SACHS POLICY GROUP
60 East 42nd Street, Suite 1762
New York, NY 10165
Phone: 212 827 0660
Fax: 212 827 0667

New York's 2024-2027 Medicaid Waiver Amendment

OVERVIEW

On January 9th, the Centers for Medicare and Medicaid Services (CMS) approved a new amendment to New York's Medicaid Redesign Team (MRT) 1115 Demonstration Waiver. New York State (NYS) originally requested an amendment under the name "New York Health Equity Reform" in September 2022. The new amendment will run during the 3.25-year period from January 2024 through March 2027, when New York will need to pursue an extension of the waiver. It includes four initiatives with a total of up to $6.69 billion in federal funding:

- Health-Related Social Needs (HRSN): Up to $3.673 billion for building HRSN infrastructure, including the creation of new Social Care Networks (SCNs), and reimbursing for an array of HRSN services through the Medicaid program.
- Health Equity Regional Organization (HERO): Up to $125 million for the creation of a statewide HERO to conduct regional health and HRSN data collection and analysis and, based on this, make recommendations on incorporating HRSN into value-based payment (VBP) arrangements in the future.
- Medicaid Hospital Global Budgets: Up to $2.2 billion to support certain safety net hospitals in Brooklyn, the Bronx, Queens, and Westchester County to transition their Medicaid reimbursement to hospital global budget models, in line with CMS's new AHEAD model.
- Strengthen the Workforce: Up to $694 million for workforce recruitment and retention efforts, including student loan repayment and training and education programs for individuals who make commitments to serve high-needs populations. Training and education will be funded through Workforce Investment Organizations (WIOs), which will recruit participants and provide ongoing support.

CMS also noted the approval of NYS's request to cover certain substance use disorder (SUD) services within settings considered Institutions of Mental Disease (IMD), and that NYS will separately pursue state-directed preprint (SDP) authority to align Medicaid advanced primary care payment with the Making Care Primary model.

The full text of the waiver approval and Special Terms and Conditions (STCs) is available here. Below is a more detailed summary of the waiver's components.

spg SACHS POLICY GROUP
60 East 42nd Street, Suite 1762
New York, NY 10165
Phone: 212 827 0660
Fax: 212 827 0667

HEALTH-RELATED SOCIAL NEEDS

Infrastructure Funding

Under the waiver, CMS will provide $500 million in infrastructure funding for NYS to create new Social Care Networks. NYS will contract with SCNs in each of nine regions to provide HRSN screening and referral services. SCNs will refer eligible Medicaid members to social services providers, who may receive Medicaid waiver reimbursement for providing HRSN services if determined to be medically necessary.

Infrastructure funds may be spent on:

- Technology (e.g., data systems, referral platforms, interoperability, analytics software, etc.)
- Development of business/operational practices (e.g., capacity building, workflows, etc.)
- Workforce development and training
- Outreach, education, and stakeholder engagement

HRSN Services

The range of available HRSN supports includes:

- Housing Supports
    - Appliances, such as air conditioners, humidifiers, air filtration devices, refrigerators, etc.
    - Home modification and remediation, such as ramps, handrails, mold/pest remediation, etc.
    - Short-term housing to facilitate recuperative, pre-operative, and/or post-operative care for homeless individuals. Housing must include clinical supports (may not be room and board only), and must be authorized by an appropriate medical professional in a care plan or other clinical documentation.
        - Pre-operative housing may be provided for a clinically appropriate amount of time. In total, pre- and post-operative housing may not be provided for more than 6 months, once every 12 months.
        - Recuperative care housing may be offered for up to 90 days, once every 12 months (assessed on a rolling basis).
    - Rent or temporary housing (and associated utility costs) for up to 6 months, for individuals who are homeless, high-utilizers, or transitioning from an institutional setting.
    - Pre-tenancy services and housing navigation.
    - Tenancy sustaining services, such as legal aid, landlord mediation, etc.

spg SACHS POLICY GROUP
60 East 42nd Street, Suite 1762
New York, NY 10165
Phone: 212 827 0660
Fax: 212 827 0667

    - Housing transition services, including one-time costs such as security deposits, first month's rent, and brokers' fees; assistance with setup and moving; and reviewing the living environment to ensure a seamless transition.
- Nutrition Supports
    - Nutrition counseling and education.
    - Food provision for up to six months, renewable for additional periods based on assessment. Only one of the following options may be provided for each member:
        - Home-delivered prepared meals (up to 3 per day);
        - Food prescriptions, such as nutrition vouchers or food boxes; or
        - Pantry stocking of fresh produce and nonperishable groceries.

