



State of New Hampshire

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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NICHOLAS A. TOUMPAS
 COMMISSIONER

April 21, 2014

The Honorable Mary Jane Wallner, Chairman
 Fiscal Committee of the General Court
 Legislative Office Building
 104 North State Street
 Concord, NH 03301

Re: Implementation of SB 413 – Presentation of Medicaid Waiver Concept Paper for Information Only

Dear Chairman Wallner and Members of the Committee:

The recently enacted New Hampshire Health Protection Act, 2014 Laws Chapter 3 (SB 413) directs the Department of Health and Human Services to submit a new Section 1115 Medicaid waiver to the Centers for Medicare and Medicaid Services (CMS) “to enhance designated state health programs and transform the Medicaid care delivery system.” See 2014 Laws Chapter 3:5 (codified at RSA 126-A:67). The waiver application must be approved by the Fiscal Committee and submitted to CMS no later than June 1, 2014.

Today, the Department is submitting to the Committee *for information only* a copy of the 1115 Waiver Concept Paper, together with a PowerPoint Presentation summarizing the Concept Paper and a copy of the public notice for the public notice and comment period, as required by federal regulation.

The Department will appear at the April 25, 2014, Fiscal Committee meeting to provide a detailed briefing on the 1115 Medicaid waiver. The actual draft waiver application will be submitted to the Committee prior to May 23, 2014, for review and action before June 1st.

Overview of the Section 1115 Medicaid Demonstration Waiver

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. New Hampshire’s proposed waiver is entitled the “Building Capacity For Transformation” waiver, in recognition of our effort to build new capacity for substance use disorder, mental health treatment and population health efforts.

Over the past several years, 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. The first phase of the MCM program was implemented last December and there are now over 116,000 persons receiving high quality coordinated health care in the MCM program.

New Hampshire is also currently implementing the New Hampshire Health Protection Program, which is the State’s program for expanding health coverage to childless adults up to 133% of the federal poverty level. The New Hampshire Health Protection program will provide health benefits to over 50,000 low income New Hampshire

citizens when it is fully implemented. The benefits provided to the new adult group will include a substance use disorder (SUD) benefit, which will help address the rising prescription drug and heroin abuse issues New Hampshire and other states are experiencing. The Department is including proposals in the 1115 waiver on SUD education and training and services in order to build capacity to meet the demand anticipated from the new adult group and eventually the current Medicaid population.

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 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 is requesting authority to recognize costs not otherwise matched from local and state health expenditures to implement these programs. This new 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) 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 governing the Medicaid program in order to deliver and pay for services in a more innovative manner.

Within its "Building Capacity for Transformation" Section 1115 Demonstration Waiver, DHHS is seeking to improve access to quality, affordable health care specifically 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;
- 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 a pilot program and dental benefit for pregnant women and mothers of young children; and
- Promoting healthy behaviors and improved health outcomes by expanding the existing "InShape" program at hospitals, health systems and non-traditional providers in order to provide children and the developmentally disabled population with tobacco cessation and other services to improve their health and population health in New Hampshire.

New Hampshire's "Building Capacity for Transformation" Section 1115 Demonstration Waiver application requests federal approval for five years.

April 21, 2014

Public Notice and Comment on the 1115 Waiver

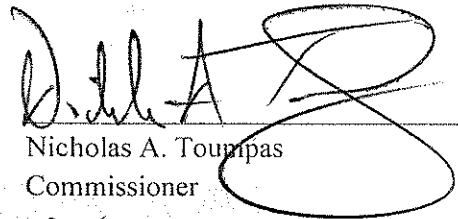
Under federal regulations, the Department is required to provide a public comment period of 30 days and hold at least two public hearings. We have attached a copy of the public notice that will appear on the Department's website and in statewide newspapers on Monday, April 21, 2014. The public notice is also being emailed to a broad group of stakeholders, including providers and advocacy groups. The public comment period on the application will run from Monday, April 21, 2014, to Tuesday, May 20, 2014.

Submission of the 1115 Waiver Application to the Fiscal Committee

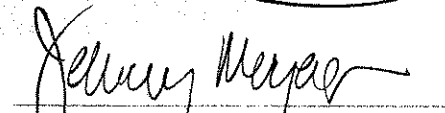
The Department and its consultants are now in the process of completing a draft of the Section 1115 Waiver Application. This draft is anticipated to be published on the Department's website on or about Friday, April 25, 2014. Once the public comment period is closed, the Department will evaluate the comments and finalize the application. The final application will be submitted to the Fiscal Committee prior to May 23, 2014. Under SB 413, the Committee must act on the application so that it may be submitted to CMS by June 1, 2014.

We look forward to presenting the concept of the "Building Capacity for Transformation" waiver to the Fiscal Committee later this week.

