



The State of New Hampshire Department of Health and Human Services (DHHS) as the single state Medicaid agency is seeking Section 1115 Demonstration Waiver authority to support the comprehensive reform of its Medicaid program. The initiatives proposed within this *“Building Capacity for Transformation”* Section 1115 Demonstration Waiver will include improvements to the delivery of mental health, physical health, substance use disorder (SUD), oral health, and population health programs and services.

Overview

New Hampshire is requesting federal financial participation (FFP) for five proposed Designated State Health Programs (DSHPs) focused on improving the payment and delivery of population health programs, including mental health system reforms, oral health coverage for pregnant women and mothers of young children, and SUD workforce development.

To date, New Hampshire has taken several significant steps toward addressing the population’s needs in its overall approach to health care reform. New Hampshire is currently engaged in the comprehensive reform of its Medicaid program and its health care delivery system through its Medicaid Care Management (MCM) program. In addition to MCM, New Hampshire will be implementing an SUD benefit into its Medicaid program for the newly eligible low-income, childless adult population. In addition to MCM, New Hampshire will be implementing an SUD benefit for newly eligible childless adult population, which the State estimates to number over 50,000. With the addition of this benefit, the newly eligible population will receive new SUD screening and treatment services under the New Hampshire Health Protection program. The New Hampshire Health Protection Program is the State’s program for expanding health coverage to childless adults under the Affordable Care Act (ACA). The final element of New Hampshire’s comprehensive reform of its Medicaid program focuses on mental health and addressing the goals of the State’s 10 Year Mental Health Plan. DHHS is positioning its *“Building Capacity for Transformation”* Section 1115 Demonstration Waiver as an element of this broader health care reform strategy. To begin progressing towards its overall health care reform goals, DHHS is proposing five related Designated State Health Programs (DSHPs) within its *“Building Capacity for Transformation”* Section 1115 Demonstration Waiver, which are described in more detail below.

To the greatest degree possible programs funded under the *“Building Capacity for Transformation”* Section 1115 Demonstration Waiver will build capacity for mental health/SUD treatment and services, oral health related services, wellness programs, and workforce development opportunities. New Hampshire requests

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authority to recognize costs not otherwise matchable from local and state health expenditures to implement these programs. The freed up state and local funding would provide needed financial assistance to pursue meaningful delivery system reforms that will help improve the New Hampshire health care system in these outlined focus areas.

To implement these Medicaid reforms, DHHS intends to submit its *“Building Capacity for Transformation”* Section 1115 Demonstration Waiver application to the federal Centers for Medicare and Medicaid Services (CMS) for waivers under Section 1115 of the Social Security Act (42 U.S.C.A. §1315). New Hampshire must ask for approval from CMS to “waive,” certain federal rules about the Medicaid program. “Waiving” means asking permission to do certain activities or provide services in a different way. Asking permission is achieved through an “1115 waiver” or “demonstration” application. It’s called an “1115 waiver” because Section 1115 of the Social Security Act allows states to request federal permission to waive certain Medicaid rules. To learn more about 1115 waivers, you can visit the CMS website at this URL: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/Section-1115-Demonstrations.html>

Within its *“Building Capacity for Transformation”* Section 1115 Demonstration Waiver, DHHS is seeking to improve access to quality, affordable health care by:

- Encouraging hospitals, health systems, and non-traditional providers to build an integrated system at the local level by establishing a new mental health community reform pool that would reward providers for their active participation in system reform initiatives and their overall agreement to reform
- Expanding community based mental health services for the State’s non-Medicaid population in accordance with the Ten Year Mental Health Plan and its settlement with the United States Department of Justice
- Improving the service delivery of mental health and SUD services, especially in Emergency Departments, by offering financial resources for workforce development
- Increasing access to dental services by establishing an pilot program and dental benefit for pregnant women and mothers of young children
- Promoting healthy behaviors and improved health outcomes by expanding the InShape program at hospitals, health systems, and non-traditional providers to additional populations – children and 1915(c) Developmentally Disabled Waiver enrollees – and to include smoking cessation classes as a component for adults



New Hampshire's "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver application requests federal approval for five years. DHHS seeks public comment on the proposed application. This notice provides the following:

- A description of the "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver and its associated DSHP programs
- Information on how to view the full "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver application either by website or hard copy.
- Information on the public comment process through public hearings, mail and e-mail.

