



Streamlining Medicaid Managed Care Authority



Medicaid and CHIP Payment and Access Commission

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Overview

- Managed care rule
- Medicaid managed care authorities
 - Section 1115 waiver
 - Section 1915(b) waiver
 - Section 1932 state plan authority
- Potential policy options to streamline managed care authority

Requirements for Managed Care

- The 2016 Medicaid managed care rule changed the regulatory framework under which states operate managed care programs
- 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

Section 1115 Waiver

- Many states implement managed care under Section 1115 authority to finance other program changes (e.g., uncompensated care pools, eligibility expansions, delivery system reform initiatives)
 - Savings generated under budget neutrality can be carried forward in future renewal applications
- 22 states implement Medicaid managed care programs under Section 1115 authority

Section 1915(b) Waiver

- Secretary-approved Section 1915(b) waivers allow states to waive certain Section 1902 state plan requirements
 - Statewideness, comparability, freedom of choice, selective contracting
 - Mandate managed care enrollment for all beneficiaries
- Primarily used to implement three types of waivers:
 - Comprehensive managed care (13 waivers)
 - Specialized program (such as non-emergent medical transportation, behavioral health carve-out) (30 waivers)
 - Home and community-based services waiver, in conjunction with Section 1915(c) waiver (22 waivers)

Section 1932 State Plan Authority

- The Balanced Budget Act of 1997 created a state plan option for managed care
- States can mandate managed care enrollment for all beneficiaries, except:
 - Individuals dually eligible for Medicaid and Medicare
 - American Indians/Alaska Natives
 - Children with special health care needs (including foster care children)
- In 2014, 15 states operated managed care programs under Section 1932 authority

Comparing Medicaid Managed Care Authorities

	Section 1115	Section 1915(b)	State plan
Application process	CMS template; no required timeframe for approval	Use of CMS preprinted form recommended; 90-day clock	Use of CMS preprinted form recommended; 90-day clock
Approval period and renewals	Up to five years	Two years (up to five if dually eligible individuals are included)	Indefinite approval, renewal not required
Financial requirements	Budget neutrality required	Cost effectiveness	Fiscal impact statement
Transparency requirements	30 day public notice and comment period; tribal consultation	No additional requirements; tribal consultation	No additional requirements; tribal consultation
Eligible populations	Any beneficiary	Any beneficiary	Certain populations are exempt
Monitoring and reporting	Quarterly and annual reports	Quarterly and annual reports	No additional required
Managed care requirements	Managed care standards and requirements, including oversight, are similar under managed care regulation		

Policy Options to Streamline Managed Care Authorities

Policy Option 1

- Allow states to mandate managed care enrollment for all beneficiaries under state plan authority
 - States and federal government have gained experience providing Medicaid coverage through managed care to all populations
 - Requirements put in place by managed care rule ensure beneficiary protections
 - Coverage available under comprehensive Section 1915(b) waivers is generally the same as coverage available under the state plan

Policy Option 2

- Extend approval periods for Section 1915(b) waivers
 - Align Section 1915(b) waiver approval-period with other authorities (Section 1115)
 - Section 1915(b) waivers that include individuals dually eligible for Medicaid and Medicare can be approved for five years

Policy Option 3

- For circumstances in which states now use combined 1915(b)/1915(c) waivers, freedom of choice and selectively contract should be moved to 1915(c) waiver authority
 - Reduce administrative burden associated with two waiver applications and separate monitoring and reporting requirements for states and federal government
 - Application process and federal budget requirements are more predictable relative to Section 1115 waivers



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