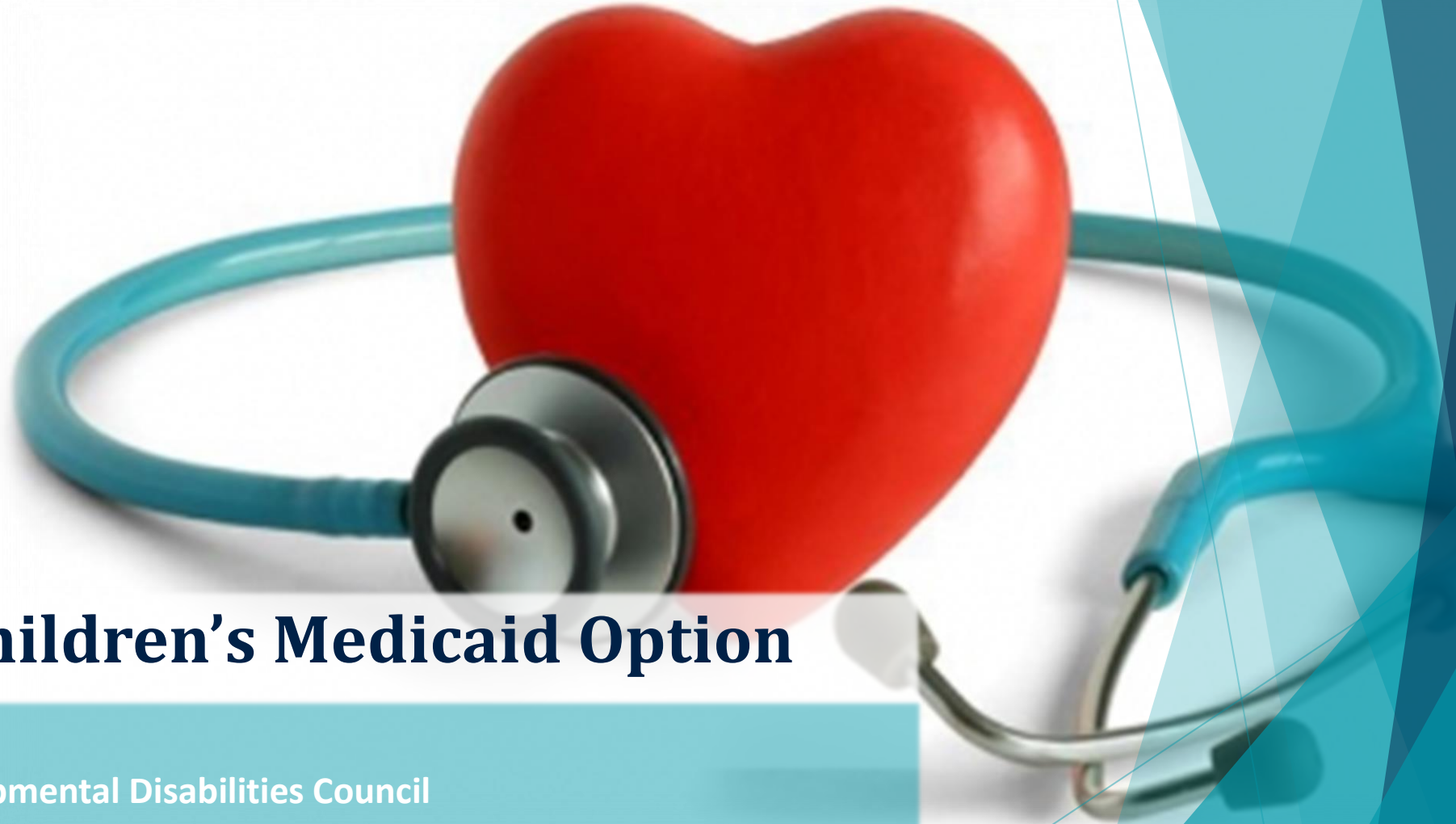


**The live stream of this  
public hearing will  
begin shortly.**

**Please stand by.**



# **Act 421 – Children’s Medicaid Option**

## **Public Presentations:**

**July 16, 2020: Developmental Disabilities Council**

**July 22, 2020: Public Forum**

**July 29, 2020: Public Forum**

**August 21, 2020: Medicaid Quality Committee**

# Presenters

Julie Foster Hagan  
Assistant Secretary, Office for Citizens  
with Developmental Disabilities



Jen Katzman  
Medicaid Deputy Director





# Act 421 – Children’s Medicaid Option Overview

## What is Act 421?

- Act 421 of the 2019 legislative session asked the Louisiana Department of Health (LDH) to start a program that lets certain children with disabilities receive Medicaid coverage, even if their parents earn too much to qualify for Medicaid.
- Louisiana’s program is modeled on the federal Tax Equity and Financial Responsibility Act (TEFRA)
  - Louisiana is not implementing a traditional TEFRA program, but you may hear this name in connection with the Act 421 – Children’s Medicaid Option.