Public Input

DHHS posted its "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver application on DHHS's website so the public can read the waiver application. DHHS would like to hear your comments about the changes it is proposing to enhance the Medicaid program. After hearing the public's ideas and comments about the proposed changes, DHHS will make final decisions about what changes to make to the "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver and then submit it to CMS. You can find the "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver application at this website: <http://www.dhhs.nh.gov/section-1115-waiver/index.htm>. DHHS will update this web site throughout the public comment and application process.

A hard copy of the "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver application may be requested by contacting DHHS at the mailing address or e-mail address provided under the Public Comment section. Individuals should include their full name and mailing address when making a request.

The public comment period for the "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver application is from **Monday, April 21, 2014** until **Tuesday, May 20, 2014 at 5 p.m. (Eastern)**. Comments received within **30** days of the posting of this notice will be reviewed and considered for revisions to the application. There are several ways to give your comments to DHHS on the application. One way is to attend public hearings that DHHS will hold to review its "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver application. At the public hearing, you can give verbal or written comments to DHHS about the proposed programs. Two public hearings will be held at the dates/locations noted below.

Public Hearings

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Two public hearings on the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver application have been scheduled to solicit input on the proposed enhancements to the Medicaid program. DHHS will accept verbal and/or written comments at the public hearings. The dates for the public hearings are Thursday, May 8, 2014 and Monday, May 12, 2014. The detailed information for each public hearing is shown below.

Thursday, May 8, 2014

Public Forum

Time: 4:30 p.m. to 6:30 pm (Eastern)

Location: New Hampshire Department of Health and Human Services

Division of Public Health Services Auditorium
29 Hazen Drive
Concord, NH 03301

If you are unable to attend the public hearing in person, you may participate by teleconference or webinar. To participate via teleconference (on the date and time of the public hearing) call 1-888-972-9247, and enter passcode 8376703. To participate via webinar during this public forum on May 8, 2014, please use the following URL:

<https://deloittemeetings.webex.com/deloittemeetings/j.php?MTID=mb8068a51cd2aa136852823b6273e8aa8>

and follow the instructions posted at this link.

- **Meeting Number:** 733 657 357
- **Meeting Password:** 1115waiver

Monday, May 12, 2014

Medical Care Advisory Committee (MCAC)

Open to the Public

Time: 1:00 p.m. to 3:00 p.m. (Eastern)

Location: New Hampshire Hospital Association

125 Airport Road
Concord, NH 03301

If you are unable to attend the public hearing in person, you may participate by teleconference or webinar. To participate via teleconference (on the date and time of the public hearing) call 888-972-9247, and enter passcode 8376703. To participate via webinar during this public forum on May 12, 2014, please use the following URL:

<https://deloittemeetings.webex.com/deloittemeetings/j.php?MTID=mdf1589c2686c52c7855233b5f9e3e172>



and follow the instructions posted at this link.

- **Meeting Number:** 736 812 494
- **Meeting Password:** 1115waiver

If you need any assistance with joining the webinar, please use the following URL:

<https://deloittemeetings.webex.com/deloittemeetings/mc> and on the left navigation bar, click "Support". To check whether you have the appropriate players installed for UCF (Universal Communications Format) rich media files, please visit URL: <https://deloittemeetings.webex.com/deloittemeetings/systemdiagnosis.php>.

Public Comment

The public comment period for the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver application is from Monday, April 21, 2014 until Tuesday, May 20, 2014 at 5 p.m. (Eastern). All comments must be received by 5 p.m. on Tuesday, May 20, 2014.

Requests for a hard copy of the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver application should be submitted by mail to:

New Hampshire Department of Health and Human Services
Attn: “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver application
129 Pleasant Street
Concord, NH 03301

Another way to provide your comments is by emailing comments to 1115waiver@dhhs.state.nh.us or mailing written comments to the address above. When mailing or emailing please specify the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver application.

