



# Panel Discussion on Section 1115 Waiver Evaluations



**Medicaid and CHIP Payment and Access Commission**

Kacey Buderl

# Panelists

- Susan Barnidge, Assistant Director, Health Care Division, U.S. Government Accountability Office (GAO)
- Judith Cash, Director, State Demonstrations Group, Center for Medicare & Medicaid Services (CMS)

# Evaluations of Medicaid Section 1115 Demonstrations

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Presentation for MACPAC  
April 20, 2018

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U.S. Government Accountability Office

# Overview

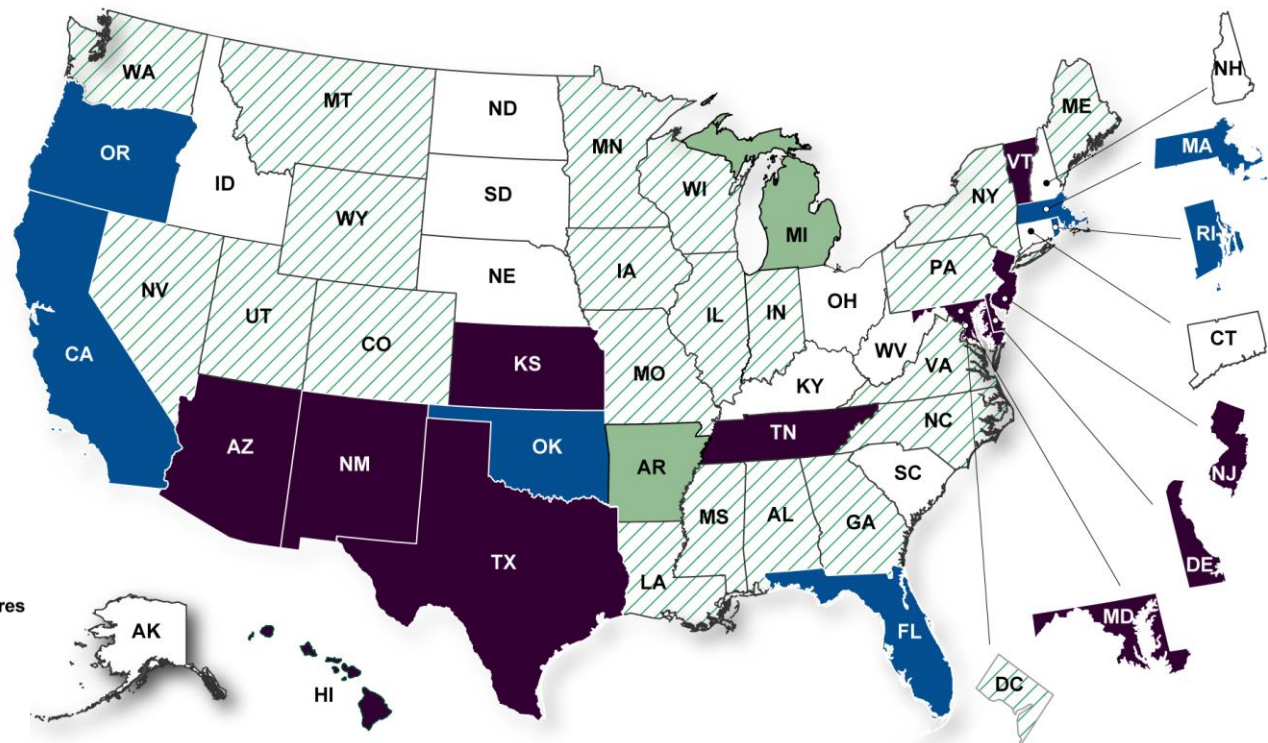
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- Background
- GAO findings on state-led evaluations
- GAO findings on CMS-led federal evaluations
- Recommendations
- Related GAO work

# Background - Medicaid 1115 Demonstrations

- Accounted for about 1/3 of federal Medicaid program spending in FY 2015—over \$100 billion.
- Nearly 3/4 of states operated at least part of their Medicaid programs under 1115s, in Nov. 2016.

Federal Expenditures Under Section 1115 Demonstrations as a Percentage of Total Federal Medicaid Expenditures, by State, FY 2015



Demonstration expenditures as a percentage of total Medicaid expenditures

- No demonstration expenditures reported (11 states)
- < 25 percent (22 states)
- ≥ 25 percent to < 50 percent (2 states)
- ≥ 50 percent to < 75 percent (6 states)
- ≥ 75 percent (10 states)

## Background - Evaluations

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- Evaluations are essential to understanding the effects of demonstrations, including on beneficiaries, for informing policy decisions.
  - State-led evaluations: CMS has long required states to conduct evaluations.
    - States must submit evaluation designs after demonstration approval, interim evaluation report at renewal, and final evaluation report.
  - Federal evaluations: CMS can initiate federal evaluations and has three underway, initiated between 2014 and 2016.