# Act 421 – Children’s Medicaid Option Coverage

## ► Who receives coverage under Act 421? Children who...

- Are 18 years old or younger
- Have a disability (defined as a medically determinable physical or mental impairment that results in marked and severe limitations and has lasted or is expected to last at least one year, or to result in death)
- Meet the **level of care** given at an Intermediate Care Facility (ICF) for people with intellectual disabilities, a **nursing home**, or a **hospital**
- Can be cared for **safely at home**
- Can be cared for at home for **less cost** than in an institution

# Act 421 – Children’s Medicaid Option

## Purpose

- ▶ **Why is the Act 421 – Children’s Medicaid Option needed?**
  - The goal of the program is to help children avoid long stays in hospitals, nursing facilities, or Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs).
  - Children with disabilities may have needs not covered by private insurance, but their parent’s income is too high to qualify for Medicaid coverage.

# Act 421 – Children’s Medicaid Option

## Overview: Purpose

### ► Why is the Act 421 – Children’s Medicaid Option needed? (cont.)

- Normally, income and assets of a child’s parents are looked at when deciding if the child is eligible for Medicaid.
- Some children with disabilities may not qualify for home- and community-based waiver offer because they do not meet the urgency of need requirements, but still have needs not met under private insurance plans.
- Act 421-CMO allows certain children with disabilities who are not receiving waivers and whose parents are over the income limits of the Medicaid program to still get Medicaid coverage.
- Act 421 enables parents to continue working while closing the coverage gap between private insurance and Medicaid.

# Act 421 – Children’s Medicaid Option

## Level of Care/Cost of Care

### ► Level of Care

- Level of care (LOC) and cost of care assessments are required by Act 421.
  - LDH currently assesses ICF LOC for children with developmental disabilities seeking a home- and community-based waiver.
    - Children with developmental disabilities will use the existing assessment process (Form 90-L) in order to access Act 421-CMO.
  - Assessment for hospital and nursing home LOC will evaluate required medical interventions and functional limitations.
    - Assessment will be performed by a registered nurse using medical records and interviews with relevant people.

### ► Cost of Care

- Services must cost less in the home than they would in an institution for the child to qualify.



# Act 421 – Children’s Medicaid Option Timeline

## ► Implementation Timeline: Prior to Program Launch

- **July 10 – August 10:** State public notice/comment period
- **September 1:** Submission of 1115 Demonstration application to the federal Centers for Medicare and Medicaid Services (CMS)
  - Submission will incorporate public comments and LDH’s response, including any changes made to application based on public comment.
- **September 16:** Deadline for CMS to notify LDH whether application is complete and can proceed. CMS will post the draft submission on the CMS website for a second 30-day public notice period.
- **September – December 2020:** Preparation for program launch, including finalizing procedures, trainings, etc. LDH will continue its stakeholder engagement process.
- **January 1, 2021:** Requested program start date. This date is at CMS’s discretion and is dependent on CMS review and approval of the application.



# **Act 421 – Children’s Medicaid Option**

**Implementation Plan – 1115 Demonstration Features**

# Section 1115 Demonstration

## ► What is a Section 1115 Demonstration?

- Section 1115 of the Social Security Act gives CMS the authority to approve experimental, pilot, or demonstration projects that will assist states in promoting the objectives of the Medicaid program and better serve the people of that state.
- 1115 demonstrations provide states with flexibility to design programs and implement policy approaches that are shaped to the state's needs.

# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

### ► Five-Year Demonstration

- Evaluate program on ongoing basis, make changes through amendment
  - Any amendments will be subject to same public notice process as original application.
- At end of 5-year period, LDH will assess program and determine renewal or expansion of scope.

### ► Enrollment Limitation

- Enrollment opportunities are limited to the number of individuals who can be served, given the amount appropriated for the program by the Louisiana legislature.
- This allows LDH to cap costs, ensuring program stability and resources for other existing optional programs in Medicaid.
- Current appropriation is \$13.6 million for 6 months (\$27.2 million for 1 year)
- Anticipate serving up to 2,540 children



# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

### ► Private Insurance Requirement

- Families will be required to keep existing health insurance coverage for the enrolled child.
- Hardship exceptions will apply for families experiencing unemployment, loss of insurance due to change in employment, or when cost of insurance (premiums + copays + deductible) exceeds 5% of household income.
- A 6-month look back period will be applied for pre-existing health insurance coverage before enrollment into Act 421-CMO.
- For those not meeting a hardship exception that voluntarily drop their private insurance coverage after enrollment in Act 421-CMO, a 6-month lock out period from services will apply until private insurance coverage is resumed. However, the child will **not** lose their Act 421-CMO enrollment/slot **if** private insurance coverage is resumed within the 6-month lock out period or the family newly qualifies for a hardship exception.

# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

### ► Private Insurance Requirement, cont’d.

- Families will be able to apply for the Louisiana Health Insurance Premium Payment (LaHIPP) program, which pays premiums and Medicaid costs not covered by commercial insurance for eligible Medicaid recipients.
- Families are eligible for LaHIPP when the overall cost of the enrollee’s private insurance premiums, copays/deductibles, and cost of services not covered by private insurance is less than Medicaid would pay if the enrollee did not have private insurance.

# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

### ► Service Delivery System: Managed Care

- Act 421 directs LDH to implement in the most cost-effective manner possible, whether fee-for-service or managed care.
- LDH compared projected costs using fee-for-service and managed care in consultation with actuaries and determined managed care to be more cost-effective.
- All enrollees will be required to use one of LDH’s managed care providers for services.
- Use of managed care will help Medicaid control costs and serve as many children as possible within budget.

Fee-for-service	Managed Care
Providers (doctors, therapists, etc.) are paid directly by the State Medicaid program	State Medicaid program enters into contract with private insurance companies and pays a flat “per member, per month” (PMPM) fee, like a premium, on the member’s behalf
Sometimes called “legacy Medicaid”	Insurance company pays providers on behalf of Medicaid
Administered by LDH and state’s contracted fiscal intermediary, DXC	Currently five (5) insurance plans to choose from

# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

### ► Prioritization

- LDH anticipates more children may request services than the state can pay for.
- The prioritization plan was developed with stakeholders and lets children with the most need receive services as soon as possible.
- Eligibility for Prioritization:
  - ◆ Child has been in an ICF/IID, nursing facility, or hospital for 30 of the last 90 days at time of registration; in-facility days do not have to be consecutive, **OR**
  - ◆ On three (3) or more separate occasions in the last 90 days, child has been admitted to an institution or hospital and remained in-facility for at least 24 hours.
- Children who get prioritization must still prove they are eligible for the program.



# Act 421 – Children’s Medicaid Option

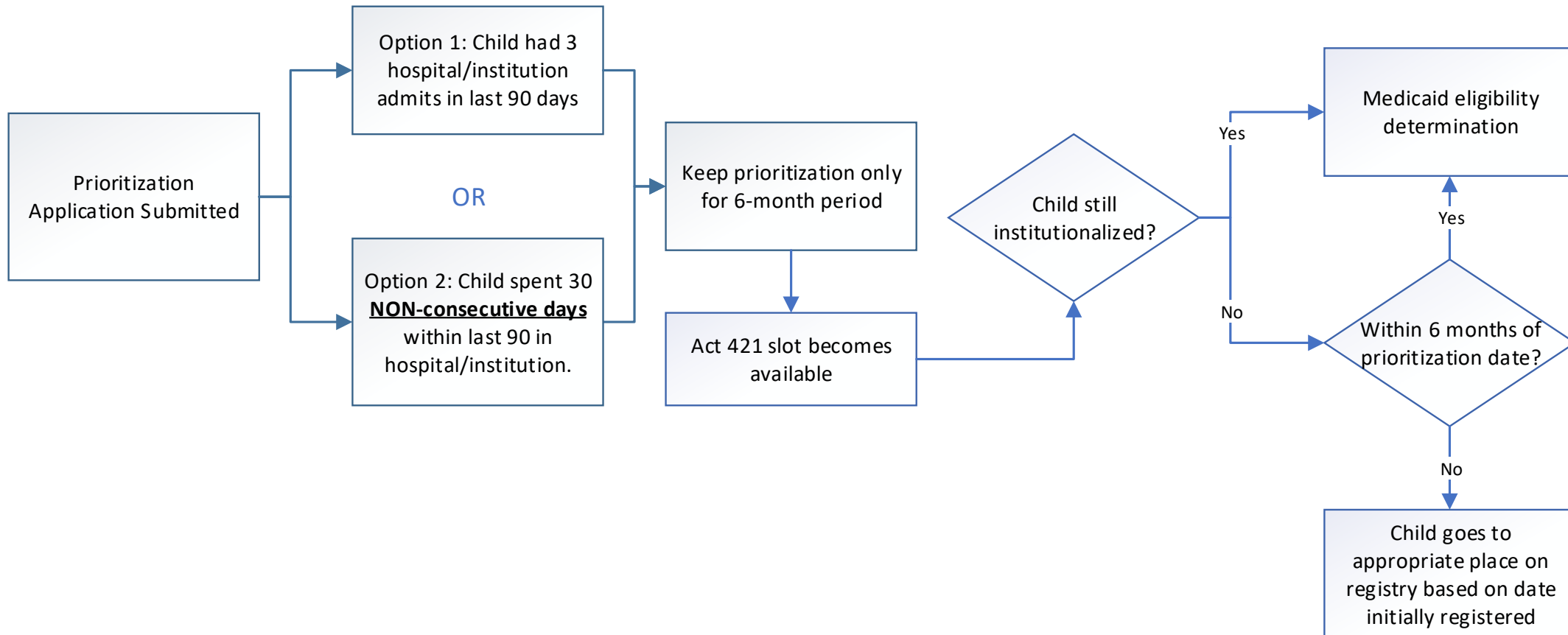
## Section 1115 Demonstration Features

### ► Prioritization, cont.

- After the Initial Registration Period, individuals who registered may apply for prioritization. If they qualify, they will receive the next available Act 421-CMO offer. In addition, any person on the registry may apply for prioritization at any time.
- LDH expects all children registered during the Initial Registration Period who qualify for prioritization will receive offers.
- After the Initial Registration Period, prioritization is valid for 6 months from the date that prioritization is approved while waiting for an Act 421 – CMO offer.
  - After 6 months, if no offer has been made, the individual loses prioritization but retains original registry date for purposes of receiving an Act 421-CMO offer.
  - The individual may re-apply for prioritization at any time.

