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October 20, 2017

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

RE: MassHealth Section 1115 Demonstration Amendment Request

Dear Administrator Verma:

AARP welcomes the opportunity to submit comments on the proposed Massachusetts 1115 demonstration waiver amendment application. AARP, with its nearly 38 million members in all 50 States and the District of Columbia, Puerto Rico, and U.S. Virgin Islands, is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

As we noted in the comments we submitted a year ago in response to Massachusetts's 1115 demonstration extension request, AARP is encouraged by the objectives of this demonstration project. We share its goals, including the adoption of alternative payment methodologies, improvement in the services provided to MassHealth participants and movement towards a more integrated and coordinated system of care. However, while this demonstration amendment request includes some provisions that will have either a positive or minimal impact on consumers, AARP believes that a number of the proposed policies could result in harm to low-income individuals and families. Our concerns are as follows:

Aligning coverage for non-disabled adults with commercial plans

Proposed amendment:
This demonstration amendment request outlines a plan to move 40,000 childless adults and 100,000 parents and caretakers, namely non-disabled individuals and families with

incomes above 100% of the Federal Poverty level (FPL), off of MassHealth and into subsidized commercial plans through ConnectorCare.

We have serious concerns with this proposed change and how it may adversely affect individuals with incomes over 100% FPL. This elimination of MassHealth coverage will require those who want to continue to receive health care coverage to enroll in ConnectorCare qualified health plans (QHPs), which will require new premiums and cost-sharing for this low-income population. Recent research done by the Kaiser Family Foundation found premiums and cost-sharing requirements in Medicaid led to difficulties in maintaining coverage and accessing needed medical care[1].

It is our understanding that coverage available through ConnectorCare would offer fewer benefits (e.g., no dental, eyeglasses) and would also impose co-pays almost five times higher than co-pays in MassHealth. We are also concerned that consumers, including many older consumers, who are currently enrolled in MassHealth would lose access to coverage for home-based health care services, which is less available in Marketplace plans.

While we appreciate the Commonwealth's clarification as to which populations will be exempted, we continue to be concerned that, if implemented, this proposal would likely create significant financial hardship for many MassHealth beneficiaries. These are individuals who are already having trouble making ends meet, thereby making it difficult for these enrollees, many of whom are transitional, to maintain health coverage while affording other everyday essentials.

AARP believes this proposal would worsen health outcomes, increase administrative costs to the state, and result in increased uncompensated care costs for Massachusetts' health providers. In addition to being subject to higher out-of-pocket expenditures, beneficiaries within this enrollee group are also likely to be limited to less robust healthcare coverage than is available under standard Medicaid.

<u>Proposed amendment:</u>
This demonstration amendment seeks to align MassHealth benefits for all non-disabled adults in a single plan that mirrors commercial coverage by enrolling non-disabled parents and caretakers with incomes up to 100% FPL in MassHealth's CarePlus Alternative Benefit Plan.

Again, we are concerned that this amendment would result in less robust healthcare coverage for this population and would not include important benefits that beneficiaries are currently receiving.

[1] https://www.kff.org/medicaid/issue-brief/the-effects-of-premiums-and-cost-sharing-on-low-income-populations-updated-review-of-research-findings/

Adopting widely-used commercial tools to obtain lower drug prices and enhanced rebates

Proposed amendment:
The amendment seeks to allow MassHealth to use "commercial plan"-type mechanisms to control drug costs, including selecting preferred and covered drugs through a closed formulary.

> AARP supports the use of well-designed drug formularies or preferred drug lists as they can enhance quality and conserve resources. AARP also believes that cost should not be the sole determinant of a prescription drug's value. Efforts to guide consumer utilization should encourage the appropriate use of high-value prescription drugs that is based on the clinical benefits achieved.
>
> AARP urges CMS to require MassHealth to implement formulary standards that are more in line with Medicare Part D (i.e., at least two drugs per therapeutic class). We also believe that the formulary should be reviewed at least annually by an independent, objective third party to help ensure formulary adequacy. Finally, we strongly urge CMS to ensure that a clinically sound and well-communicated exceptions and appeals process is in place to help ensure that consumers maintain access to medically necessary prescription drugs. We appreciate the Commonwealth's additional clarifying language noting their intention to continue providing access to needed medications and the need for a robust exceptions process.
>
> Further, AARP encourages the CMS to collect data at least annually to evaluate whether the closed formulary and related processes have increased clinician and/or consumer burden, as well as any effects on patient health outcomes.

