



Georgetown University  
Health Policy Institute  
CENTER FOR CHILDREN  
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# Medicaid Waivers and Healthy Behaviors: What do we know?

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# What is Section 1115?

- Reference to the Social Security Act – applies to Medicaid and CHIP.
- Gives Secretary of HHS broad authority to allow states to implement “experimental, pilot or demonstration projects” that promote the objectives of the program.
- Permit states to use federal program funds in ways not otherwise permitted.
  - i.e. populations or services not otherwise allowed.
  - Certain Medicaid requirements (but not all) may be waived if in the Secretary’s judgment they meet the above criteria.
- Other waivers exist in Medicaid - 1915 b and c.

# Medicaid Has a lot of Flexibility

- States can accomplish many things by filing a state plan amendment (SPA).
- This includes mandatory managed care for all - except duals, certain kids (SSI, foster care, adoption assistance), members of federally recognized tribes.
- Also states can do cost-sharing for adults, and premium assistance with a wrap. Premiums require a waiver.

## What Cannot be Waived Under Section 1115?

- Can waive provisions found in Section 1902 of the Social Security Act; FMAP is in Section 1903.
- Cost-sharing waiver requests must be considered under a different process (Section 1916(f)) with a rigorous design including a control group and should be limited to two years.

## What Else Does Section 1115 Require?

- An independent evaluation.
- Public notice and comment process.
- Budget neutrality rules apply but this is not statutory – more on that later.

## What are the Rules on Public Participation?

- [Public notice and comment rules](#) apply as a result of the ACA after much concern about waivers being negotiated secretly.
- Apply to new waivers and extensions but not amendments.
  - Amendment policy is different.
- Issued in February 2012 and can be found at 42 CFR Part 431 Subpart G.

## What Process is Required at State Level?

- 30 day state public comment process:
  - State must provide a comprehensive description of the waiver “to ensure meaningful input.”
  - State must hold two public hearings and have a website to keep public informed.
  - State’s final application must note how public comments were incorporated.
- State may have their own rules too.

# State Impact

## AP Exclusive: Records Show Scant Support for Walker's Plan

Wisconsin Gov. Scott Walker's plan to drug-test Medicaid recipients generated just five fully supportive comments out of more than 1,000 recently submitted by the public.

June 20, 2017, at 5:29 p.m.

**AP**

By SCOTT BAUER, Associated Press

MADISON, Wis. (AP) — Wisconsin Gov. Scott Walker's proposal to drug-test Medicaid recipients and increase premiums on poor people drew five fully positive comments out of more than 1,000 submitted by the public, with one of the supportive letters coming from his own lieutenant governor, according to a review by The Associated Press.

The supportive remarks amounted to less than half a percent of the comments submitted by doctors, religious leaders, insurance companies, foster parents and others during a 30-day period for the public to weigh in before Walker submitted his plan to the federal government. The Republican needs a waiver from President Donald Trump's administration for any changes to take effect.

The plan would make Wisconsin the first state in the country to require a drug screening as a condition for Medicaid eligibility.

"It doesn't surprise me at all because there was certainly no public push for these changes," said Robert Kraig, executive director of the advocacy group Citizens Action, which helped organize comments against the plan and submitted more than 650 in opposition from individuals, doctors, nurses and others.

SPECIAL REPORT

## Just 5 out of more than 1,000 commenters fully back Walker's drug-test Medicaid plan

By SCOTT BAUER, Associated Press Jun 21, 2017 0



Wisconsin Gov. Scott Walker.  
Photo: Gage Skidmore

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## Federal Public Notice and Comment

- Federal government has 15 days to certify an application is complete and send state notice of receipt.
- Once certified federal public comment opens for 30 days; unlike states feds don't have to provide a written response.
- Federal government cannot render a decision until at least 45 days after receipt.
- All documents are posted on [medicaid.gov](https://www.medicaid.gov).

# Evaluation

- States should conduct one using Medicaid match.
  - This can raise q's about independence of analysis.
- Federal government sometimes does as well.





# INCENTIVIZING HEALTHY BEHAVIORS IN MEDICAID

# What Do We Know?

- “Carrots,” specifically tangible incentives, been shown to produce the best success and completion of behaviors although success has been limited.
  - Especially true when “carrot” is given immediately after completion, which ties the behavior to the rewards.
  - Incentives states have used outside of gift cards/cash include transportation, child care, memberships to gyms, and tobacco cessation supplies.
- Evidence indicates “sticks” do not produce desired outcomes and risk access to care for beneficiaries.