      High-risk pregnant women are eligible for up to 11 months (no longer than 2 months postpartum). Households with high-risk children may be eligible for additional supports.
- Cooking Supplies
    - Items for cooking that the individual is unable to procure otherwise (e.g., pots and pans, utensils, etc.).
- Case Management
    - Level One case management, offering linkages to other benefits (non-demonstration).
    - Level Two case management, offering linkages to other benefits (including demonstration services), assistance with accessing such benefits, and follow-up.
- Supplementary Transportation
    - Private or public transportation used to access the above services.

Each HRSN service will have an identified CPT or HCPCS code to support encounter data collection.

The waiver makes $3.173 billion available over three years to fund the provision of these services. Unless excepted above, funds may not be used for construction costs, capital investments, services for undocumented immigrants, or any purposes not specifically approved by CMS.

Eligible Populations

HRSN screening and Level One case management services will be available to all Medicaid enrollees. All other services are considered Level Two services, which will be available only to higher-risk beneficiaries. These groups may include:

- Medicaid high utilizers, including those who meet the federal definition of homeless;
- People enrolled in a NYS Health Home;
- Individuals with SUD or serious mental illness (SMI);
- Individuals with intellectual and/or developmental disabilities (I/DD);
- Pregnant people, up to 12 months postpartum;
- Post-release criminal justice population with serious chronic conditions;

spg SACHS POLICY GROUP
60 East 42nd Street, Suite 1762
New York, NY 10165
Phone: 212 827 0660
Fax: 212 827 0667

- Justice-involved youth;
- Youth in foster care or kinship care;
- Children under the age of six; and
- Children under the age of 18 with one or more chronic conditions.

NYS will submit a protocol to CMS within 90 days (by April 8th) with further details on eligibility and services provision, including:

Service Delivery and Rates

HRSN services will be provided primarily through managed care, but will be available through FFS for individuals not in managed care. SCNs will be contracted providers with managed care plans. MCOs must ensure that they have sufficient network capacity to provide HRSN services to their members.

Services provided through managed care organizations (MCOs) will be reimbursed on a non-risk basis starting in Demonstration Year (DY) 1, in April 2024. By the end of the demonstration (April 2027), NYS will incorporate HRSN services into risk-based capitation rates for managed care plans. At this point, HRSN services may be included in the medical loss ratio (MLR).

Reimbursement Rates

Reimbursement rates will be set by the state during the demonstration.

Supplemental Documents

NYS will submit a Protocol for Assessment of Beneficiary Eligibility and Needs, Infrastructure Planning, and Provider Qualifications to CMS within 90 days (by April 8th) with further details on:

- Proposed uses of infrastructure spending, such as a timeline, projected expenditure amounts, types of entities eligible, and so on.
- The proposed range of services, which may not exceed those detailed above, including service descriptions and provider qualification requirements.
- Eligibility and screening, including:
    - The HRSN screening process, including screening tool selection, eligible settings for screening, etc.;
    - The clinical criteria used to determine medical appropriateness for HRSN service provision; and
    - The care plan development process.
- A plan to avoid duplication with existing services and benefits.
- An affirmation that the State will meet enhanced monitoring and evaluation requirements.

Following this, NYS will then submit an HRSN Implementation Plan, no later than 9 months from now (by October 8th) and at least 60 days prior to implementation. This Plan will include, among other items:

- Proposed reimbursement methodologies and rates for HRSN services;
- Timeline and process for implementation;
- A plan to establish and improve data sharing and partnerships between health and social services stakeholders; and
- Information on partnerships, including plans for capacity building with community partners and soliciting input from impacted groups.