A hard copy of the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver application can also be picked up at DHHS, which is located at:

New Hampshire Department of Health and Human Services
Fred H. Brown Building
129 Pleasant Street
Concord, NH 03301

Summary of the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver Application



Program Description, Goals and Objectives

This proposal outlines a Demonstration waiver under Section 1115(a) and cost not otherwise matchable authority (CNOM) of the Social Security Act that is designed to build on existing New Hampshire health care reforms and to enhance health care delivery in the State. While ensuring continued coverage for groups of individuals currently under the Medicaid and CHIP State plans, previous waiver programs, and previously state-funded programs, the State seeks to establish and enhance Designated State Health Programs (DSHPs) and improve the Medicaid care delivery system through this Demonstration. This *“Building Capacity for Transformation”* Section 1115 Demonstration Waiver will promote the improvement of overall health, will integrate and align New Hampshire’s Medicaid Care Management program, and will improve the quality of care and access to care for Medicaid and CHIP beneficiaries accessing mental health, SUD, oral health and/or wellness related services.

The overarching objective of the Demonstration is that implementation of the five DSHPs will result in better care for individuals (including access to care, quality of care, health outcomes), better health for the population, and lower cost through improvement. The State will test the following research hypotheses through this Demonstration:

- Maintaining and increasing access to mental health services will lead to improvement in the overall health status of the Medicaid population
- Supporting community based delivery system reforms will result in improved access to mental health, SUD, and physical health services
- Increasing SUD workforce development opportunities for health care providers will result in the increased capacity to provide needed SUD treatments and services
- Offering dental coverage to pregnant women and mothers of young children will reduce the frequency of low birth weight babies, babies born with complications, and improve the dental health status of the new mothers’ children
- Expanding successful community public health programs statewide will improve health and wellness of those who participate

DHHS will submit to CMS for approval an evaluation design for the Demonstration no later than 120 days after CMS approval of the Demonstration. The design and improvements made by each DSHP program will demonstrate that by spending Medicaid dollars differently, DHHS can provide better health outcomes for its Medicaid clients, and these outcomes will be defined and measured throughout the length of this Demonstration.



Proposed Health Care Delivery System Improvements

Descriptions of the five DSHPs are below.

1. DHHS proposes to establish a new mental health community reform pool that rewards hospitals, health systems, and/or non-traditional providers for their active participation in system reform initiatives and their overall agreement to reform.
 - Capacity-retention Payments
 - A hospital would receive this payment if it pledged not to reduce access to mental health/SUD related services in their health system
 - Capacity-expansion Payments
 - If a hospital, health system, and/or non-traditional provider expands its capacity to provide mental health/SUD related services, DHHS would pay an enhanced rate for those services provided through the new “unit” for three years
 - New Service Payments
 - If a hospital, health system, and/or non-traditional provider adds inpatient or outpatient mental health/SUD related services, DHHS would pay an enhanced rate for those services for three years
 - Pilot Program Pool
 - Establish a pool for DHHS to fund grant applications from hospitals, health systems, and/or non-traditional providers to form pilots related to improving the delivery of physical health, mental health, and/or SUD treatments and services
 - Grant applications would be evaluated by DHHS based upon a defined set of criteria and will be aligned with DHHS’ incentive program with its MCOs to encourage payment and delivery reform
 - Hospital Incentive Pool
 - Establish a pool that would begin to provide financial incentives in Year 3 of the demonstration, based upon a hospital, health system, and/or non-traditional provider’s ability to meet defined outcome measurements
2. In addition to the mental health community reform pool outlined above, New Hampshire is requesting DSHP funding to help implement the components of its Ten Year Mental Health Plan and its December 2013 settlement agreement with the United States Department of Justice for the State’s non-Medicaid population.
3. DHHS proposes a grant program that would fund training education and workforce development



programs focused on SUD treatments and services in which hospitals, health systems, and/or non-traditional providers would apply and DHHS would administer.

