To: New York State Council Member Agencies

From: Lauri Cole, Executive Director

Re: Top Line Analysis of NY's recently approved 1115 Waiver Amendment

Date: January 10, 2024

On January 9, 2024, Director of the Center for Medicaid and CHIP services at the Center for Medicare and Medicaid Services (CMS) Daniel Tsai informed New York State Medicaid Director Amir Bassiri that CMS had approved New York State's application to amend its Medicaid section 1115(a) demonstration entitled "Medicaid Redesign Team." The approval covers elements of the final amendment request submitted on September 2, 2022 (entitled New York Health Equity Reform (NYHER)) and a waiver of the Institutions for Mental Diseases (IMD) exclusion for Substance Use Disorder (SUD) services. The approved amendment is retroactively effective to April 1, 2022 and will operate until March 31, 2027.

The approval authorizes spending of $6.7 billion as detailed below. Detail on the expected expenses associated with the IMD waiver are not included in the approval documents.

	DY 25 (ends 3/31/24)	DY 26 (ends 3/31/25)	DY 27 (ends 3/31/26)	DY 28 (ends 3/31/27)	Total
HRSN Infrastructure	$0	$260,000,000	$190,000,000	$50,000,000	$500,000,000
HRSN Services					$3,173,000,000
HERO		$50,000,000	$40,000,000	$35,000,000	$125,000,000
Workforce: Student Loan Repayment		$12,080,000	$24,150,000	$12,080,000	$48,310,000
Workforce: Career Pathways Training		$175,770,000	$310,480,000	$159,500,000	$645,750,000
Medicaid Hospital Global Budget Initiative	$550,000,000	$550,000,000	$550,000,000	$550,000,000	$2,200,000,000
					$6,692,060,000

The goals of the approved waiver are to:

- Reduce health disparities across the state and improve health equity.
- Make significant movement towards value-based payment (VBP) strategies, multi-payor alignment, and population health accountability.
- Improve population health and health equity outcomes for high-risk Medicaid enrollees.
- Ensure equitable and sustainable access to care.
- Improve health outcomes and create long-term, cost-effective alternatives or supplements to traditional medical services.
- Maintain and enhance access to SUD services and provide more coordinated and comprehensive treatment for beneficiaries with SUD.

Health-Related Social Needs (HRSN)

CMS approved the development of Social Care Networks (SCN) in nine regions, which are expected to establish networks of community-based organizations (CBOs) that provide services to address HRSN. SCNs will bill either fee-for-service (FFS) Medicaid or managed care organizations (MCO) (for whom they will be contracted providers) using rates established by the state.

SCNs will ensure that Medicaid recipients are screened for HRSN, and based on the screening, divided into two eligibility levels. Level 2 beneficiaries will be eligible for an enhanced range of HRSN services. While significant detail remains to be clarified, eligible populations and services are identified.

Level 2 eligible populations	• High utilizers • Health home enrollees • People with SUD • People with serious mental illness (SMI) • People with intellectual and developmental disabilities (IDD) • People who are homeless • Pregnant persons, up to 12 months postpartum • Post-release criminal justice-involved people with serious chronic conditions • Youth involved in the juvenile justice system, foster care system, or kinship care • Children under the age of 6 • Children under 18 with one or more chronic conditions
Level 2 eligible services	• HRSN case management • Nutrition supports including up to three meals per day, nutrition counseling, food prescriptions, and pantry stocking • Housing supports including short-term pre-procedure and post-hospitalization housing, home modifications, utilities, moving costs (1st, last, security), pre-tenancy services, and tenancy-sustaining services • Transportation to covered HRSN services and case management activities

The quantity and frequency of Level 2 services outlined above are available to eligible populations meeting certain criteria tied to their level of risk. Services and benefits are tiered in accordance with these risk criteria.

Level 1 beneficiaries are all Medicaid beneficiaries who are not included in Level 2. They are eligible only for linkage to existing State and Federal social services.

All HRSN services must be clinically appropriate and have a reasonable expectation of improving or maintaining the beneficiary's health. All HRSN services are optional for the member who has the right to opt-out.

Health Equity Regional Organization (HERO)

CMS approved the development of a single statewide HERO to conduct five activities:

1) Collect, aggregate, analyze, and report data
2) Conduct regional needs assessments and planning
3) Convene regional stakeholders
4) Make recommendations to support advanced value-based payment (VBP) arrangements and develop options for incorporating HRSN into VBP methodologies
5) Conduct program analyses

The contracted HERO must be independent of state or other government entities, and HERO funds cannot be used to support the New York eHealth Collaborative (NYeC) or the Statewide Health Information Network for New York (SHIN-NY).