# Prioritization: How does it work?

## Decision Flow Chart



# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

### ► Demonstration of Disability

- LDH has asked CMS to streamline the current process for proving disability under federal Medicaid requirements for Act 421 – CMO participants.
- Under federal rules, anyone applying for Medicaid on the basis of disability must either receive Supplemental Security Income (SSI) as a disability benefit or have a disability as determined by Medicaid.
  - Per federal regulation, the Medicaid Eligibility Determination Team (MEDT) reviews medical records to make a disability determination for people who do not receive SSI.
- All children qualifying for Act 421 – CMO will not be eligible for SSI due to family income.
- Because the level-of-care assessments are so comprehensive for Act 421 – CMO applicants, LDH has asked CMS to allow the LOC assessment process stand in for the typical MEDT review.

# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

CMS requires that LDH evaluate the demonstration to determine whether the program meets goals and furthers the objectives of Medicaid. LDH proposes seven theories to evaluate:

1. Act 421 – CMO enrollees will have coverage of needed health services, including services that will help prevent institutionalization and are not available or less available under private insurance plans.
  - LDH will evaluate by measuring use of Medicaid-covered services not commonly covered by private health insurance to the extent needed by enrollees.
2. Act 421 - CMO enrollees will have better health outcomes because they will be eligible for case management and enhanced care coordination as a special healthcare needs group in managed care.
  - LDH will evaluate by measuring usage of inpatient hospital, emergency department, nursing home, and ICF/IID services in later years, as compared to usage in year one.



# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

3. Act 421-CMO will provide access to care that is more cost-effective than the same care provided in an institutional setting.
  - LDH will evaluate by comparing managed care per-member, per-month expenditures against average cost of care in institutional settings.
4. Enrollment is limited to the number of children who can be served by the amount annually appropriated by the Louisiana legislature, ensuring existing optional programs under Louisiana Medicaid remain fully funded.
  - LDH will evaluate by assessing the number of participants enrolled in Act 421-CMO; the number of people on the registry; funding available.
5. Act 421-CMO enrollees will need to maintain pre-existing coverage in private health insurance, which will reduce primary Medicaid coverage costs and provide access to more participants.
  - LDH will compare the cost of services provided with Medicaid acting as secondary payer against the cost of those same services if there had been no other insurer.

# Act 421 – Children’s Medicaid Option

## Section 1115 Demonstration Features

6. A hardship exception to the insurance requirement will ensure the requirement does not create a barrier to healthcare access.
  - LDH will evaluate by tracking the extent to which the hardship exception is applied for and approved.
7. Enrollment in Louisiana’s Health Insurance Premium Program (LaHIPP) by eligible families will ensure cost burdens associated with maintaining private insurance are minimized as much as possible.
  - LDH will evaluate by tracking the hypothetical annual costs to participant families associated with maintaining private insurance if they have not been enrolled in LaHIPP.

A young child with curly hair is shown from the chest up, holding a red apple with both hands and taking a bite. The child is looking directly at the camera with a slight smile. The background is white, and the image is framed by a blue geometric design on the right side.

# **Act 421 – Children’s Medicaid Option**

**Implementation Plan – 1115 Demonstration Rationale**

# Why a Section 1115 Demonstration?

## ► Flexibility

- Flexibility permitted under an 1115 demonstration allows LDH to try solutions that should enhance service delivery.