4. DHHS proposes to establish as a pilot, with a sound evaluation plan to demonstrate the impact on children's oral health and improved birth outcomes of a program to provide oral health education and Medicaid coverage for dental treatment to women during pregnancy and up to the child's fifth birthday.
5. DHHS proposes to expand key components of the InShape program. Specifically, this program would establish a funding pool to award grant applications from hospitals, health systems, and/or non-traditional providers to implement an InShape program that (1) includes children as participants and (2) includes 1915(c) Developmentally Disabled (DD) waiver enrollees as participants, and includes a smoking cessation component for adults.

Impact to Eligibility Requirements, Benefit Coverage and Cost Sharing

New Hampshire is not requesting any changes in Medicaid program eligibility through this "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver. Therefore, there is no anticipated impact on total Medicaid enrollment as a result of these proposed DSHPs.

Through its "*Building Capacity for Transformation*" Section 1115 Demonstration Waiver, New Hampshire proposes to offer Medicaid dental benefits to women who are pregnant until their child's fifth birthday. Pregnant women under 21 years of age will continue to be eligible for Early Periodic Screening, Diagnosis, and Treatment (EPSDT) dental services. Dental services for pregnant women and mothers of young children through the benefit will differ from those provided under the Medicaid and/or CHIP State plan. Scope of dental services within the benefit will include comprehensive and periodic dental examinations, periodontal services as indicated, restorative and limited prosthetic dental treatment, and extractions if medically necessary.

The cost sharing requirements under the Demonstration will not differ from those provided under the Medicaid and/or CHIP State plan. Copayments, coinsurance and/or deductibles will not differ from the Medicaid State plan.

1115 Demonstration Financing and Budget Neutrality



Federal policy requires that section 1115 Demonstration applications be budget neutral to the federal government. This means that an 1115 Demonstration should not cost the federal government more than what would have otherwise been spent absent the 1115 Demonstration. Particulars, including methodologies, are subject to negotiation between the State and CMS.

New Hampshire will maintain budget neutrality over the five-year lifecycle of its *“Building Capacity for Transformation”* Section 1115 Demonstration Waiver, with total spending under the waiver not exceeding what the federal government would have spent without the waiver. The budget neutrality approach is still under development, but is likely to follow the basic approach described below:

- The baseline historical data will include 5 full years of New Hampshire Medicaid expenditures derived from CMS-64 reports and related enrollment data from calendar year (CY) 2008 – CY 2012
- The projected “without waiver” expenditures will reflect the following changes between the baseline and waiver periods:
 - Enrollment trends, reflecting any anticipated trend differences by eligibility category (e.g., low income children and families, Medicaid-only disabled, and dual eligibles)
 - Medical service trends
 - Impact of known program changes (e.g., the impact of the United States Department of Justice settlement on behavioral health services)
 - Excludes the impact of New Hampshire’s Medicaid Care Management program that was implemented on December 1, 2013
- The projected expenditures under the proposed Section 1115 Demonstration Waiver will reflect the following changes to the “without waiver” projections:
 - Managed care savings resulting from the December 1, 2013 implementation of the Medicaid Care Management program for acute care services (i.e., “Step 1” services)
 - Trend differences due to Medicaid Care Management program implementation
 - The new financial impact of the proposed Designated State Health Program services included in the Section 1115 Demonstration Waiver

Fiscal Impact

This action will not result in a loss of revenue or an increase in State funds associated with the Medicaid program.

Federal Waiver and Expenditure Authorities Requested

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CMS and the State will identify proposed waivers and expenditure authorities needed to implement this waiver. New Hampshire seeks federal financial participation for costs not otherwise matchable under Medicaid to enable New Hampshire to implement the DSHPs under its “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver. Under the authority of Section 1115(a)(2) of the Social Security Act, expenditures made by the State for the items identified below, which are not otherwise included as expenditures under Section 3, 455, 1003, 1403, 1603, or 1903, shall, for the period of this demonstration, be regarded as expenditures under the Medicaid.

- Costs incurred by DHHS for Glencliff Home, New Hampshire Hospital, and Sununu Youth Services Center
- Costs incurred by DHHS for activities stemming from the Ten Year Mental Health Plan and Settlement
- Costs incurred by the Department of Corrections for health care
- Correctional medical/health costs incurred by counties
- Health care expenditures incurred by municipalities