

SB 134-FN - AS AMENDED BY THE SENATE

03/06/2025 0401s

2025 SESSION

25-1122

05/09

SENATE BILL ***134-FN***

AN ACT relative to work requirements under the state Medicaid program.

SPONSORS: Sen. Pearl, Dist 17; Sen. Lang, Dist 2; Sen. Murphy, Dist 16; Sen. Innis, Dist 7; Sen. McGough, Dist 11; Sen. Gannon, Dist 23; Rep. Osborne, Rock. 2; Rep. Moffett, Merr. 4; Rep. Edwards, Rock. 31

COMMITTEE: Health and Human Services

ANALYSIS

This bill directs the department of health and human services to resubmit the 1115 demonstration waiver to CMS regarding community engagement and work requirements under the state Medicaid program. The bill also directs the department to provide an annual report to the legislature regarding the status of implementation.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT relative to work requirements under the state Medicaid program.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Hampshire Granite Advantage Health Care Program 1115 Demonstration; Renewed
2 Application to CMS.

3 I. On or before January 1, 2026, the department of health and human services shall
4 resubmit to the Center for Medicare and Medicaid Services (CMS) a Section 1115 demonstration
5 waiver to the state Medicaid plan relative to enforcing community engagement and work
6 requirements as a condition of Granite Advantage eligibility. Prior to submitting the Section 1115
7 waiver to CMS, the department shall submit the proposed waiver to the fiscal committee of the
8 general court for approval.

9 II. Beginning November 1, 2025 and annually thereafter, the department shall provide a
10 report regarding the status of the waiver application and implementation of the community
11 engagement requirements in RSA 126-AA:2, III, to the senate president, the speaker of the house of
12 representatives, the senate clerk, the house clerk, and the governor

13 2 Effective Date. This act shall take effect upon its passage.

SB 134-FN- FISCAL NOTE
AS AMENDED BY THE SENATE (AMENDMENT #2025-0401s)

AN ACT relative to work requirements under the state Medicaid program.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	Indeterminable (See below)	Indeterminable (See below)	Indeterminable (See below)
<i>Funding Source(s)</i>	General and Other Funds			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

METHODOLOGY:

This bill directs the Department of Health and Human Services to resubmit the 1115 demonstration waiver to the federal Centers for Medicare and Medicaid Services (CMS) regarding community engagement and work requirements under the state Medicaid program. The bill also directs the Department to provide an annual report to the legislature regarding the status of implementation.

The Department indicates that community engagement and work requirements are not currently a condition of Granite Advantage eligibility. In 2021, CMS withdrew approval of the 1115 waiver establishing the community engagement requirement and implementing the community engagement requirements would be contingent on CMS approval. The Department states that due to the change in administration at the federal level and a new Congress working on budget reconciliation in which work requirements are part of the conversation, there is a level of uncertainty relative to what Congress or CMS may require through regulations and guidance for implementing work requirements. The number of individuals under the NH Granite Advantage Health Care Program who would be subject to the community engagement work requirement would depend on the number of individuals qualifying for exemptions and what portion of the estimated 65% of working individuals would meet the requirements. The Department provided the following fiscal information regarding implementation of SB 134 as amended:

Estimated Costs (Total Funds)	FY 2026	FY 2027	FY 2028
Systems Upgrades, Modifications and Maintenance	\$1,700,000	\$340,000	\$340,000
Personnel Costs	1,798,000	\$1,903,000	\$1,952,000
Call Center Costs	4,800,000	\$4,800,000	\$4,800,000
Memorandum of Understanding with New Hampshire Employment Security	\$357,800	\$357,800	\$357,800
1115 Waiver Evaluation	\$100,000	\$300,000	\$300,000
Community Outreach Efforts	\$100,000	\$0	\$0
Total Funds:	\$8,855,800	\$7,700,800	\$7,749,800
Federal Funds*:	\$4,858,302	\$3,940,268	\$3,965,340
State/Other Funds:	\$3,997,498	\$3,760,532	\$3,784,460

*Assumes current federal match rates will remain in effect.

- System Upgrades, Modifications and Maintenance. The Department does not believe it will be able to utilize the previous Eligibility (New HEIGHTS) and Medicaid Management Information System (MMIS) configurations that were designed to address the work requirement when originally introduced. This will result in additional expenditures that cannot be estimated until the Department has obtained approval from CMS or other federal law and guidance is promulgated. However, the Department anticipates the cost to modify systems would be approximately \$1,700,000 in total funds in FY 2026 with an additional \$340,000 per year beginning in FY 2027 for ongoing maintenance and operations (75% federal funds; 25% state or other funds).
- Personnel Costs. To monitor and enforce the provisions of community engagement work requirements, the Department states 21 new positions will be required:
 - o 15 Family Service Specialist II (FSS) positions would be needed and would specialize in this aspect of the Medicaid program. Responsibilities would include determining exemptions, monitoring beneficiary activities, enforcing community engagement requirements, and auditing for compliance. The Department would need to maintain a level of effort of managing 3,692 cases per month.
 - o Supervisor V and Supervisor III. Two additional supervisory positions would supervise and direct the work of the FSS positions above and oversee the day-to-day operations of the program area responsible for managing community engagement work requirements.
 - o Administrator IV. The Department anticipates it would need an administrator to administer the community engagement work requirement program, collaborate the FSS workers, and engage with external stakeholders.
 - o Training Coordinator. Specializing in community engagement work requirements, this position the would be needed to train FSS workers on the program and work

with Administrator IV to provide external stakeholders with assistance and communication about community engagement requirements.