Workforce

CMS approved two workforce initiatives, a Student Loan Repayment (SLR) program, and a Career Pathways Training (CPT) program. The SLR repays student loans for a small number of healthcare workforce shortage professions, including psychiatrists, who are eligible for $300,000 in loan repayment. Access to the SLR requires a provider to commit to four years working in a program that serves more than 30% Medicaid and uninsured recipients.

The CPT will be run through Workforce Investment Organizations (WIO) in up to three regions. The CPT will have two career pipelines, one to bring people into the healthcare professions and a second to help people advance in their healthcare careers. CPT requires a three-year commitment to a program that serves more than 30% Medicaid and uninsured recipients. A broader range of professional titles is eligible for the CPT, including Licensed Mental Health Counselor (LMHC), Master of Social Work (MSW), and Credentialed Alcoholism and Substance Abuse Counselor (CASAC).

Medicaid Hospital Global Budget Initiative (MHGBI)

MHGBI is available only to a small portion of the state's hospitals. MHGBI provides incentive payments to eligible private hospitals for collecting and reporting data, meeting milestones for transitioning to alternative payment models, and demonstrating improvement in health care quality and equity. To access MHGBI a hospital must meet all of the below requirements:

- Private not-for-profit hospital
- Serves a population that is at least 45% Medicaid covered or uninsured

- Within Bronx, Kings, Queens, or Westchester County
- Average annual operating margin from 2019 to 2022 of less than or equal to zero
- Received state-funded subsidies due to financial distress in state fiscal year 2023 and/or 2024

SUD Program

CMS's approval of an IMD waiver for SUD services is a significant win for the behavioral health (BH) provider community. New York will be eligible to receive federal financial participation for Medicaid beneficiaries who are short-term residents in IMDs for services that would otherwise be matchable only if the beneficiary were not residing in an IMD. Unlike most of the waiver approval, the SUD Implementation plan and SUD health information technology (HIT) plan were both submitted already and approved by CMS. Within the next six months, New York will authorize and begin to reimburse for Medicaid members to receive Reintegration services provided in an IMD. The state anticipates 50 providers will enroll within the first year.

Provider Rate Increase Requirements

Another win for the BH provider community is the inclusion of provider rate increase requirements for New York State. CMS is requiring New York to invest at least $199 million in increasing providers' rates in the Medicaid system (both FFS and managed care). The approval identifies three service domains to be prioritized for rate increases, primary care, obstetrics, and ***behavioral health***. The state is required to report to CMS the average Medicaid to Medicare fee-for-service provider rate ratio. If the Medicaid rate is less than 80% of the Medicare rate, NYS will be required to increase rates by at least two percentage points in the ratio of Medicaid to Medicare provider rates for each of the services in each service category in both the managed and fee-for-service delivery systems. CMS expects the state to prioritize the three core service domains, but the state may increase other specialty rates if the three service domains are already within 20% of the Medicare rate.

Looking forward

New York and CMS agreed to postpone a number of proposed actions by New York. Of particular importance to NYSCCBH members is the waiver of the IMD exclusion for people with SMI. Other initiatives tabled for a later date include continuous eligibility for children up to six, correctional in-reach funding for people soon to be discharged (which is in progress), and state directed payments to align with PCMH payments available to Medicare providers under the Making Care Primary model.

More urgently, New York has committed to produce several guidance and protocol documents critical to the waiver's implementing, some in very short order. The most time-sensitive items included in the STCs are:

- HRSN implementation plan (within 90 days)
- Protocol for Assessment of Beneficiary HRSN Eligibility and Needs, Infrastructure Planning, and Provider Qualification (within 90 days)
- Establish and report to CMS the state's average Medicaid to Medicare fee-for-service provider rate ratio for each of the three service categories (BH, primary care, obstetrics) (within 90 days)

- Monitoring protocol for SUD program (within 150 days)
- Monitoring protocol for non-SUD program (within 150 days)
- Plan for a Medicaid Hospital Global Budget Model (which can be satisfied by participating in the Center for Medicare and Medicaid Innovation (CMMI) States Advancing All-Payer Health Equity Approaches and Development (AHEAD) program)
- Designated State Health Programs (DSHP) claiming protocol
- DSHP sustainability plan
- Evaluation design, including hypotheses to test
- Data collection and reporting standards

HMA's expectation is that procurements and enabling policy documents for waiver initiatives, including SCN and HERO RFPs will be promulgated soon by the Department of Health to meet the aggressive timeline of the waiver amendment. We will share additional detail as it becomes available.