## State-led Evaluations

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- GAO examined state evaluations of demonstrations in 8 states—AZ, AR, CA, IN, KS, MD, MA, and NY—with high demonstration expenditures.
- GAO found that the evaluations reviewed often had methodological limitations.
  - For example, a CMS contractor hired to review state evaluation designs raised concerns about comparison groups or lack thereof, and insufficient survey sample sizes and response rates.
- GAO also found that the evaluations reviewed often had gaps in results, including in areas CMS considered high priority policy areas.

## State-led Evaluations (cont'd)

### Examples of Gaps in States' Evaluations

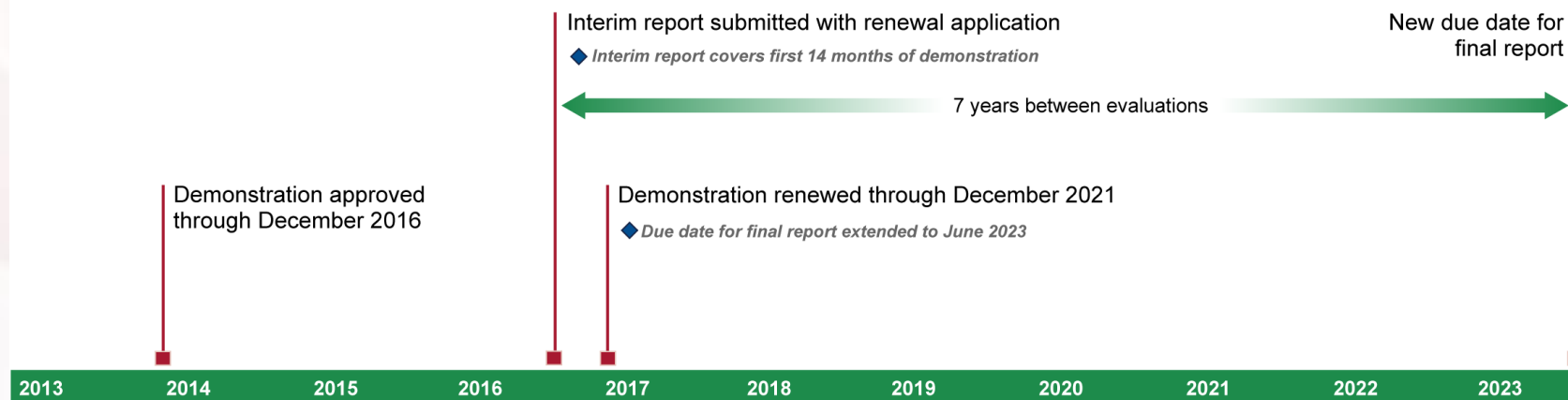
State	Gap
AZ	State's evaluation on the effects of <b>providing long-term services and supports under managed care (MLTSS)</b> lacked information on important measures of access and quality.
AR	State's evaluation on the effects of <b>using Medicaid funds to purchase private insurance for beneficiaries</b> did not address a key hypothesis that using private insurance would improve continuity of coverage.
MA	State's evaluation on the effectiveness of <b>providing incentive payments to hospitals (up to \$690 million) to improve quality of care and reduce per capita costs</b> provided no data or conclusions on the impact of the payments.



# State-led Evaluations (cont'd)

- Key contributor to gaps: CMS tied final evaluation due dates to *expiration* of demonstrations. Thus, final evaluations were pushed out when demonstrations were renewed, in some selected states up to 6-7 years.
- For states reviewed, CMS had received only interim evaluations that were generally based on more limited data from early years of demonstration.

**Example of Gap in Evaluation Reporting for Maryland, as of November 2017**  
**Maryland**



## CMS's Steps to Improve State-led Evaluations

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- Began setting more explicit requirements in 2014. For example:
  - Requiring independent evaluators.
  - Including explicit expectations for rigor.
- Began requiring final evaluation reports at the end of each demonstration cycle in 2017, though this was not included in written procedures.
- Indicated that agency may allow less rigorous evaluations for certain demonstrations--such as those that are “long-standing” or “noncomplex”—though CMS had not established criteria.

