The Role of Section 1915(b) Waivers in Medicaid Managed Care

Medicaid and CHIP Payment and Access Commission

Benjamin Finder
Overview

- Medicaid managed care authorities
  - Section 1915(b) waivers
  - Alternatives: Section 1115 waivers and state plan authority
- Requirements for managed care
- Comparison of authorities
- Key policy considerations
1915(b) Freedom-of-Choice Waivers

• Generally used to restrict enrollees’ freedom of choice (Section 1902(a)(23))
  – to mandate enrollment in a restricted network
  – enroll traditionally exempt individuals in managed care
  – limit choice to a single managed care plan

• Can be implemented in conjunction with 1915(c) waivers
1915(b) Application and Operation

• States complete a preprinted application
  – States must demonstrate that the proposed waiver will not increase federal spending (“cost effectiveness test”)
• Once an application is submitted, the Secretary has 90 days to make an approval decision (“90 day clock”)
• Generally in effect for two years; five years if dually eligible individuals are included
• Oversight and monitoring responsibilities and requirements have historically been outlined in the approval document

March 3, 2017
Alternative Medicaid Managed Care Authorities

• Section 1115 waivers
  – Section 1115 was the only authority under which states could implement managed care until Section 1915(b) (OBRA81)
  – Broad authority to waive Medicaid statute
  – Vary in scope

• Section 1932 state plan amendment (SPA)
  – The Balanced Budget Act of 1997 created a state plan option for managed care
  – States are permitted to enroll certain beneficiaries in managed care

March 3, 2017
Requirements for Managed Care

The Medicaid Managed Care Rule (2016)

- Managed care standards and requirements apply regardless of the authority under which the program is operated
- Regulation provides CMS and states an enforcement mechanism
- Key changes address access to care, beneficiary protections, quality of care standards, rate setting, and contract approval requirements
### Comparing Medicaid Managed Care Authorities

<table>
<thead>
<tr>
<th></th>
<th>1915(b)</th>
<th>1115</th>
<th>State plan</th>
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</thead>
<tbody>
<tr>
<td><strong>Beneficiaries enrolled</strong></td>
<td>Any beneficiary</td>
<td>Varies, depending on waiver</td>
<td>Certain populations are exempt from mandatory enrollment</td>
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<td><strong>Managed care standards and requirements</strong></td>
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<td><strong>Approval period and renewals</strong></td>
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<td>Indefinite approval, renewal not required</td>
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Key Policy Considerations

• Could authority available under Section 1915(b) be permitted under Section 1915(c) or state plan authority?
• Could states be allowed to enroll traditionally exempt populations in managed care under state plan authority?
• Could changes be made to 1915(b) authority to reduce administrative burden and simplify authority for states?
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