## ► Unknown Population

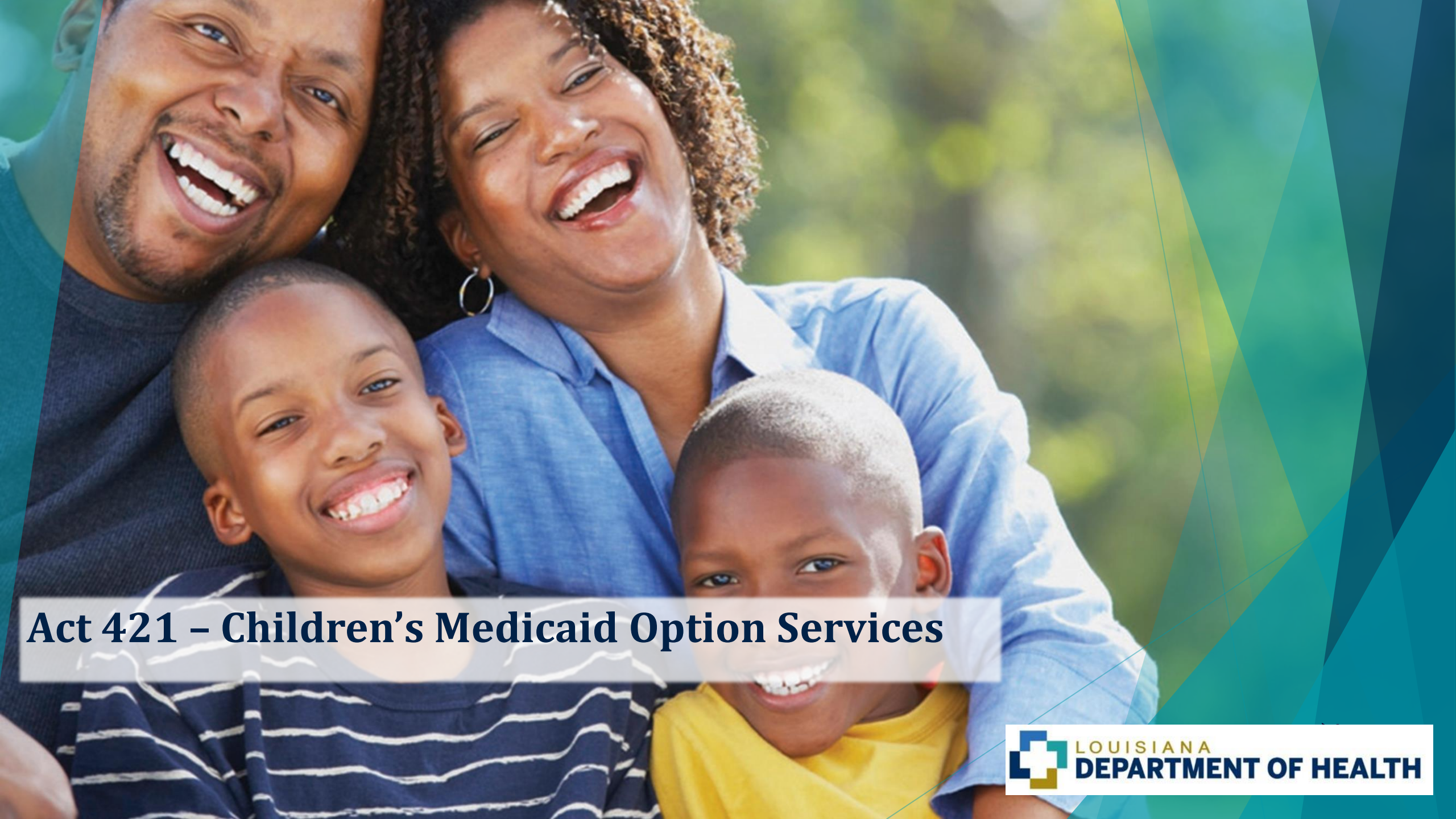
- New eligibility group means LDH is unsure of size and needs of population.
- Estimates:
  - Approximately 2,800 children on the OCDD registry who were not Medicaid-eligible
  - Estimated 1,000 additional children not on OCDD registry (do not have a Statement of Approval from OCDD)
    - These children could be eligible through the nursing facility or hospital level-of-care pathways.
    - They are not currently tracked by Medicaid, so there is uncertainty as to estimates.

# Why a Section 1115 Demonstration?

## ► Cost Containment

- Linking the enrollment limits to the legislative budget appropriation ensures:
  - Program costs will not exceed budget
  - Cost overrun will not affect existing Medicaid optional programs
- Requiring private insurance ensures Medicaid is secondary payer, covering only those costs private insurance will not.
- The hardship exception to the insurance requirement ensures no one is denied because of an inability to obtain private health insurance coverage for their child.





## **Act 421 – Children’s Medicaid Option Services**



# Medicaid Services

## ► Enrollees have access to Medicaid State Plan services

- Most, if not all, children enrolled in Act 421 – CMO will be eligible for services covered by the Early and Periodic Screening, Diagnostic, and Testing (EPSDT) program.
- EPSDT provides comprehensive and preventive health care services for children under age 21 who are enrolled in Medicaid.
- Services include but are not limited to:

Doctor visits	Hospital services
Pharmacy	Dental
Speech, occupational, physical therapy	Durable medical equipment
Case management (if medically necessary) (EPSDT service)	Skilled nursing and home health (if medically necessary)
Applied behavioral analysis (if medically necessary)	

# Medicaid Services

## ▶ Enrollees will not have access to home- and community-based waiver services (HCBS).

- Examples of HCBS waiver services not in the Act 421 – CMO include, but are not limited to:
  - Home modifications
  - Substitute family care
  - Housing stabilization
  - Center-based respite
  - Art or music therapy
  - Day habilitation
  - Supported employment

