MACPAC

Draft Chapter: Improving the Quality and Timeliness of Section 1115 Demonstration Evaluations

Medicaid and CHIP Payment and Access Commission

Kacey Buderi

Overview

- Introduction
- Use of Section 1115 demonstration waivers in Medicaid
- Evaluation and monitoring requirements
- Concerns with evaluation quality
- Efforts to improve evaluations
- Issues in conducting evaluations

Introduction

- Section 1115 of the Social Security Act allows the Secretary of Health and Human Services to waive federal Medicaid requirements to the extent necessary to carry out a demonstration furthering the goals of the Medicaid program
- Demonstration waivers approved under this authority are subject to evaluation
- States and the Centers for Medicare & Medicaid Services (CMS) have historically placed limited emphasis on demonstration and evaluation aspects of Section 1115

Introduction (continued)

- New evaluation guidance released by CMS in 2019
  - well-received by states and evaluators
  - challenges remain for conducting evaluations and using them to make policy decisions
  - will take time to yield meaningful improvements
- Chapter draws on perspectives shared at MACPAC's November 2019 expert roundtable
- MACPAC has not identified a need for further legislative or regulatory steps on this issue at this time, but will continue to monitor the effects of new evaluation policies

Background

Use of Section 1115 Authority

- As of January 2020, there were 65 approved Section 1115 demonstration waivers underway in 47 states
  - most approved initially for five years and extended by three or five years
  - differ in scope and the policies they implement
- Some policies included in Section 1115 demonstrations can be implemented through other authorities
- Broad Secretarial discretion to approve or deny demonstration requests

Evaluation and Monitoring

- Requirements for monitoring and evaluation are specified in regulation, waiver special terms and conditions, and subregulatory guidance
  - monitoring activities provide timely and ongoing updates on implementation status and basic data on key measures
  - evaluations are intended to assess whether demonstrations achieve their objectives and to inform decision making
- Focus of this chapter is on evaluation

Evaluation Requirements

- Evaluation design plans specify hypotheses and research questions, methodology, and process information
  - due to CMS 120 or 180 days after demonstration approval
- Interim and summative evaluation reports include results, conclusions, and discussion
  - interim evaluations due with demonstration renewal application or one year before expiration
  - summative reports due within 18 months of the end of the demonstration period
- CMS must approve deliverables before they are final

Concerns with Evaluation Quality

- Multiple GAO studies between 2007 and 2019 found issues with Section 1115 evaluations related to:
  - inconsistent application of evaluation requirements
  - methodological shortcomings
  - gaps in results and selective reporting of outcomes
  - lack of opportunity for public comment

Efforts to Improve Evaluation Quality

- CMS published high-level principles for evaluation in 1994; technical assistance guide for states in 2007
- The Patient Protection and Affordable Care Act (ACA, P.L. 111-148, as amended) required the Secretary to establish a formal process for evaluations
  - regulations finalized in 2012
- CMS has enhanced individualized technical assistance; issued new guidance in 2019
  - white papers discussing common evaluation challenges
  - general evaluation design guidance
  - policy-specific guidance

Issues in Conducting Evaluations and Using Findings

Evaluation Planning and Funding

- State role in directing scope and funding for evaluations
  - value proposition for investing time and resources in evaluation differs by state
  - reduces independence of evaluations
- Evaluation budgeting
  - budgets often based on legislators' willingness to provide funds, not the cost of necessary evaluation components
- Early evaluation considerations
  - evaluations benefit from early planning but states face financial, procurement, capacity barriers to doing so

Methodological Challenges

- Comparison groups
  - several approaches (e.g., random assignment, other-state comparison)
  - each has benefits and drawbacks
- Data availability
  - beneficiary surveys may be necessary if administrative data is inadequate
- Estimating effects of specific policies in multifaceted demonstrations

Timing

- Timing of evaluation design relative to demonstration implementation
  - views differ as to whether a state should have an approved evaluation design plan in place prior to implementation
- Timing of interim evaluation reports
  - data collection periods may be insufficient to assess policies and inform renewal decisions
  - interim reports that focus on implementation may be more informative than those that attempt to assess hypotheses with limited data
- Timing of summative reports
  - findings are not available until after renewal decision has been made; may inform future renewals, amendments or new approvals in other states

Standards for Evaluation Quality

- Few established standards for the specific elements of an evaluation, methodological rigor, or overall quality
  - e.g., standards for when a beneficiary survey is required
- Standards and requirements could vary by demonstration type and scope
  - e.g., more rigorous evaluation features for demonstrations that pose high risk to beneficiaries
  - would be difficult to establish criteria

Evidence Needed to Inform Policy

- Several long-standing demonstration policies have been repeatedly extended with minimal evaluation evidence
  - e.g., waivers of retroactive eligibility, non-emergency medical transportation
- In other cases, evidence is available but there is no established standard of evidence needed to make decisions
  - e.g., premiums and cost sharing
- Even strong evaluations have limitations; findings from one state are likely not definitive

Public Comment and Transparency

- Consideration of public input
  - few opportunities for the public to comment on evaluation designs or evaluation findings
  - public comments can inform demonstration hypotheses and research questions; not always clear if they are used for this purpose
- Dissemination of findings
  - wider dissemination may help improve transparency and quality of public comments

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