

Act 421 Medicaid Children's Option

PUBLIC NOTICE OF 1115 DEMONSTRATION WAIVER SUBMISSION

The Louisiana Department of Health is seeking public comment on a proposed program called the Act 421 – Children's Medicaid Option. Act 421 of the 2019 legislative session directs the Louisiana Department of Health to implement a program modeled after the federal Tax Equity and Fiscal Responsibility Act Medicaid program, also known as TEFRA. LDH will apply to the Centers for Medicare and Medicaid Services (CMS) to operate Act 421 – Children's Medicaid Option as a Section 1115 Demonstration Waiver.

Named the Act 421 – Children's Medicaid Option (421-CMO), the proposed Louisiana Medicaid program will provide benefits to certain children with disabilities who would not ordinarily be eligible for Medicaid because their parents' income and/or resources exceed the allowable limits.

Program Description and Eligibility

The goal of the 421-CMO program is to support children with complex medical needs in living at home by allowing access to Medicaid state plan services, regardless of parental income. The objective of the demonstration is to provide Medicaid services to as many children as possible within the legislatively appropriated budget for that purpose.

The Act 421-Children's Medicaid Option will provide a new pathway to eligibility for children who meet the qualifications for enrollment in the program. In order to qualify for Medicaid under 421 – CMO, children must meet all of the following criteria:

1. child is 18 years or younger;
2. child meets the disability definition for Supplemental Security Income (SSI) benefits;
3. child personally meets Medicaid income and resource requirements (parental income and resources do not count);
4. child meets institutional level-of-care (LOC) criteria for ICF/IID, nursing facility, or hospital;
5. care can be provided safely at home; and
6. care at home is more cost-effective than care in an institution.

Duration

LDH will apply to operate the 421-CMO program as an 1115 demonstration for five (5) years, beginning January 1, 2021 or upon CMS approval, whichever is later.

Proposed Health Care Delivery System

Children enrolled in the 421-CMO program will receive services through Medicaid's managed care delivery system. Managed care will ensure cost-effectiveness and provide budgetary predictability, leading to greater stability of this new program.

Proposed Co-Insurance Requirement

Families of children enrolled in the 421-CMO program will be required to maintain pre-existing privately available health insurance coverage for the child. LDH will review third party liability from the 6 months prior to the family's Medicaid application in order to ensure coverage is maintained. Hardship exceptions will apply to families that are experiencing unemployment or job transition, or where the child's healthcare costs exceed 5% of the household adjusted income.

Proposed Enrollment Limitation

In order to ensure 421-CMO is funded and does not impact existing optional Medicaid services such as home and community based waivers, LDH proposes to limit the number of enrollees in the 421-CMO program according to the budgetary appropriation received from the Louisiana legislature. LDH anticipates serving up to 2,540 children.

Proposed Budget and Projected Number of Recipients

Enrollment under this Demonstration will be limited to the number of children who can be served according to the amount appropriated by the Louisiana Legislature through its annual budgetary process. Based on current appropriations, the State projects that such amount will be \$27.2 million annually, allowing up to 2,540 individuals to be enrolled in the program.

Hypothesis and Evaluation Parameters

In compliance with federal requirements, LDH must propose measures by which the new program can be evaluated. LDH proposes the following measures and evaluation parameters.

- (1) The Act 421 – Children’s Medicaid Option will improve access to high-quality, person-centered services that produce positive health outcomes for individuals by:
 - Ensuring that Demonstration enrollees have coverage of needed health services, including Medicaid wrap services that would help prevent institutionalization and are not available or not available to the extent needed under participants’ private health insurance plans. The State will require participants to carry private health insurance, unless a hardship exception applies. The State will test this hypothesis by measuring the utilization of Medicaid-covered services not commonly covered by private health insurance to the extent needed by Demonstration participants.
 - Examining the effect on health outcomes resulting from the designation of this population as a special healthcare needs group, such that recipients receive case management and enhanced care coordination through their managed care plan. The State will test this hypothesis by measuring utilization of inpatient hospital, emergency department, nursing home, and ICF/IID services by Demonstration participants as compared to a baseline utilization established in year one of the Demonstration.
- (2) The Act 421 Children’s Medicaid Option will contain costs in order to create a sustainable program that enhances overall access to Medicaid services by:
 - Ensuring cost of care provided under the demonstration will be more cost-effective than equivalent care provided in an institutional setting. The State will evaluate this hypothesis by comparing managed care per-member, per-month expenditures against average cost of care in institutional settings.
 - Ensuring enrollment is limited to the number of children who can be served by the amount annually appropriated by the Louisiana Legislature for this purpose, thereby ensuring existing optional programs under Louisiana Medicaid remain funded. The State will evaluate this hypothesis by assessing (a) the number of participants enrolled in the Demonstration; (b) the number of people on the Demonstration registry; (c) funding available to the Demonstration.
 - Requiring families to maintain pre-existing coverage in privately available health insurance, in order to maximize third-party liability for healthcare needs of enrollees and thereby