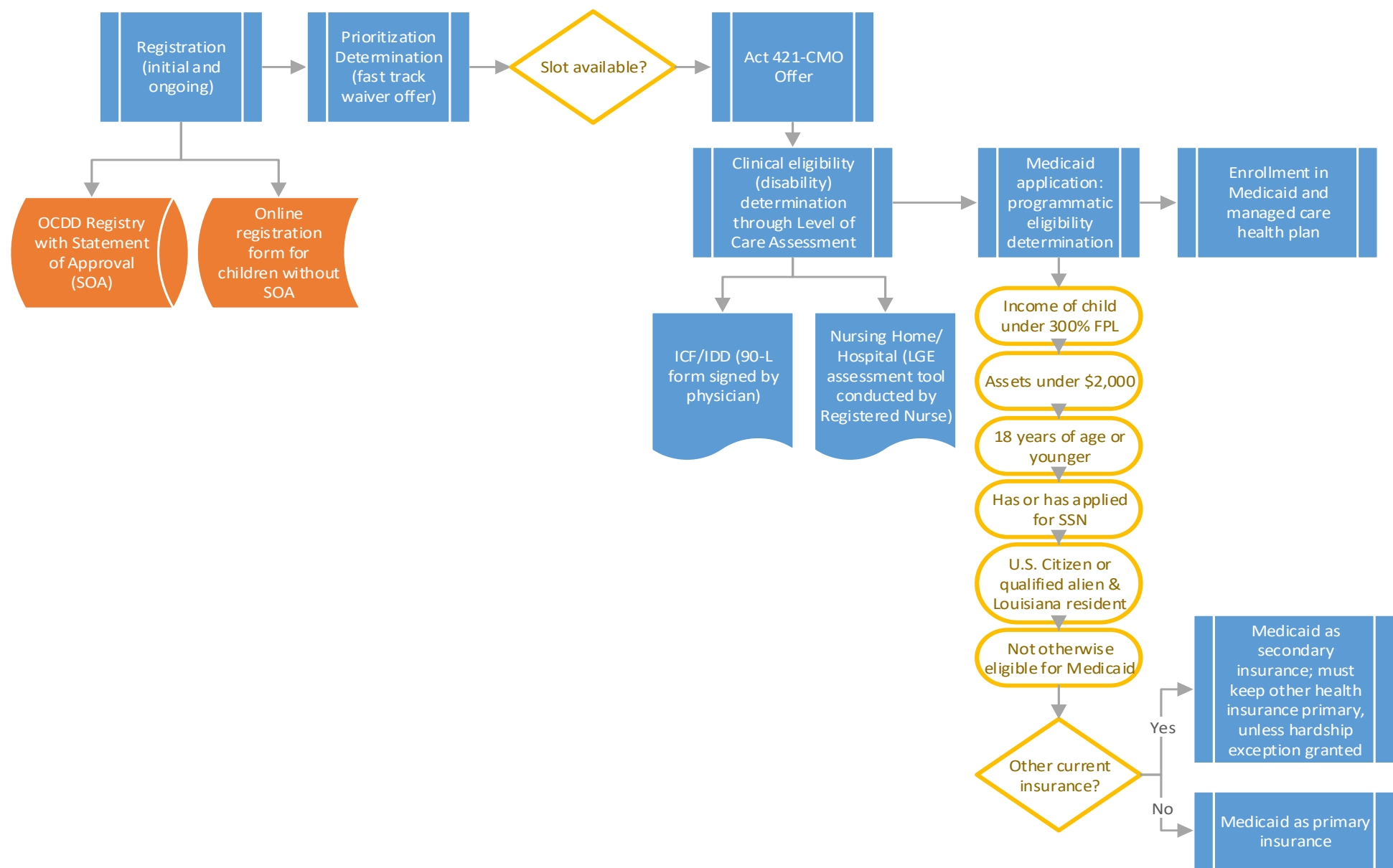


# Act 421 – Children’s Medicaid Option

Registration and Enrollment

# Registration to Enrollment: How does it work?

## Process Flow Chart



# Registration & Enrollment

## ► Notification

- Notice to the public will be given before the registration period begins.
- The notice will include:
  - A description of the program
  - Time period for initial registration
  - Instructions for how to register online, in person, or by phone
- Notice will be given in the following formats:
  - A press release
  - Social media postings on the appropriate LDH pages
  - Through the Special Needs and Parent Support Services of La, LLC (SNAPSS) contractor
  - Publication on LDH's main website and the webpage devoted to Act 421 - CMO
  - Email distribution to stakeholders who have expressed prior interest
  - Notice to legislators for their constituencies
  - Email distribution to public and private organizations that advocate for children's services and services for people with disabilities in Louisiana (Families Helping Families, GODA, DD Council, Partners, Children's Cabinet, etc.)



# Registration & Enrollment

## ► Initial Registration Period

- The initial registration period will last one month.
- Online applications will be used to collect information needed for the prioritization process described earlier.
- Children who have already been determined by LDH to have a developmental disability (have OCDD statement of approval) but who are not currently eligible for Medicaid services will be automatically registered for Act 421-CMO participation.
  - These families will receive a pre-filled form in the mail explaining what Act 421-CMO is and that they have been registered.
  - The form will provide them with the opportunity to opt out of the program or to request prioritization.

