

**Minnesota's Section 1115 Prepaid Medical Assistance Project Plus (PMAP+)
Multiple Demonstration Amendment Requests
October 2009**

Greetings Federal Review Team,

Minnesota has forwarded several amendment requests to the current Medicaid section 1115 demonstration entitled, Prepaid Medical Assistance Project Plus (PMAP+). This overview document is designed to provide you with the significant history related to some of the key proposed amendment requests.. ***Please review the overview document and supporting documents and forward your questions/comments to me by COB November 13, 2009. Thank you in advance for your response to this request.***

Supporting Documents

- State's Coverletter to CMS Requesting Amendments
- Amendment Overview Chart
- PMAP+ Demonstration (MinnesotaCare) Budget Neutrality Status –Sept.2009
- PMAP+ Demonstration (MinnesotaCare) Proposed Rebase of Budget Neutrality
- Fiscal Impact of Requested Amendments on PMAP+ Demonstration Budget Neutrality

Rationale for Amendment Requests

The State reports that the proposed amendments requested are being requested due to Minnesota State Legislative Actions in 2007, 2008 and 2009.

Background Discussion

Minnesota is requesting approval to use section 1115 authority to impose premiums on the above Medicaid state plan populations. CMS forwarded questions to the State as well as requested the State to review and assess the current Deficit Reduction Act of 2005 (DRA) cost sharing provisions to determine if the requested amendments could be accomplished via the state plan amendment process instead of requiring an amendment to the demonstration. The State reviewed the DRA cost sharing provisions and determined that they still needed to request an 1115 amendment.

Financial Impact

The State estimates that this amendment would generate over \$3 million annually in premiums.

Supporting Documents

See attached PDF file for the CMS questions and the State's responses from September 21, 2006.

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Policy Issues

1. Minnesota is requesting section 1115 authority to impose premiums on certain exempt populations that are protected from paying premiums under the DRA provisions for cost sharing which include the following Medicaid state plan eligible groups :
 - Pregnant women
 - Individual under 18 years of age that are required to be provided medical assistance under section 1902(a)(10)(A)(i), and including individuals with respect to whom aid or assistance is made available under part B of title IV to children in foster care and individuals with respect to whom adoption or foster care assistance is made available under Part E of such title , without regard to age;
 - Women who are receiving Medicaid on the basis of the breast or cervical cancer eligibility group under section 1902(a) (10) (A) (ii)(XVIII) and 1902(aa) of the Act.

The Medicaid eligibility chart provided by the State included some of the exempt groups above. CMS should adhere to the current DRA provisions related to imposing cost sharing and the protection of exempt groups.

2. The populations included in the amendment request are not populations that are included in the budget neutrality agreement for the current PMAP+ section 1115 demonstration. Historically, CMS policy regarding the collection of premiums under section 1115 demonstrations has been the populations being required to pay premiums are included in the Title XIX budget neutrality agreement. Currently under PMAP+ only the MinnesotaCare expansion populations are included in the budget neutrality agreement. If CMS were to consider this amendment

(b)(5)

(b)(5)

Amendment # 2

Description of Amendment Request

On January 9, 2007, the State submitted an amendment request to the current section 1115 PMAP+ demonstration related to the use of Disproportionate Share Hospital (DSH) funds to finance the currently state-only funded General Assistance Medical Care (GAMC) and General Assistance Medical Care Hospital Only (GHO) programs. These currently state-only funded

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programs provide health coverage to low-income childless adults 21-64 years who are not eligible for Medicaid. The State proposes with the approval of this amendment request they will agree to remove the managed care disproportionate share language from the state plan amendment TN-05-13.

Rationale for Amendment

CMS requested clarification from the State regarding the rationale /intent for the amendment request. On March 19, 2007, the State offered the following rationale for this amendment request as follows: The GAMC program is a Medicaid "look-alike" program for low-income people who are not eligible for Medicaid. The State contends that DSH funds are intended by Congress to be used for hospitals' costs related to losses on Medicaid payments and other uncompensated care, but the State has never claimed Federal matching funds using the DSH allotment for GAMC expenditures paid to hospitals. The State has proposed the submission of a state plan amendment that would treat payments to hospitals as DSH payments. However, a significant portion of GAMC expenditures are made through the managed care organizations (MCOs) under contract with the program. CMS has advised the State that expenditures paid to hospitals cannot be treated as DSH payments by virtue of the state plan amendment. Therefore, a waiver would be required.

Background Discussion

- In March 2003 Minnesota submitted state plan amendment (SPA) #03-06 to CMS that raised questions related to nursing facility supplemental payments and a supplemental payment to a county-operated MCO. CMS disapproved SPA # 03-06 on June 1, 2004. Minnesota appealed this disapproval, however, the CMS Administrator's July 10, 2006 final decision affirmed CMS disapproval of SPA # 03-06. Subsequently, Minnesota has petitioned the Eight Circuit Court of Appeals for review of the CMS Administrator's final decision. Minnesota believes the solution to the financing issues can be addressed through approval of a section 1115 demonstration.
- On May 19, 2006, the State submitted an 1115 proposal, Minnesota Coverage for Uninsured. In the submission, the state proposed to use DSH funds to finance the currently state-only funded General Assistance Medical Care (GAMC) and General Assistance Medical Care Hospital Only (GHO) programs. The State further proposed to replace unacceptable IGTs with the certification of GAMC expenditures equivalent to the value of the discontinued intergovernmental transfers. The GAMC state-only

funded programs provide health coverage to low-income childless adults 21-64 years who are not eligible for Medicaid.

- On July 14, 2006, CMS held a conference call with the State Medicaid Director and a representative from the Governor's office to discuss the status of the proposal. The State was informed that CMS needs to continue its review of the proposal and the possible timeframe for a response to the state was referenced to be 3-4 weeks. CMS

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(b)(5)

- On August 31, 2006, the State was advised that further comprehensive reform would be welcomed for consideration. The State agreed to revise the proposal and resubmit for consideration.
- On September 11, 2006, the State submitted a revised 1115 proposal, Quality Improvement and Transparency in Minnesota's Health Care Safety Net. This document very closely reflects the prior submission; however, it discusses the health quality and transparency program announced in July 2006. The same populations GAMC and GHO were proposed for inclusion in this program as described in the previous 1115 proposal. The proposal does not identify Medicaid eligible populations that will be included to generate savings, nor does it propose identifying and integrating savings from quality initiatives, such as pay for performance (P4P) which is a piece of the health quality and transparency program. The proposal to date does not represent a comprehensive Medicaid reform proposal

Financial Impact

The State proposes that this amendment would not have any impact on the PMAP+ demonstration budget neutrality as this amendment is to be financed with the State's unused DSH allotment.

Supporting Documents

See attached amendment from the State.



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DSH
waiveramendment.doc



waiverbudget11.xls

Policy Issues

Minnesota is proposing using unspent DSH allotment to finance a current state only program for uninsured childless adults from 21 to 64 years. The GAMC program offers a limited benefit set to approximately 39,000 non Medicaid eligibles. (b)(5)

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Policy Issues (con't)

(b)(5)

1. Minnesota reports that the GAMC program expenditures for SFY 2006 are projected to cost over \$291 million in state funding. (b)(5)

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(b)(5)