HHS Oversight Committee: New Block Grant Opportunity January 2020--Healthy Adult Opportunity

The Centers for Medicare and Medicaid Services issued 56 pages of guidance regarding the Healthy Adult Opportunity (HOA); **the new optional 1115 demonstration opportunity** for a capped funding allotment **for expansion population adults**. It addresses:

- Beneficiary protections under the demonstration, including notice processes, tribal consultation requirements, requirements for coverage meeting at minimum the Essential Health Benefits standards, access to behavioral health and HIV medications, and limiting aggregate premiums and cost sharing requirements at five percent of family income;

- New flexibilities under the demonstration, including cost-sharing adjustments, benefits packages aligned with commercial coverage designs, a closed formulary option modeled on Medicare Part D, state ability to make program adjustments without additional federal approvals, applying community engagement requirements, and waiving retroactive eligibility periods and hospital presumptive eligibility;

- Financing options that limit overall federal contributions on either a total expenditures model or a per enrollee model, with detailed discussion of how CMS will develop these limits;

- The eligible population for this demonstration, which is adults under age 65 who are not eligible for Medicaid on the basis of disability or on their need for LTSS and who are not eligible under a state plan;

- Requirements to explain which payment or delivery system reforms the state intends to use, including how states using managed care will demonstrate managed care plans' capacity to meet regulatory requirements;

- Requirements to develop a quality strategy and performance assessment, report on 25 Adult Core Measure Set quality and access measures, and quarterly reports on CMS-identified continuous performance indicators; and

- Streamlined application processes for states with current or pending 1115 waivers who may be interested in transitioning into the HOA demonstration.

- **Projected NH Impact 2021-25 two sources: Commonwealth Fund Report -$172 mm in federal funds (growing from -$16mm to -$63 mm a year). Avalere Consultants projected the Impact 2021-25 -$200 (per capita model) to -$320 mm (aggregate cap) in total federal funds. Avalere projects a state would need 8% reduction to meet the cap.**

- The State of Oklahoma withdrew their block grant application to CMS on August 11, 2020. Tennessee submitted a modified block grant proposal to CMS on November 20, 2019; predates the HOA guidance. It is pending with CMS. https://www.commonwealthfund.org/publications/issue-briefs/2020/mar/fiscal-impact-trump-administration-medicaid-block-grant-initiative?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+TheCommonwealthFundPublications+%28The+Commonwealth+Fund%3A+Publications%29

The guidance documents and related materials CMS released here:

- Healthy Adult Opportunity SMDL ; Healthy Adult Opportunity Template and Guidance; Healthy Adult Opportunity Press Release; Healthy Adult Opportunity Fact Sheet; Medicaid Facts and Figures