# Registration & Enrollment

## ► Initial Registration Period, cont.

- At the end of the Initial Registration Period, LDH will randomize the registrants to create a numbered ordered Registry.
- Children registered in the Initial Registration Period will receive Act 421-CMO offers according to the prioritization process, and then according to number order on the registry.
- All children who do not receive an Act 421 - CMO offer will stay on the registry in the number order assigned, with the same registry date.
  - In other words, all children entering the demonstration during the initial registration period will receive the same registry date.

# Registration & Enrollment

## ► Ongoing Registration

- After the Initial Registration Period and offers, those who register for the program will be assigned a registry date/number on a first-come, first-served basis. Act 421-CMO offers will be made as they become available.
- Families may apply for prioritization. If qualified, the child will receive the next available offer.
  - If more than one child is prioritized at a given time, offers will be made in order of prioritization date.

# Registration & Enrollment

## ► Medicaid Eligibility Determination

- LDH will make an Act 421-CMO offer to people who register as spaces in the program become available.
- Once the offer is made, the family must establish both **clinical** and **programmatic** eligibility for Act 421 – CMO enrollment.
- **Prioritization does not grant Medicaid eligibility.**
  - Prioritization merely advances a child to the first available offer.
  - A child qualifying for prioritization must still meet clinical and programmatic eligibility for the program after an offer is made.

# Registration & Enrollment

## ► Eligibility Determination, cont.

- **Clinical Eligibility**

- Child has a disability *and*
- Child meets level-of-care (LOC) criteria for long-term placement or treatment in ICF/IID, nursing home, or hospital.
  - LDH has asked CMS to allow the LOC assessment to meet federal requirements for disability as well.

- **Programmatic Eligibility**

- Child meets basic Medicaid requirements (for example: U.S. citizenship, Louisiana residency, age)
- Child meets income and asset requirements. The parent's income and assets are not considered.



# Ramp-up and Registration Timeline

- ▶ **Notice – Approximately two weeks prior to Initial Registration Period**
  - LDH will announce dates for the for Act 421 – CMO Initial Registration Period
- ▶ **Initial Registration Period – 30 Days:**
  - Applicants will have 30 days to register for Act 421 – CMO
  - Children on the Office for Citizens with Developmental Disabilities Request for Services Registry who are not currently Medicaid-eligible will be automatically placed on the Act 421 – CMO registry (i.e., have an OCDD statement of approval)
  - Full Medicaid application and eligibility screening will occur later
  - During Initial Registration Period, all registrants will have same registration date. It will not matter whether an applicant registers on day 1 vs. day 30.

# Ramp-up and Registration Timeline

## ► Ramp-up & Registration, cont.

- **Randomization – Approximately 1 Week**
  - At the end of the Initial Registration Period, LDH will randomly sort everyone who registered and assign a registry placement to each person.
- **Prioritization – Approximately 30 Days**
  - People who have requested prioritization will be asked to provide documentation/evidence that they meet the criteria.
  - If a person qualifies for prioritization, he/she will receive first available offer in order of prioritization date.
  - If a person does not qualify for prioritization, he/she will keep originally assigned registry position and date.
  - *NOTE: Prioritization is not the same as registration and it is not required in order to be on the Act 421-CMO registry. It is merely a tool to expedite offers for those with the most immediate need.*