# Federal Evaluations

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- GAO examined progress and results as of October 2017 for CMS's three ongoing federal evaluations: (1) large, multi-state evaluation examining four demonstration types, (2) Indiana evaluation, and (3) Montana evaluation.
- Overall, GAO found that data challenges limited the scope and progress of the multi-state and Indiana evaluations.
- Multi-state evaluation - numerous data challenges encountered, including limitations in quality of CMS data and delays obtaining data from states.
  - In most extreme case, data issues reduced scope of evaluation of MLTSS to two states; findings will not be generalizable to all MLTSS programs.

## Federal Evaluations (cont'd)

### Data Challenges in Four Demonstration Types Examined in Multi-State Evaluation

**Delivery system reform incentive payments (DSRIP)** – Sufficient data available in only 3 of 10 states for interim evaluation. Large DSRIP programs in New York (\$12.8 billion spending limit ) and Massachusetts (\$691 million spending limit) will not be examined.

**Premium assistance to purchase exchange coverage** – Delays obtaining state data and limited experience with premium assistance in some states. Interim evaluation includes limited information on Arkansas, the state with the most experience with premium assistance and relies mostly on data for Iowa, which discontinued its program.

**Beneficiary engagement policies** – CMS did not obtain data from Indiana, which implemented strongest beneficiary incentives, so effects of 6-month lockout from Medicaid and other policies will not be included in interim evaluation. Questions on effect of incentives on access and utilization and administrative costs deferred until final evaluation.

**Managed long-term services and supports** – Limitations in data reduced potential study states from 20 to 2 – New York and Tennessee. Findings will not be generalizable.

## Federal Evaluations (cont'd)

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- Indiana evaluation - obtaining needed data from the state was a significant hurdle.
  - Indiana raised concerns about controls CMS had in place for ensuring its contractor would protect beneficiary information. Evaluation initiated in 2015, but data use agreement never executed, effectively halting evaluation.
  - In October 2017, CMS said they were continuing to work with Indiana and anticipated data use agreement would be executed but had no timeframes for when agreement would be reached.

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## Uncertain When Federal Evaluations Will Be Available

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- As of October 2017, CMS's contractor had produced 15 rapid cycle reports for the multi-state evaluation but none had been released.
- As of September 2017, the contractor had produced draft interim reports, but CMS was not planning to make these results public. Final versions are due by September 2018 but there are no specified timeframes for release.
- Timing of final evaluation reports is unclear.
- CMS lacks standard policy for timeframes for releasing results of federal evaluations.

## GAO's Recommendations

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- CMS should
  - establish written procedures for requiring final evaluation reports after the end of each demonstration cycle;
  - issue written criteria for when CMS will allow limited evaluation of demonstrations; and
  - establish a policy for publicly releasing findings from federal evaluations of demonstrations, including standards for timely release.
- CMS concurred with all three recommendations.

See: *Medicaid Demonstrations: Evaluations Yielded Limited Results, Underscoring Need for Changes to Federal Policies and Procedures*, [GAO-18-220](#). Washington, D.C.: January 19, 2018.

## Related GAO Work

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### Spending oversight

*Medicaid Demonstrations: Federal Action Needed to Improve Oversight of Spending.* [GAO-17-312](#). Washington, D.C.: April 3, 2017.

### Expenditure authorities

*Medicaid Demonstrations: Approval Criteria and Documentation Need to Show How Spending Furthers Medicaid Objectives.* [GAO-15-239](#). Washington, D.C.: April 13, 2015.

### Budget neutrality

- *Medicaid Demonstrations: HHS's Approval Process for Arkansas's Medicaid Expansion Waiver Raises Cost Concerns.* [GAO-14-689R](#). Washington, D.C.: August 8, 2014.
- *Medicaid Demonstration Waivers: Approval Process Raises Cost Concerns and Lacks Transparency.* [GAO-13-384](#). Washington, D.C.: June 25, 2013.
- *Medicaid Demonstration Waivers: Recent HHS Approvals Continue to Raise Cost and Oversight Concerns.* [GAO-08-87](#). Washington, D.C.: January 31, 2008.
- *Medicaid and SCHIP: Recent HHS Approvals of Demonstration Waiver Projects Raise Concerns.* [GAO-02-817](#). Washington, D.C.: July 12, 2002.

### Public input

- *Medicaid Demonstration Waivers: Lack of Opportunity for Public Input during Federal Approval Process Still a Concern.* [GAO-07-694R](#). Washington, D.C.: July 24, 2007.