# What Do We Know?

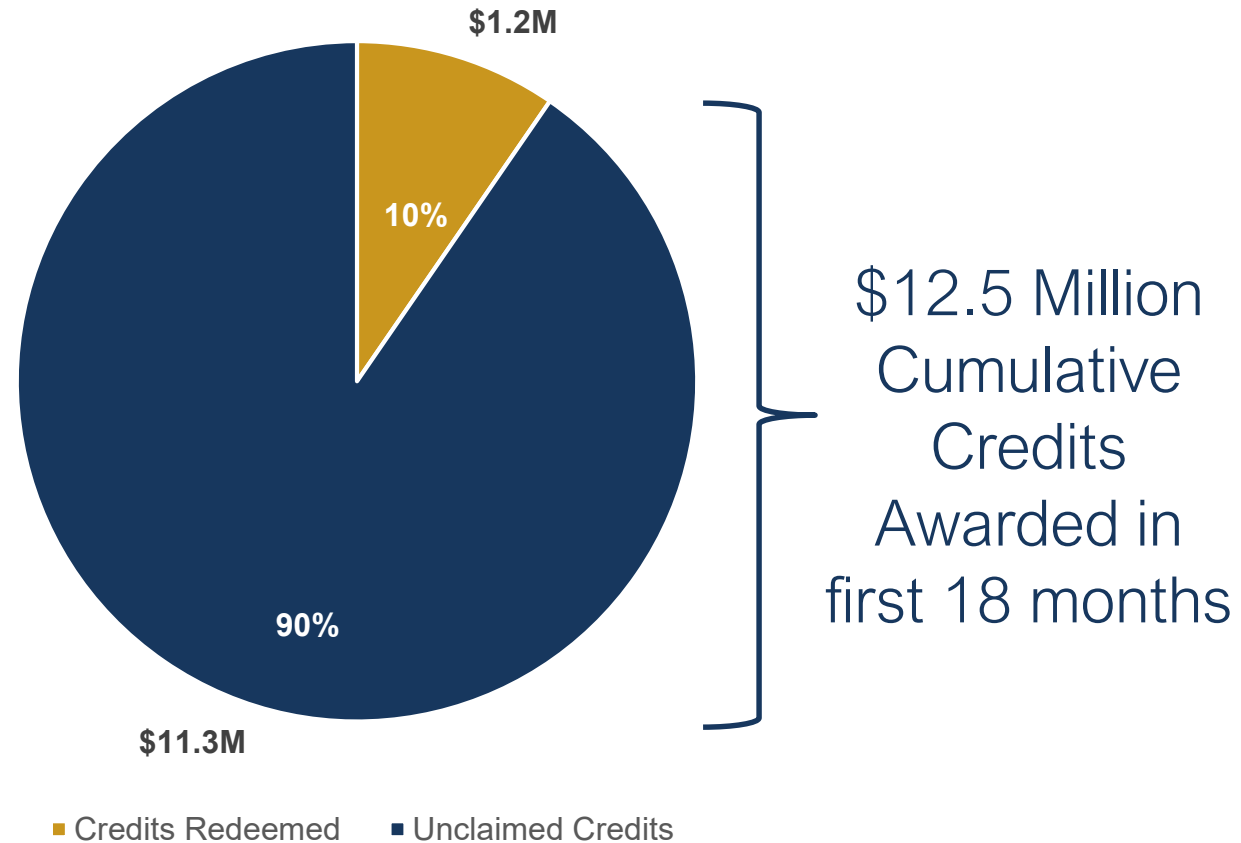
- Evidence is largely mixed on impacts on outcomes varying by state, program mechanism, and targeted behavior.
- Enrollees are more likely to participate in one-time (i.e. receiving vaccinations) or short-term (i.e. preventative screenings) behaviors than changing behaviors in the long-term.
  - Beneficiary awareness and understanding of incentive programs is low to moderate.
- Limited research has been done on the association between the incentive programs and lower Medicaid expenditures.



