a goal of statewide accountability for improving health outcomes and equity.

Programs and Initiatives

1. HRSN

a. Under the HRSN infrastructure authority, New York is provided the opportunity to create Social Care Networks (SCNs). SCNs are contracted entities in each state's regions that provide HRSN screening and referral services to beneficiaries targeted for HRSN services. CMS has authorized limited infrastructure spending of up to $500 million to improve the availability and quality of HRSN services.

b. CMS has authorized up to $3.173 billion, a significantly larger amount than for other states, for increased coverage of certain services that address HRSN. New York has designed a two-tiered system of benefits, Level 1 and Level 2, based on individualized screenings:

i. Level 1 services entail referring beneficiaries to existing federal, state, and local programs separate from the new HRSN services.

ii. Level 2 services are HRSN services that are provided to targeted beneficiaries enrolled in managed care who meet specific criteria such as:

1. High Utilizers of Medicaid

2. Individuals enrolled in a New York state-designated Health Home

3. Individuals with SUD

4. Individuals with Serious Mental Illness (SMI)

5. Individuals with Intellectual and Developmental Disabilities (IDD)

6. Individuals who meet the definition of homeless according to the Department of Housing and Urban Development

7. Pregnant persons up to 12 months postpartum

8. Post-release criminal justice-involved population with serious chronic conditions, SUD, or chronic Hepatitis-C

9. Juvenile justice-involved youth, foster care youth, and those under kinship care

10. Children under the age of 6

11. Children under the age of 18 with one or more chronic conditions

CMS has approved the availability of nutrition interventions (such as pantry stocking, food prescriptions, or meal delivery) to those with high-risk pregnancies for the length of pregnancy, and then up to two months postpartum. Nutrition supports may be renewed for an additional six-month period if the state determines it necessary. CMS has also approved six months of short-term pre-procedure and post-hospitalization housing, outside of initial transitions into the community, brokerage fees for beneficiaries obtaining housing that requires those payments, as well as transportation costs for beneficiaries accessing covered HRSN and case management services.

HRSN services will be provided through fee-for-service and managed care delivery systems. The state will initially operationalize benefits through non-risk arrangements in managed care, effective April 2024, with the aim of integrating the benefits into full risk managed care by March 2027.

2. Health Equity Regional Organization (HERO)

a. The HERO is a statewide entity contracted to design regionally focused approaches to reduce health disparities, advance health equity and quality, and support the delivery of HRSN services. The HERO will conduct five actions to support the demonstrations aim of reducing health disparities:

i. Data aggregation, analytics, and reporting.

ii. Conduct a regional needs assessment and planning.

iii. Convene regional stakeholder engagement sessions.

iv. Make recommendations to support advanced value-based payment arrangements and develop options for incorporating HRSN into VBP approaches.

v. Conduct program analysis, such as publishing health equity plans and health factor baseline data on Medicaid populations throughout the state.

b. CMS authorizes up to $125 million for the HERO for the remainder of the demonstration period.

3. Medicaid Hospital Global Budget Initiative

a. The Medicaid Hospital Global Budget Initiative will aid financially distressed safety net hospitals transitions to a global budget to incentivize and allow selected hospitals to focus on population health and health equity, improve quality of care, stabilize safety net hospital finances, and improve accountability through the adoption of a global budget alternative payment model. This initiative is designed to support investments that lead to measurable improvements and financial stability for hospitals that have a high Medicaid and uninsured payor mix – specifically, private, not-for-profit hospitals in designated counties (Brooklyn, Queens, Bronx, Westchester) with at least 45% Medicaid/uninsured payer mix. Additionally, New York is required to submit a plan for the global budget payment model that meets the requirements specified in the STCs, but if the state applies for and is chosen as a participant in the CMMI AHEAD model and satisfies that criteria, the state will be considered to have met the requirements for the Medicaid Hospital Global Budget Initiative.

b. CMS is authorizing up to $2.2 billion, through March 31, 2027, or $550 million annually, for the initiative as long as the state meets the requirements outlined in the STCs.

4. Workforce Initiatives - Student Loan Repayment for Qualified Providers and Career Pathways Training (CPT)

a. CMS has authorized up to $694 million over three years to support workforce recruitment and retention in New York for certain practitioners who serve Medicaid and demonstration beneficiaries. The State will implement two workforce initiatives: Student Loan Repayment for Qualified Providers and Career Pathways Training (CPT) that aim to address workforce shortages, support the delivery of HRSN, and increase access to culturally appropriate services.

b. The Student Loan Repayment Program will provide loan repayment for healthcare providers who work in certain professions with a shortage, who make a four-year full-time work commitment to a practice panel that includes at least 30% Medicaid and/or uninsured individuals. Loan repayment amount varies by healthcare

professionals and includes psychiatrists, primary care physicians, dentists, nurse practitioners, and pediatric clinical nurse specialists.

c. The CPT Program is meant to build up the allied health and other healthcare workforce by funding training and education that focuses on career advancement and unemployed individuals to create a reliable workforce pipeline to address workforce shortages across the state. The program will be organized into no more than three regions. Participation is contingent on a three-year commitment of service to healthcare providers enrolled in the Medicaid program that serve at least 30% Medicaid members and/or uninsured individuals. The State will contract with Workforce Investment Organization (WIOs) to implement the program.

