



ALASKA MEDICAID BLOCK GRANT INFORMATION SESSION 3

**Key considerations for negotiating terms
and conditions**

August 20, 2019: 9:30 am – 11:00 am AKDT

ALASKA MEDICAID BLOCK GRANT INFORMATION SESSIONS

- Purpose: Educate Trust staff and stakeholders about the opportunities and challenges of a Medicaid block grant for Alaska
 - Session 1: Medicaid Block Grants 101
 - Session 2: Key considerations for negotiating budget parameters
 - Session 3: Key considerations for negotiating terms and conditions

FORMAT FOR THE MEETING

- Presentation of about ½ hour
- Rest of the time for questions and answers
- Please enter questions using the Q&A button
 - You can enter them any time, but we won't take questions until after the review of the slides
 - If you think a question is important, click the upvote button 
 - You can clarify or expand upon an open question by commenting
 - People at the Trust will be able to ask questions directly

FORMAT FOR THE MEETING (CONT.)

- We will review questions:
 - Try to group similar questions
 - Focus on questions that have the most upvotes
- We will mark questions that we believe have been addressed in the conversation as answered (including those that have been grouped together).
- If you get a notice that your question was addressed, but you do not think it was, please ask the question again (possibly rephrasing it)
- You can only speak if you are using your computer microphone and the host turns on the microphone
- We may not get to every question

ANDY SCHNEIDER

- Research Professor at the Georgetown University McCourt School of Public Policy
- Over 40 years of experience with the Medicaid program:
 - Congressional staffer
 - Executive Branch employee
 - private consultant
 - public interest attorney.
- Senior Advisor at the Center for Medicaid and CHIP Services (CMCS) under the Obama Administration
- Led the development of the Medicaid Resource Book (2002) for the Kaiser Commission on Medicaid and the Uninsured



DENNIS SMITH

- Senior Advisor for Medicaid and Health Care Reform at the Arkansas Department of Human Services (DHS)
- Visiting Professor at the University of Arkansas Medical Sciences (UAMS) College of Public Health
- Worked for Arkansas, Wisconsin, Virginia, and California
- 10 years on Capitol Hill
- Headed the Center for Medicaid and CHIP Services (CMCS) for nearly 7 years, the longest tenure of any federal Medicaid director
- Negotiated Section 1115 Demonstration Projects with more than half of the states



WHAT AUTHORITIES DOES THE SECRETARY HAVE UNDER SECTION 1115?

- Secretary has two authorities to support state demonstrations that are “likely to promote the objectives” of Medicaid
 - **Waiver authority** – Waive federal Medicaid requirements
 - Section 1902 state Medicaid plan requirements
 - **Expenditure authority** – Allow federal matching payments that are not allowed under regular Medicaid
 - Costs not otherwise matchable (CNOM)
 - See Alaska SUD-BHP 1115 waiver approved 11/21/2018

WHAT CURRENT FEDERAL REQUIREMENTS MIGHT BE WAIVED TO DEMONSTRATE A BLOCK GRANT?

- **Report on Mandatory and Optional Medicaid populations can be found at:** <https://www.macpac.gov/wp-content/uploads/2017/06/Mandatory-and-Optional-Enrollees-and-Services-in-Medicaid.pdf>
- **Beneficiary protections** (waived to allow enrollment cap)
 - Opportunity for individuals to apply for coverage and have eligibility determinations made with "reasonable promptness" (1902(a)(8))
 - Mandatory coverage (1902(a)(10)(A))
 - Comparability (1902(a)(10)(B), 1902(a)(17))
- Legal issue: Is waiver of these requirements "likely to promote the objectives of" the Medicaid program?

WHAT FEDERAL REQUIREMENTS MIGHT BE WAIVED TO DEMONSTRATE A BLOCK GRANT (CONTINUED)?

- Provider protections (waived to allow exclusion of or reductions in payment to high-cost providers)
 - Right to participate ("Freedom of choice of provider") (1902(a)(23))
 - "Disproportionate share" (DSH) payments to hospitals (1902(a)(13))
 - Prospective payment system (PPS) payments to FQHCs and RHCs (1902(a)(15))
 - "Equal access" payment standard (1902(a)(30)(A))

WHAT FEDERAL REQUIREMENTS MIGHT BE WAIVED TO DEMONSTRATE A BLOCK GRANT (CONTINUED)?

- Plan Protections (waived to allow reductions in payment to managed care plans)
- -- Capitation rates must be "Actuarially Sound" (1903(m)(2)(A)(iii))
- Legal issue: Is waiver of these requirements "likely to promote the objectives of" the Medicaid program?
 - Note that right of IHS or Tribal facilities to participate in state Medicaid programs is set forth in section 1911 (not section 1902)

WHAT OTHER FEDERAL REQUIREMENTS MIGHT ALASKA WANT TO BE WAIVED?

- Does the State need additional “flexibility” beyond the ability to cap enrollment and exclude or reduce payments to high-cost providers?
- Target high-cost benefits:
 - Reduce mandatory services list (1902(a)(10)(A))
 - Eliminate sufficiency of benefit requirements (1902(a)(10)(B))
 - Allow exclusion of high-cost drugs (1902(a)(54))
- Target high-cost beneficiaries:
 - Allow imposition of premiums (1902(a)(14))
 - Allow deductibles and copayments (1902(a)(14))
 - Impose “community engagement” requirements (1902(a)(10))
 - Make family members responsible for costs of care (1902(a)(17)(D))
- Legal issue: Is waiver of these requirements “likely to promote the objectives of” the Medicaid program?

WHAT FEDERAL REQUIREMENTS CANNOT BE WAIVED UNDER AN 1115?

- State share requirement
 - Section 1903(a)
- Matching rate formula (Federal Medical Assistance Percentage, or FMAP)
 - Section 1905(b)

CAN A STATE WITHDRAW FROM A SECTION 1115 DEMONSTRATION?

- Yes, at any time, including after approval but before the demonstration starts (e.g., Maine)
- The process for withdrawing is spelled out in the Special Terms and Conditions (STCs) negotiated between the State and CMS.
- Budget neutrality requirements continue to apply