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# Section 1115 Demonstration Monitoring and Evaluation



*Judith Cash*  
*Director*

*Center for Medicaid and  
CHIP Services (CMCS)  
State Demonstrations Group (SDG)*

*Presentation to  
Medicaid and CHIP Payment and  
Access Commission  
April 20, 2018*

# Today's Presentation

**Message: Progress made and work to be done...**

- **Ongoing work in Section 1115 Demonstration Monitoring and Evaluation**
- **GAO Findings and CMS Response**

# 1115 Evaluation Improvements Already in Process

- Need for additional evaluation/monitoring resources drove 2014 reorganization: new *Division of Monitoring and Evaluation* in the *State Demonstrations Group*
- Improvements in the monitoring and the evaluation of section 1115 demonstrations over several years
  - Improved technical assistance to states
  - Strengthening state evaluation designs
  - Conducting federal evaluations

# 1115 Evaluation Improvements Already in Process

- Awarding contracts for federal evaluations
  - Using cross state data
  - Provide a national perspective on specific policy areas (EG: DSRIP, MLTSS, AME)
- Focusing states on national quality metrics
- Driving uniformity across states in performance measurement.
- Dedicated IT system to improve internal controls on monitoring and evaluation and to produce reports
- Investment in improving and leveraging TMSIS data for demonstration monitoring.

# Improvements and GAO Report

GAO recommendations aligned with areas of work already underway

- Validated the work already underway
- Support for the continuation of improvements

# GAO Identified Areas for Improvement

- State led evaluations had poor designs and did not meet academic standards of rigor
- States historically were only required to submit final evaluations when a demonstration expired
  - Interim evaluations are required when a state requests a renewal

# GAO Findings

## (continued)

- Significant data challenges and limitations experienced by the federal evaluation contractors
- CMS should be releasing federal evaluation reports
- CMS is taking positive steps to improve evaluations





# GAO Recommendation 1 and CMS Response

CMS should establish written procedures for implementing the agency's policy that requires all states to submit a final evaluation report after the end of each demonstration cycle, regardless of renewal status.

- *CMS has implemented this recommendation by including the standard evaluation terms and conditions requiring a summative evaluation in every renewal or new demonstration approval*

# GAO Recommendation 2

CMS should issue written criteria for when CMS will allow limited evaluation of a demonstration or a portion of a demonstration, including defining conditions, such as what it means for a demonstration to be longstanding or noncomplex, as applicable.

# GAO Recommendation 2: CMS Response

*CMS is developing a framework and associated assessment tools to determine when a demonstration would be considered for a limited evaluation. CMS is considering factors, such as demonstrations that:*

- Are long-standing, non-complex, and unchanged*
- Have previously been rigorously evaluated and determined successful, without issues or concerns;*
- Include a small number of enrollees (approximately 500 or less); and*
- Have been operating smoothly without administrative changes.*

# GAO Recommendation 3 and CMS Response

CMS should establish and implement a policy for publicly releasing findings from federal evaluations of demonstrations, including findings from rapid cycle, interim, and final reports; and this policy should include standards for timely release.

- *CMS has developed a process for clearing federal evaluation reports and issue briefs associated with the federal evaluations and is piloting this process to release the reports mentioned in the GAO report.*

# Other Evaluation Improvements

- Guidance for states on evaluation designs and reports provided in STCs and on Medicaid.gov
  - Additional guidance will be developed and posted to Medicaid.gov over the next year to further support states in evaluation design
- Technical assistance provided
  - Division of Demonstration Monitoring and Evaluation provides significant technical assistance to states, as well as using contract resources to assist states in improving the rigor of evaluation designs

# Other Evaluation Improvements

## Understand and using evaluation results

- Developing a dissemination / learning diffusion plan
- Sharing results across CMS and HHS partners
- Applying knowledge across new demonstrations or broader Medicaid policy

# M/E Example:

## Substance Use Disorder Demonstrations

- Standardized implementation plan
- Monitoring protocol
- Mid-Point Assessment to assess process against the implementation plan
- Standard metrics and measures
- Specific evaluation guidance to assist states in developing rigorous evaluation designs
  - Incl. cost analyses and overall impact on the substance use disorder / opioid crisis in the state
- Considering possibility of performing a cross-state meta-analysis of data collected from states at the federal level to inform future policy making

# M/E Example: Community Engagement

- Standardized metrics and measures
- Evaluation questions
- Evaluation guidance specific to Community Engagement policies
  - Incl. cost analyses and impacts to beneficiaries
- Additional evaluation and monitoring technical assistance
- Considering possibility of performing a cross-state meta-analysis of data collected from states at the federal level to inform future policy making



# Questions?



# Contact

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