- o Part-time Hearings Examiner and part-time Program Specialist II. With the potential for a number of individuals losing Medicaid coverage through the Granite Advantage program, the Department anticipates it may see a significant number of additional fair hearing requests. The part-time Hearings Examiner would assist with increased fair hearing demand and the part-time Program Specialist II would assist the Administrative Appeals Unit with processing cases.
- Call Center Costs. The Department would need to contract with an outside vendor to assist Granite Advantage recipients with completing and filing forms to comply with community engagement requirements. The Department estimates that it would pay approximately \$4.8 million in total funds annually for the vendor to implement the work requirements. (50% federal; 50% state or other funds)
- Memorandum of Understanding with the NH Department of Employment Security. During the previous community engagement work requirements implementation in 2019, the Department partnered with Employment Security to assist Granite Advantage enrollees with obtaining employment. The previous agreement allowed for up to \$357,800 (50% federal; 50% state or other funds) in reimbursement to Employment Security for costs incurred. The Department expects it would implement a similar agreement for this purpose.
- 1115 Waiver Evaluation. The Department states that all 1115 demonstration waivers will require an independent evaluation over a five-year period; as reported by a GAO study it was estimated that this cost would amount to approximately \$1.5 million or \$300,000 per year. (50% federal funds; 50% state or other funds).
- Community Outreach Efforts. Community engagement work requirements will be a significant change to the conditions of receiving coverage through Granite Advantage. The Department anticipates that it will need to spend approximately \$100,000 (50% federal; 50% state or other funds) to inform individuals of this requirement. Costs will primarily consist of advertising and mailers to affected individuals.

Potential Cost Offsets. The Department expects the community engagement work requirement will result in currently eligible individuals losing coverage through the Granite Advantage program for some period of time. In 2019, before CMS withdrew approval of the 1115 waiver establishing the community engagement requirement, it was estimated that up to 16,000 individuals were at risk of not meeting the requirement. The potential reduction in expenditures due to lower enrollment and

capitation payments cannot be estimated with precision. This will depend on the number of individuals who do not comply with the work requirements and if there will be a curing period included in the federal criteria. The Department offers the following additional information:

- Approximately 65% of Medicaid beneficiaries in New Hampshire are working, compared to a national rate of 60%. The Department is not certain how many individuals who are working would meet the 100 hour community engagement requirements. Also it is not known how many individuals who are not working would qualify for an exemption.
- The Department anticipates, based on current enrollment, approximately 44,310 individuals would be subject to community engagement requirements while 14,903 would be exempt under the existing statute.
- The Department estimates that approximately 20,000 existing Granite Advantage members considered non-medically frail would be at risk for losing coverage under the existing RSA 126-AA:2, III. New Hampshire currently pays a per member per month capitation rate of \$712.67 for members in the non-medically frail group. If all 20,000 were to lose coverage, total expenditures would be reduced by approximately \$171,040,800 per year. The federal matching percentage for the Granite Advantage program is 90% federal funds and 10% state and other funds. One quarter of the state and other funds (\$4.3 million) would be state general funds. Under this scenario, considering the estimated costs above, the Department calculated a net cost savings of \$352,671 in state or other funds in FY 2026 and \$743,158 in state or other funds in FY 2027.
- The Department states that any potential savings noted above would be reduced if individuals newly ineligible for the Granite Advantage program transition to another Medicaid eligibility group such as the Aid to the Permanently and Totally Disabled (APTD). The Federal match for APTD is approximately 50% federal funds and 50% state general funds and the Department would expend more general funds for Medicaid coverage to the individuals previously covered through Granite Advantage. The Department estimates 6,500 individuals who may be at risk of losing coverage, would be eligible for other Medicaid coverage through a different eligibility group. The current per member per month capitation rate for these eligibility groups averages \$549.08. The total annual cost to cover these individuals could be as high as \$42.8 million 50% of which would be paid for by general funds (\$21.4 million).

The Department has noted it may face challenges implementing this bill due to the following:

- The requirement to resubmit the Section 1115 demonstration waiver to CMS by January 1, 2026 may not be feasible based upon the availability of federal criteria, guidance and possible legislation. In addition, the Department is required by federal law to hold two public hearings and a 30-day public comment period prior to submission to CMS for approval. The Department is not able to start process until the federal criteria are known; and this legislation becomes effective.
- The bill does not include authority to establish new positions or an appropriation to the Department of Health and Human Services. The Department indicates it would require the additional positions and funding to administer the provisions of this bill.

AGENCIES CONTACTED:

Department of Health and Human Services