reduce primary Medicaid coverage costs and provide access to a greater number of participants, unless a hardship exception is granted. The State will evaluate this hypothesis by assessing the cost of services provided under the demonstration with Medicaid acting as secondary payer against the cost of those same services, assuming no third-party liability existed.

- Implementing a hardship exception to the private insurance requirement, to ensure that the requirement does not create a barrier to healthcare access. The State will evaluate this hypothesis by tracking the extent to which the hardship exception is applied for and granted.
- Offering families the option of enrollment into Louisiana's Health Insurance Premium Program (LaHIPP), if eligible, to ensure cost burdens associated with maintaining private insurance are minimized as much as possible. The State will evaluate this hypothesis by tracking the hypothetical annual costs to participant families associated with maintaining private insurance, absent enrollment in LaHIPP.

Proposed Waiver and Expenditure Authorities

LDH is applying to CMS to receive authority to provide healthcare coverage to children who meet the eligibility criteria for the Act 421 – Children's Medicaid Option.

In order to create a new, sustainable program LDH is asking CMS to waive or modify certain requirements that would usually apply to Medicaid programs. Unless specifically listed below, all requirements of the Medicaid program shall apply to the Act 421 Children's Medicaid Option demonstration waiver beginning on the date of the approval of the demonstration request. The proposed waiver requests are:

- The State proposes to require families of eligible children maintain existing employer-sponsored or other privately available health insurance, except that no such requirement will apply where the cost of providing such insurance (responsible adult's premium, child's premium, child's co-pay, and child's deductibles) exceeds 5% of the modified adjusted gross income of the household.
- The State proposes to limit enrollment to the number of participants who can be served under an amount annually appropriated by the Louisiana legislature for the Demonstration.
- The State proposes to enroll all participants in the Demonstration in managed care for all services provided under the State Plan.

Demonstration Application and Public Comment

LDH will be accepting public comment on the Act 421 – Children's Medicaid Option application from July 10, 2020 through August 10, 2020.

[Click here](#) to review the proposed option and submit comments. The deadline for receipt of all written comments is August 10, 2020 by 4:30 p.m. Comments and LDH's responses will be incorporated into the final application to CMS.

A paper copy of the Demonstration may be requested by e-mailing 421-cmo@la.gov; by writing to the Bureau of Health Services Financing, P.O. Box 91030 (Bin #24), Baton Rouge, LA 70821-3117, Attention: Act 421 Children’s Medicaid Option Manager; or by calling 225-342-9846.

Written comments may be submitted by e-mailing 421-cmo@la.gov; by using the form available by clicking [here](#); or by writing to the Bureau of Health Services Financing, P.O. Box 91030 (Bin #24), Baton Rouge, LA 70821-3117, Attention: Act 421 Children’s Medicaid Option Manager.

Following submission to CMS on September 1, 2020, the demonstration application will be found on the [CMS website](#), where interested parties may submit comments.

Public Hearings

LDH will conduct two public hearings to present the Act 421 – Children’s Medicaid Option application to the public and receive comments. These hearings will be held via Zoom and over the telephone, and streamed live on the [Louisiana Department of Health’s Facebook page](#). Hearings will be held:

- Wednesday, July 22, 2020
11:00 a.m. – 1:00 p.m.
- Monday, July 27, 2020
4:30 p.m. – 6:30 p.m.

Comments received during the public hearings will be recorded and incorporated into the final demonstration application, along with LDH’s response.

If you require accommodations in order to participate in the public hearings, please e-mail 421-CMO@la.gov.