5. Designated State Health Programs (DSHP)

a. Expenditures for DSHP-funded initiatives are limited to costs that are not otherwise matchable under the state plan. CMS has approved up to $3.981 billion in DSHP expenditure authority to support DSHP-funded initiatives: HERO; HRSN services; HRSN infrastructure; transportation, cooking supplies, and brokerage fees, both outside of the HRSN capped hypothetical budget neutrality construct and will be paid for with budget neutrality savings by the state; and workforce initiatives. However, the state cannot use freed up dollars from the state workforce DSHPs to fund the 1115 workforce initiatives. New York must contribute $351 million in original, non-freed up DSHP funds towards its initiatives. Any new DSHP-funded initiative would require approval from CMS via an amendment.

6. Mandatory Provider Rate Increase

a. New York will be required to increase and at least sustain Medicaid FFS provider base payment rates and Medicaid managed care payment rates in primary care, behavioral health, and obstetrics care if the state's Medicaid to Medicare provider rate ratio dip below 80% in any of these categories. A 2-percentage point payment rate increase will be applied to each of the services in each service category in each of the Medicaid managed care and FFS delivery systems that the State operates. **New York will also be required to invest approximately $199 million in rate increases as a part of the demonstration amendment. This is required even if the Medicaid to Medicare provider rate ratio does not go below 80%.** The net provider rate increases must amount to $199,072,125 by the end of the demonstration period. Priorities for rate increases include primary care, behavioral health, obstetrics, and specialty rates like dental services.

7. SUD Amendment

a. With this approval, the State is authorized to receive federal Medicaid matching funds for services delivered to beneficiaries who are short-term residents in an institution for mental diseases (IMD) with a SUD diagnosis. New York will aim for a statewide average length of stay of 30 days or less in residential treatment settings. The State aims to maintain and enhance access to SUD services and to improve the delivery system to provide more coordinated and comprehensive treatment.

8. Continuous Eligibility for Children a. New York plans to submit an amendment in early 2024 to provide continuous coverage for children up to age 6 in the Medicaid program.

Eligibility

There are some beneficiary groups that are eligible for the demonstration who would not otherwise be covered under the State Plan, including:

- Individuals in the HCBS Expansion program.
- Individuals moved from Institutional Settings to Community Settings and receiving MLTC but who would have excess income or resources under the state plan.
- Adults who are receiving TANF benefits who have not been determined eligible using MAGI-based methods.
- Individuals previously eligible in the adult group who are no longer eligible in that group but are still within a 12-month continuous eligibility period.
- Children under age 21 who are medically needy (both Supplemental Security Income (SSI-related and non-SSI related) and have parental income and resources (if applicable) waived and otherwise meet eligibility criteria for the 1915(c) waiver as Fo1 Demonstration children.
- People who are not eligible under the Children's waiver.

Monitoring and Evaluation

In addition to routine metrics for evaluation, New York must track and report on the following for each of their programs and initiatives:

- HRSN eligibility levels, participation, screening, rescreening, receipt of referrals, recurring nutrition services, and social services over time. Additional narrative reports on the adoption of IT infrastructure related to HRSN will be required.

- Regarding the workforce initiatives, the State must report on both programs' activities and provide details on statewide and regional targets as well as vacancy rates, completion rates, and corrective actions.

- For HERO, the State must report on data aggregation, regional needs assessments and planning, stakeholder engagement, development of future VBP arrangements, health equity plans, and health factor baseline data.

- The State must report on the required data and reports outlined in the STCs for each of the demonstration years, as well as data on relevant quality measures and progress towards program targets for the Medicaid Hospital Global Budget Initiative.

Items Not Funded

1. No administrative funds for DOH to implement waiver programs, as were included in previous waiver.

2. No explicit funding for LTSS, although some indirect benefits through HRSN funding.

3. No dollars for PCMH payments.

During the negotiations, the state requested to direct its managed care plans to make Medicaid Patient-Centered Medical Home (PCMH) payments to align with PCMH payments available to Medicare providers under the Making Care Primary Model. CMCS informed the state that no section 1115 authority was needed for the state to direct its managed care plans to make these payments since primary care is a Medicaid state plan benefit. **CMCS apprised the state of alternative options for establishing this model, including a state-directed payment (SDP). CMCS noted other states have established PCMH payments under SDP authority.**

Two other requests from the state were not approved at this time. New York asked that CMS defer consideration of the Serious Mental Illness (SMI) component of its SUD/SMI amendment until a later time. The state is seeking additional time to consider meeting required milestones under the SMI framework and to continue conversations with CMS about providing services for long-term stays greater than 60 days. Secondly, the state and CMS are continuing to review the request for limited coverage of certain services for justice-involved populations up to 90 days prior to the beneficiary's expected date of release. New York is working to align its request with guidance from the April 2023 SMD # 23-003.