

## Draft MRT 1115 Waiver Extension Request

### OVERVIEW

Last week, the New York State Department of Health (DOH) released a draft version of its Medicaid Redesign Team (MRT) Waiver Demonstration Extension Request. The extension request seeks a three-year extension (April 1, 2021-March 31, 2024) of all current programs and authorities under the State's current MRT Waiver Demonstration, and the following two programmatic amendments developed by the Medicaid Redesign Team II ("MRT II"):

- Transition (carve-out) of the non-emergency medical transportation (NEMT) benefit from managed long term care (MLTC) to fee-for-service (FFS); and
- Transition (carve-out) of pharmacy benefits from Medicaid managed care (MMC) to FFS.

If and when this extension proposal is approved by the Centers for Medicare and Medicaid Services (CMS), the State will then submit future programmatic amendments that pursue further transformation goals requiring 1115 Waiver authority.

The draft extension proposal is available [here](#). Public comments will be accepted until January 15, 2021. The State will host two virtual public forums on January 21, 2021 and January 27, 2021 from 1pm to 4pm (details available below). The State plans to submit the extension proposal to CMS in early March 2021 following a review and consideration of public written and verbal comments.

### ELIGIBILITY, BENEFITS, AND COST-SHARING

The extension proposal, including the two proposed amendments, contains no changes to member eligibility, scope of benefits, or cost-sharing requirements. The two proposed amendments shift the administration and delivery of NEMT and pharmacy benefits from the managed care delivery systems to FFS under the Medicaid State Plan. The State is requesting to maintain all current eligibility categories, benefits, and co-payment standards that are already approved by CMS under the current MRT Waiver and outlined in the current Special Terms and Conditions.

### FISCAL IMPLICATIONS

The extension proposal maintains existing programs and related waiver and expenditure authorities with minor modifications. Therefore, the extension proposal is budget neutral to the federal government because it does not impose any additional cost or request any additional federal funding. The State does not expect the extension proposal to have a significant impact on Medicaid enrollment given that neither of the proposed carveout amendments affect eligibility criteria.

### PROGRAMMATIC AMENDMENTS

#### MLTC NEMT Transition to FFS

The Medicaid NEMT benefit requires that the Medicaid program:

- Ensures necessary transportation to and from providers;

- Uses the most appropriate form of transportation; and
- Includes coverage for transportation and related travel expenses necessary to secure medical examinations and treatment.

Since 2012, the 1115 MRT Waiver has authorized MLTC plans to offer NEMT services to members as part of their benefit package. Now, the State seeks to move the authority for the provision of NEMT services from the MRT Waiver into a State Plan Amendment (SPA). NEMT will then be provided through State Plan authority and removed from the MLTC benefit package, with the exception of Programs of All-Inclusive Care for the Elderly (PACE) organizations, who will continue to manage the NEMT benefit.

After the carve-out the State will seek to use a single transportation management point of contact, either statewide or in specific regions, to increase efficiency. The goals of this proposed amendment include:

- Improving administrative simplification by creating a consistently managed transportation benefit;
- Reducing cost-risk by shifting the broker arrangement to a risk-based arrangement; and
- Creating a larger pool of members by combining all members, with the exception of PACE, for whom brokers may provide NEMT services.

The State does not anticipate that this proposed amendment will have an impact on members' access to the transportation benefit. Additionally, the State expects the transition to be budget neutral.

If approved, the NEMT carve-out will be phased in over a six-month period beginning October 1, 2021. Transportation brokers will be procured by the State to provide services either statewide or in certain regions and will enter into a risk-based arrangement to drive value and reduce costs.

### Pharmacy Benefit Transition to FFS

The State is proposing to transition pharmacy benefits, which have been included in the MMC benefit package since 2011, back to FFS authority under the existing benefit structure. The goals of this transition proposal include:

- Providing the State with full visibility into prescription drug costs;
- Centralizing and leveraging negotiation power;
- Realizing economies of scale through centralized management and administration;
- Providing Medicaid members with a single drug formulary and standardized utilization management; and
- Addressing the growth of the 340B program and associated reductions in State rebate revenue.

The proposed pharmacy benefit carve-out applies to all MMC plans, including Health and Recovery Plans (HARPs) and HIV Special Needs Plans (HIV SNPs). However, the transition will not apply to MLTC Plans (i.e. PACE, Medicaid Advantage Plus, and partial capitation plans), the Essential Plan, and Child Health Plus (CHP) plans. The pharmacy benefit carve-out will not change the scope of the existing Medicaid pharmacy benefit and the State aims to limit service disruption for members.

The transition of the pharmacy benefit from managed care to FFS is projected to save the State approximately \$87.3 million annually.

Additional information on the pharmacy benefit carve-out is available [here](#).

## POTENTIAL FUTURE AMENDMENTS

As outlined in the State’s Extension Request Informational Webinar held on November 18<sup>th</sup>, following the extension request submission, the State intends to submit future amendments that pursue further transformation goals requiring 1115 Waiver authority. These may include amendments focused on:

- Value-based payments;
- Global budget initiatives;
- Investments in telehealth following the impact of COVID-19;
- Workforce reinvestment;
- Criminal justice reform; and
- Other long-term policy goals that align with the initiatives included in previous proposals and the priorities of the Biden Administration.

This strategy is consistent with how past NYS waiver initiatives have been implemented, including the Delivery System Reform Incentive Payment (DSRIP) program (which was approved as a programmatic amendment to the existing waiver). Additionally, this submission will allow pending and anticipated 1115 Waiver amendments from the MRT II process, such as Home and Community Based Services (HCBS) Behavioral Health Optimization and Duals Integration, to be reviewed and approved consistent with current implementation targets.

The webinar slides and recording are available [here](#).

## PUBLIC FORUMS

The State will host two virtual public hearings/public forums as follows:

- January 21, 2021 from 1pm to 4pm (registration is available [here](#))
- January 27, 2021 from 1pm to 4pm (registration is available [here](#))

Individuals who wish to provide public comment will need to register with an “SP” in front of their name (i.e., SP Jane Doe) and must email [1115waivers@health.ny.gov](mailto:1115waivers@health.ny.gov) by January 20, 2021 for the first session and by January 26, 2021 for the second session to confirm registration. Public comments should be limited to five minutes per presenter.

Written comments may be submitted to the email address above through January 15, 2021.