# Ramp-up and Registration Timeline

## ► Eligibility Screening and Enrollment

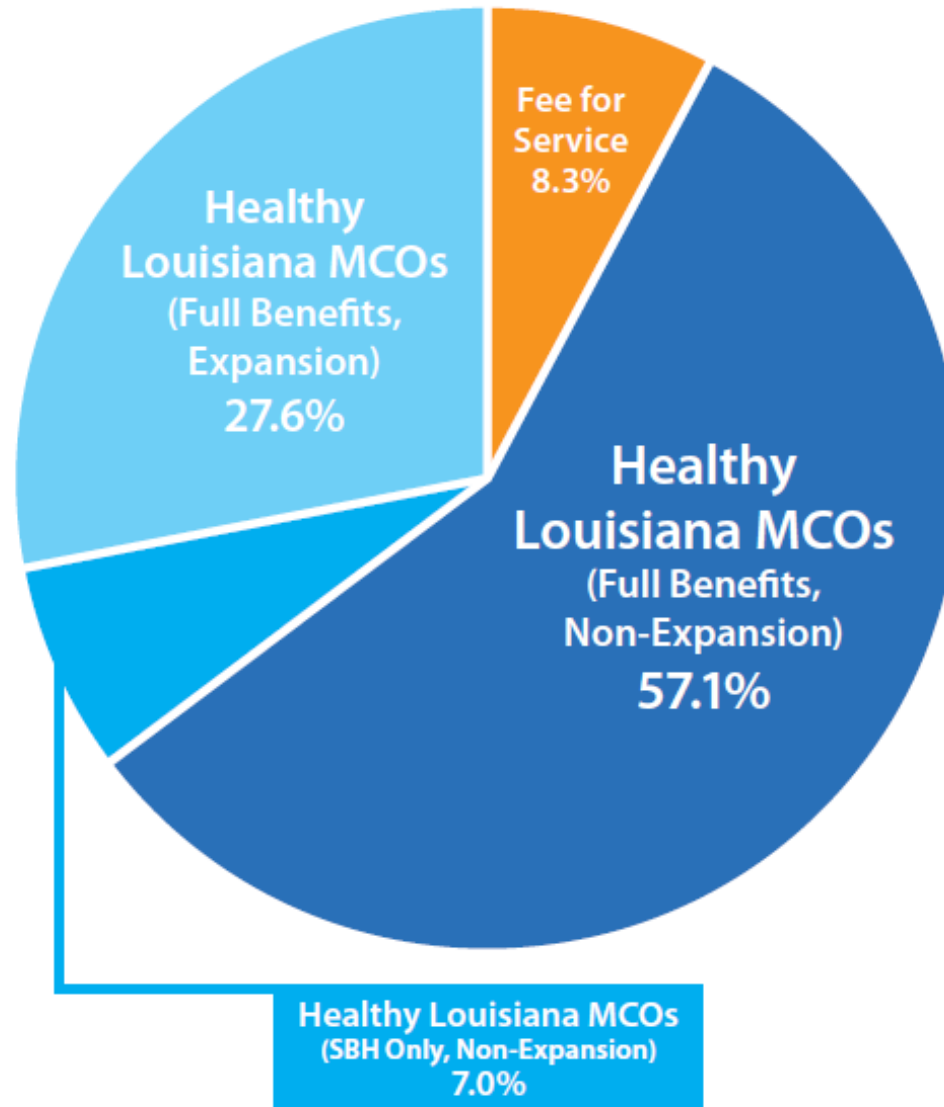
- Amount of time will depend on applicant availability for level-of-care assessment with the Local Governing Entity (Human Services District) and delivery of required financial documentation



# Benefit Delivery:

Managed Care

# Louisiana Medicaid is largely Managed Care





# What is Healthy Louisiana?



Healthy Louisiana is the way most of Louisiana's Medicaid enrollees access health care services

- ▶ The overriding goal is to encourage enrollees to take an active role in owning their own health and the health of their families.
- ▶ In Healthy Louisiana, Medicaid enrollees select a managed care organization (MCO).
- ▶ MCOs differ from one another in several ways, including their provider networks, referral policies, care management programs and extra (value-added) services and incentives offered.
- ▶ Each plan is accountable to the Louisiana Department of Health (LDH). Plans must follow detailed grievance and appeals requirements. Enrollees and providers have the right to appeal, first to their MCO, then to the state. LDH monitors all complaints, grievances and appeals to assure the system is accountable to enrollees and the state.

# Managed Care

## Special Health Care Needs Population

### ► What is a Special Health Care Needs (SHCN) population?

- Individuals who, because of disability, require individualized healthcare approaches.
- LDH will designate the Act 421 – CMO enrollees as a SHCN population.

### ► What benefits do SHCN populations get?

- Care coordination, continuity of care, care transition, including but not limited to:
  - Initial screening of needs
  - Individualized treatment and care plans for eligible participants
  - Ongoing preventative and primary care appropriate to need
  - Coordination of care between primary care providers and specialists
  - Coordination of care for out-of-network services
  - Coordination of hospital and/or institutional discharge planning
  - Care transition in the event of provider termination or switch between managed care organizations

# Who are the Healthy Louisiana MCOs?

Aetna Better Health

AmeriHealth Caritas of Louisiana

Healthy Blue

Louisiana Healthcare Connections

United Healthcare of Louisiana







# **Act 421 – Children’s Medicaid Option**

**Public Comment & Stakeholder Engagement**

# Stakeholder Engagement

## ► Stakeholder Work Group

- Had numerous meetings with stakeholders to discuss and receive input on program features.
- Presentations are archived on [www.ldh.la.gov/act421](http://www.ldh.la.gov/act421)
- Will continue meeting in order to finalize processes and procedures before the program starts.
- Will meet after program launch to monitor program, ensure features are working as intended and enrollees have needs met.

## ► Want to get involved? All are welcome!

- Please e-mail [421-CMO@la.gov](mailto:421-CMO@la.gov)



# Public Comment

- ▶ View full 1115 demonstration application at [www.ldh.la.gov/act421](http://www.ldh.la.gov/act421)
- ▶ Send us comments
  - Email to [421-CMO@la.gov](mailto:421-CMO@la.gov)
  - Submit comment directly through the website: [www.ldh.la.gov/act421](http://www.ldh.la.gov/act421)
  - Mail written comments to:  
Bureau of Health Services Financing  
Attention: Act 421 Children's Medicaid Option Manager  
P.O. Box 91030 (Bin #24)  
Baton Rouge, LA 70821-3117
- ▶ Comments will be incorporated with LDH's response into final waiver application