Sincerely,



Nicholas A. Toupas
Commissioner



Jeffrey A. Meyers
Director, Intergovernmental Affairs

Enclosures

cc: Members, Fiscal Committee
Legislative Budget Assistant

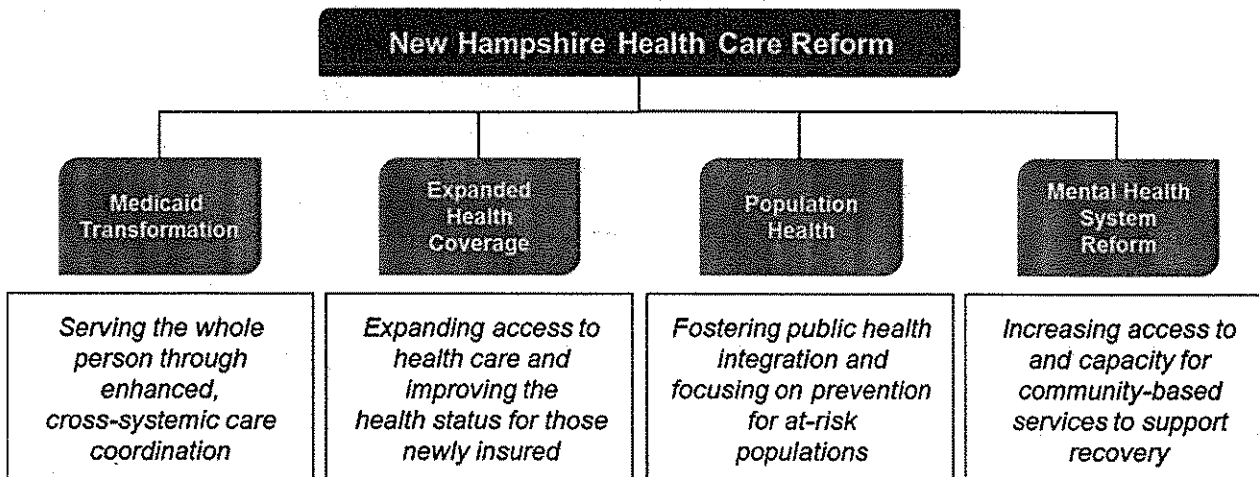


Introduction

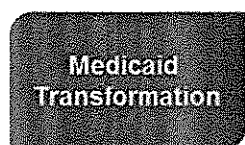
The New Hampshire Department of Health and Human Services (DHHS) is applying for a Section 1115 Demonstration Waiver from the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) to support the comprehensive reform of its Medicaid program. The primary purpose of NH's "Building Capacity for Transformation" Section 1115 Demonstration Waiver is to request authority to recognize costs not otherwise matchable for mutually agreed upon Designated State Health Programs (DSHPs). The initiatives proposed within NH's "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. This concept paper presents background information about the urgent need for Medicaid reform in these areas, and outlines New Hampshire's approach toward designing innovative reform programs and identifying funding opportunities necessary to implement them.

Background and Current State

DHHS's mission is to join communities and families in providing opportunities for citizens to achieve health and independence. As such, New Hampshire is consistently ranked as one of the healthiest states in the US according to United Health Foundation's America's Health Rankings, but there is still more work to do. To date, New Hampshire has taken several significant steps toward addressing the population's needs in its overall approach to health care reform. The graphic and subsequent sections below review these steps and outline their role as the catalyst for NH's "Building Capacity for Transformation" Section 1115 Demonstration Waiver.



Comprehensive Medicaid 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. New Hampshire Senate Bill (SB) 147 was signed into law by the Governor in June 2011, mandating a MCM program in the State. The MCM program



New Hampshire Department of Health and Human Services

Concept Paper for a "Building Capacity for Transformation" Section 1115 Demonstration Waiver

is being implemented by DHHS via a three-step approach that recognizes the issues of specialty services for vulnerable populations, and is consistent with the spirit and letter of SB 147. The first step of the program launched on December 1, 2013 and included the mandatory enrollment of all Medicaid populations, except for dual-eligibles, who had the ability to opt out. The next step of the program will take into account the Medicaid eligibility expansion population and will begin on July 1, 2014. The final step of the program will include the mandatory enrollment of dual-eligibles, Medicaid waived services, nursing home services, and other long term services and supports (LTSS). DHHS is also using MCM to stimulate payment and service delivery reform by an incentive program with its managed care organizations (MCOs) that requires each MCO to develop a payment reform plan and withholds 1% of the MCO's premiums that is paid back if the outcomes defined in the plan are achieved.

DHHS is positioning its "Building Capacity for Transformation" Section 1115 Demonstration Waiver as an element of this broader MCM strategy, as there is significant alignment between the populations who will be included in third step of the program and those receiving the services DHHS plans to expand through this demonstration. The first step of the MCM program began the integration of physical and mental health care in the State and the MCM roll out will continue to improve the integration of and access to needed services, with an emphasis on both mental health and SUD treatment services. To begin progressing towards this goal, DHHS is proposing five related Designated State Health Programs (DSHPs) within this Section 1115 Demonstration Waiver, which are described in more detail below.

In addition to MCM, New Hampshire will be implementing a SUD benefit into its Medicaid program. With the addition of this benefit, the State will be adding up to 60,000 persons newly eligible for this benefit who will receive SUD treatment services into the system.