HEALTH EQUITY REGIONAL ORGANIZATION

NYS will contract with a single, statewide organization to serve as the Health Equity Regional Organization (HERO). The HERO's mission will be to support regionally-focused approaches to promote health equity and facilitate HRSN delivery. The HERO's functions will include:

- Data aggregation: Aggregating and analyzing regional health care and HRSN data from the demonstration (based on data submitted by MCOs, WIOs, SCNs, and providers).
- Regional needs assessment and planning: Using collected data to create, and annually update, regional needs assessments and a statewide health equity plan.
- Stakeholder engagement: Conducting regional sessions to engage stakeholders.
- VBP recommendations: Developing, over the course of the demonstration, recommendations on how NYS should further pursue advanced VBP arrangements, and specifically how to incorporate HRSN services into VBP models.
- Program analysis: Publishing program data, such as initial health equity reports and baseline data on Medicaid populations.

CMS will make $125 million available for the HERO during the course of the demonstration. The HERO funding may not be used to supplant existing funding or to duplicate or support services or functions of New York's Statewide Health Information Network (SHIN-NY). Additionally, the HERO "must be independent from the state or other government entities."

MEDICAID HOSPITAL GLOBAL BUDGETS

Under the waiver, $2.2 billion will be available to provide financial support to safety net hospitals located in Brooklyn, the Bronx, Queens, and Westchester County as they transition to a hospital global budget payment methodology for Medicaid. Private not-for-profit hospitals may be eligible if they:

- Have a payer mix of at least 45 percent Medicaid and uninsured individuals;
- Have an average operating margin less than or equal to 0 percent over the last four years (2019-2022), excluding Covid-19-related relief funds and state-only subsidies; and
- Received state-only subsidies during State Fiscal Years 2022-23 or 2023-24.

spg SACHS POLICY GROUP
60 East 42nd Street, Suite 1762
New York, NY 10165
Phone: 212 827 0660
Fax: 212 827 0667

NYS will submit a Medicaid Hospital Global Budget Implementation Protocol to CMS by April 1, 2025 outlining a plan and timeline for implementing these budget, which must include planned hospital quality and equity metrics.

Although the State intends to align these Medicaid Global Budgets with AHEAD's corresponding Medicare budgets, the two programs are not contingent on each other. In particular, if New York is not selected to participate in AHEAD, NYS will still be required to create Medicaid hospital global budget plans under this waiver.

Waiver funds under this initiative must be claimed as administrative and will not be factored into managed care expenditures or represent payment for services.

Hospital Participation Requirements

The waiver lays out a series of milestones that participating hospitals must meet, by timeline:

- DY 0 (now through March 2024): Hospitals must submit Letters of Intent (LOIs) indicating their intention to participate.
- DY 1 (April 2024 through March 2025): Hospitals must:
  - Reconfirm their intention to participate, and commit to implementing a Medicaid global budget methodology effective April 1, 2027. The waiver does not prohibit NYS and hospitals from implementing global budgets in advance of this date.
  - Create a "custom roadmap" describing their plans to transition to a global budget, including considerations on where to invest versus build required partnerships, talent change management, technology gaps, and.
  - Submit complete quality data on metrics as specified in the State's protocol (to be released later).
  - Submit a health equity plan to the State.
- DY 2-3: (April 2025 through March 2027): Hospitals must execute key milestones to build capacities needed to operate under global budgets. These include:
  - Data, interoperability, analytics, and reporting;
  - Financial modeling;
  - Care coordination and management;
  - Quality improvement;
  - Compliance and business operations;
  - Network and physician engagement;
  - Patient experience and engagement;
  - Opportunities for service line rationalization, based on community need; and
  - Leadership, governance, and talent change management.

Although NYS and participating hospitals will be subject to incentive metrics and could potentially forfeit these funds due to lack of performance, these criteria are not specified in the waiver STCs.