# SOME STATE SPECIFIC EXAMPLES

# Florida - Enhanced Benefits Rewards Program

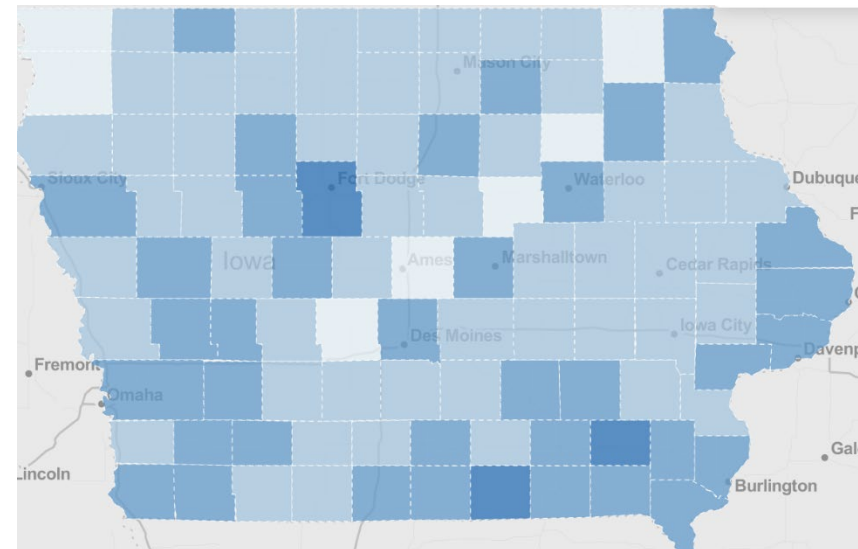
In the first year,  
Administrative  
Costs totaled  
**\$1.1 million**



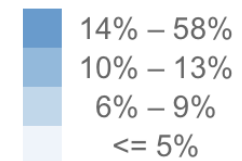
# Iowa - Healthy Behaviors Program Evaluation

- Found that the proportion of beneficiaries who completed healthy behaviors (Health Risk Assessment or Wellness Exam) was much lower than expected.
- The number of beneficiaries completing the healthy behavior requirements to avoid paying premiums was very low as well.

Percent of Adults Covered by Medicaid by County



Source: Georgetown University Center for Children and Families analysis of the five-year estimates of summary data from the 2017 American Community Survey (ACS) using table B27010.





# Indiana – Healthy Indiana Plan (HIP) POWER Accounts

- HIP covers the state’s Medicaid expansion population.
- Program has a tiered benefit program – HIP Basic and HIP Plus.
  - Beneficiaries are required to contribute monthly to “POWER accounts” to receive HIP Plus, which has enhanced benefits.
  - HIP Basic enrollees are subject to copayments for services.
- Individuals with incomes above 100% FPL are disenrolled or never enrolled in coverage if monthly contributions are not met.
- Individuals below 100% FPL who fail to contribute to account would be moved to HIP Basic.

# Indiana - POWER Accounts Evaluation

- HIP Basic enrollees were found to be:
  - Less likely to get preventative care and to adhere to prescription drug regimens;
  - More likely to use the emergency room;
  - Doing worse than those in HIP Plus.
- *Over 58,000 beneficiaries lost coverage or were never enrolled in coverage due to failure to contribute to POWER accounts.*

# Cost-Sharing and Premiums

- Premiums are a barrier to obtaining and maintaining Medicaid and CHIP coverage among low-income individuals, both children and adults.
- Cost-sharing, even at low levels of \$1 to \$5, are associated with reduced use of care.
  - Also has negative effects on access to care and health outcomes.
  - Can result in increased emergency room usage.

# Incentive Program Challenges

- Many incentive programs lack sufficient or any evaluation of the effectiveness of the programs on health outcomes.
- Work place wellness programs are unique from Medicaid incentive programs and thus, difficult to draw lessons from.
- Implementation challenges include:
  - Using the right technology and infrastructure to collect data and distribute incentives;
  - Understanding the “behavior economics” elements inherent in incentives requires full information on the part of consumers.
- Administrative costs to implement programs effectively and evaluate outcomes are high.

## Questions to ask

- Who is being targeted and why?
- What behavior is the intervention trying to change?
- Will beneficiaries have perfect information and if not then what happens?
- Is the approach a carrot or a stick?
- What will the administrative costs be?
  - How much is needed to educate beneficiaries?
  - What are the costs of gaps in coverage or other punitive measures?