Proposed amendment:
The amendment seeks to procure a selective and more cost-effective specialty pharmacy network.

> Given the recent proliferation of specialty prescription drugs, AARP appreciates the Commonwealth's interest in developing a more cost-effective specialty pharmacy network. However, AARP strongly urges the CMS to establish convenient access standards similar to what is found under Medicare Part D to help ensure that consumer access to medically necessary specialty prescription drugs is not unduly limited. Specialty pharmacies should be used to supplement network pharmacy access when necessary and not otherwise restrict it.
>
> AARP also encourages the CMS to collect data at least annually to evaluate whether the specialty pharmacy network has increased clinician and/or consumer burden, as well as any effects on patient health outcomes.

Improving care, reducing costs and achieving administrative efficiencies

Proposed amendment:
The amendment seeks to implement narrower networks in MassHealth's Primary Care Clinician (PCC) Plan to encourage enrollment in Accountable Care Organizations (ACOs) and Managed Care Organizations (MCOs).

> We urge CMS to ensure that the quality and adequacy of the network is not compromised or rendered insufficient to meet the needs of the Commonwealth's consumers.

Proposed amendment:
The amendment seeks to waive requirements for multiple managed care options in certain area(s) of the state in which a majority of primary care providers are participating in a single MassHealth ACO.

The proposal goes on to request a freedom of choice waiver to not provide two or more managed care enrollment options in areas that do not have a large enough pool of primary care providers (PCPs) to meet network adequacy requirements for PCPs within MassHealth's time and distance standards. The proposal also points out that MassHealth will not auto-assign members to the PCC plan if these adequacy standards are not met.

> It appears that the Commonwealth is proposing this change to accommodate its recent ACO initiative which requires PCPs to have an exclusive contract with an ACO or MCO in a service area. To maintain consumer choice, the state will allow the enrollee to select a PCP in the PCC Plan instead of enrolling in the ACO. As previously stated in the letter AARP Massachusetts submitted to the Commonwealth, we are concerned that Massachusetts's proposal lacks important details on how this proposal will be operationalized and how a consumer's choice of plan and providers will be maintained.

Proposed amendment:
The amendment seeks to implement the cost-sharing limit of five percent of income on an annual basis rather than a quarterly or monthly basis.

> We do not support the request to change the cost-sharing calculation on an annual basis. We urge CMS to continue cost-sharing calculations on a monthly or quarterly basis as is required under Medicaid regulations. Changes in enrollee's income can happen at any time during a 12-month period and if such changes are not accurately reflected in a timely fashion, this has the potential to be unfairly harmful to an enrollee's cost-sharing obligations.

Proposed amendment:
The amendment seeks to implement cost-sharing greater than five percent of income for members over 300% FPL eligible exclusively through the demonstration.

This amendment is seeking the flexibility to require premiums and cost-sharing that may exceed five percent of these individuals' income. It is MassHealth's belief that at higher income levels, it is reasonable and fair for members to contribute more toward the cost of their care.

We appreciate language added by the Commonwealth to clarify that this request seeks to maintain premiums at levels similar to MassHealth's current sliding scale premiums schedule. However, we remain concerned that this proposal still lacks critical details of how this increase in cost-sharing for consumers whose income is above 300% FPL will work, including exactly how the sliding scale premium schedule will be implemented and if there will be an upper limit on cost-sharing requirements. Without those specifics, it is difficult for AARP to evaluate what impact this request will have on affordability and access for this population.

We thank you for the opportunity to express our thoughts and concerns with this proposal, and we look forward to working with you and the Commonwealth to make improvements to this amendment request. If you have any questions, please contact Amy Kelbick on AARP's Government Affairs staff at akelbick@aarp.org or 202-434-2648.

Sincerely,

David Certner
Legislative Counsel & Legislative Policy Director
Government Affairs