60 East 42nd Street, Suite 1762
New York, NY 10165
Phone: 212 827 0660
Fax: 212 827 0667

STRENGTHEN THE WORKFORCE

Under the waiver, NYS will implement two workforce programs:

- Student Loan Repayment ($48.3 million): Loan repayment subsidies for certain physician and other practitioners who make a four-year commitment to a high-need Medicaid/uninsured population.
- Career Pathways Training ($645.8 million): Training and education programs for nurses, physician extenders, social workers, community health workers, and other allied health professionals who make a three-year commitment to serve providers who work with a high-need Medicaid/uninsured population.

Student Loan Repayment Program

This program will be open to the following three practitioner types:

- Psychiatrists, particularly child/adolescent specialists (up to $300,000 per provider);
- Primary care physicians and dentists (up to $100,000 per provider); and
- Nurse practitioners and pediatric clinical nurse specialists (up to $50,000 per provider).

Each provider type must make a four-year commitment to maintaining a personal client panel, or working at an organization with a panel, that is composed of at least 30 percent Medicaid and uninsured patients.

NYS will define application criteria and eligibility and conduct a competitive application process to select individuals to receive this funding.

Career Pathways Training

This program will be open to the following practitioner types:

- Nursing professions, including licensed practical nurses (LPNs), associate registered nurses (RNs), and nurse practitioners (NPs). This may include Registered Nurse to Bachelor of Science in Nursing (RN to BSN) programs.
- Professional technical titles, including:
  - Physician assistants (PAs);
  - Medical assistants;
  - Respiratory therapists;
  - Licensed mental health counselors (LMHCs);
  - Licensed master social workers (LMSWs);
  - Credentialed Alcoholism and Substance Abuse Counselors (CASACs); and
  - Certified pharmacy technicians.
- Frontline public health workers, including community health workers (CHWs) and patient care managers/coordinators.

SACHS POLICY GROUP
60 East 42nd Street, Suite 1762
New York, NY 10165
Phone: 212 827 0660
Fax: 212 827 0667

The program will be organized into two streams, to serve individuals already in health care (the Healthcare Career Advancement stream) and those who are not yet in health care (the New Careers in Health Care stream). In either stream, individuals must make a three-year commitment to work for providers whose patient panel is composed of at least 30 percent Medicaid and uninsured patients.

NYS will contract with Workforce Investment Organizations (WIOs) in up to three regions to implement and oversee this program. The WIOs will establish partnerships with training institutions, health systems, and other providers in order to connect program participants with opportunities.

Funds may be used for the following purposes:

- WIO functions including participant recruitment, outreach, and academic support;
- Program tuition and course fees;
- Textbooks and supplies as required;
- Eligible administrative expenses; and
- Backfill payments to the employers of participants who are in the Healthcare Career Advancement stream. Backfill payments are limited to a maximum of:
    - $600 per week for RN to BSN programs;
    - $518 per week for NPs, PAs, LMSWs, and LMHCs; and
    - $350 per week for all other eligible professions.

NYS COMMITMENTS AND OTHER PROVISIONS

CMS is requiring NYS to make several commitments as part of the waiver approval, including contributing an additional $351 million of "new" matching funds and providing at least $199 million to increase Medicaid provider reimbursement rates during the demonstration period. Specifically, NYS will commit to applying an increase of at least 2% in the ratio of Medicaid to Medicare payment rates to primary care, behavioral health care, or obstetric care services, if the average Medicaid-to-Medicare ratio is below 80 percent in either Medicaid FFS or managed care for these specialties. As part of the 2023-24 Enacted Budget, NYS already authorized benchmarking Medicaid FFS rates to this level effective October 1, 2023. However, the $199 million investment in rate increases will be required regardless and must be sustained once implemented.

CMS is also concurrently approving NYS's SUD initiative, under which it may receive Medicaid matching funds for certain services delivered in an IMD setting to Medicaid beneficiaries with SUD. Per NYS's request, CMS has not yet approved the corresponding serious mental illness (SMI) component that would allow certain services for people with SMI in IMD settings, to continue discussions around serving people who are in an IMD for more than 60 days.

Finally, CMS noted that NYS's proposal to direct plans to make Patient Centered Medical Home (PCMH) payments in alignment with the Making Care Primary (MCP) model does not require 1115 authority and so was not included in this amendment. NYS will pursue a state-directed preprint to implement this initiative.