Also, in February 2013, CMS's Center for Medicare and Medicaid Innovation (CMMI) awarded New Hampshire a State Innovation Model (SIM) Model Design grant to develop a State Health Care Innovation Plan and associated delivery system reform and payment reform models. New Hampshire focused its SIM design on models that work to reform the provision of Long Term Supports and Services (LTSS) in the State. The reform goals developed through the SIM process include improving access to care, promoting consumer direction, and strengthening linkages to acute medical care services for persons receiving LTSS across the continuum of care. New Hampshire is anticipating the forthcoming Funding Opportunity Announcement (FOA) from CMMI in order to determine how its SIM design goals may be advanced either through a SIM Testing grant application or in conjunction with NH's "Building Capacity for Transformation" Section 1115 Demonstration Waiver.

**Population
Health**

In addition to its Medicaid transformation initiatives described in detail above, DHHS recently released its State Health Improvement Plan (SHIP) that will act as the State's public health road map to guide health improvement work throughout New Hampshire. The SHIP defines measurable objectives, recommended strategies for improvement, and performance measures with time-framed targets for ten population health focus areas, including tobacco use, obesity/diabetes, healthy mothers and babies, and the misuse of alcohol and drugs. The SHIP aims to assist state and community leaders in focusing their work to improve the public's health and to promote coordination and collaboration among public health partners, which has been reflected in the development of NH's "Building Capacity for Transformation" Section 1115 Demonstration Waiver.



Expanded Health Coverage

DHHS is also currently implementing the New Hampshire Health Protection Program, which is the State's program for expanding health coverage to childless adults under the Affordable Care Act (ACA). The State will be expanding health coverage in three different ways: (1) through a Mandatory Health Insurance Premium Program (HIPP) that will help eligible workers pay for employer-sponsored insurance through calendar year 2016; (2) through a Bridge to Marketplace plan that will offer coverage to eligible individuals through either Managed Care Organizations (MCOs) or Qualified Health Plans (QHPs) on the exchange in calendar year 2014; and (3) through a Mandatory Premium Assistance Program that will provide coverage for eligible adults through QHPs on the exchange in 2015 and 2016.

Mental Health System Reform

The final element of New Hampshire's comprehensive reform of its Medicaid program focuses on mental health system reform. On September 22, 2008, DHHS released "Addressing the Critical Mental Health Needs of NH's Citizens - A Strategy for Restoration", the Ten-Year Plan for the State's public mental health system. In order to implement the community-based programs prescribed by this plan, the State is making new investments in its mental health system for the first time in nearly a decade. The State's current Biennial Budget provides over \$26 million in new funding for mental health programs and the State will be investing an additional \$65 million in new community resources over the next four state fiscal years.

Problem Statement

New Hampshire recognizes that there is a particular need around restructuring how the State delivers mental health and SUD services, and the need to better integrate those services with the medical and LTSS services that residents receive. The current mental health system is disjointed in terms of the services that it provides, and its funding streams are misaligned. New Hampshire sees a strong opportunity to link these necessary mental health system reforms with the other reform initiatives previously described, and intends to use its "Building Capacity for Transformation" Section 1115 Demonstration Waiver to request Designated State Health Program (DSHP) funding as a catalyst to do so.

For example, as depicted in the table below, many children and adults are waiting far too long for mental health treatment in hospital emergency rooms, creating an ongoing crisis for both the provider and patients.

Average number of individuals awaiting admission to New Hampshire Hospital (158 beds) during Fiscal Year 2014 to date			
Month	Count of Adults	Count of Children	Total Count
July	16	3	19
August	31	3	34
September	25	4	29
October	23	5	28
November	21	7	28
December	22	2	24
January	18	4	22
February	15	8	23
March	11	3	14



This data suggests that there is an inherent need to increase the number of psychiatric providers in the State, and to train and educate emergency room physicians on handling complex mental health and SUD patients. Similarly, New Hampshire's provider network's capacity to support the SUD treatment needs of its citizens is shrinking. With the addition of an SUD benefit into the State's Medicaid program, this lack of capacity will only intensify. There is an inherent need to shift and/or improve on how SUD treatments are delivered, and one way to do so is by increasing the delivery of these treatments through hospitals, health systems, and/or non-traditional providers, e.g. community mental health centers (CMHCs), federally qualified health centers (FQHCs), and rural health clinics (RHCs). The data to substantiate these claims are evident. As depicted in the table below, in the state's Fiscal Year (FY) 2011-2012, 33% of all adult Medicaid beneficiaries had mental health and/or SUD diagnoses, increasing by almost 1000 beneficiaries from the previous year. The linkages between these two service categories combined with the lack of capacity to provide treatment and services to this population are the delivery challenges this waiver seeks to address.

New Hampshire Department of Health and Human Services				
1115 Demonstration Waiver - Designated State Health Programs (DSHP)				
Beneficiaries with Mental Health and/or SUD Diagnoses				
Fiscal Year	Age Category	Total Beneficiaries	MH/SUD Beneficiaries	Percent MH/SUD
FY10/11	Adult	57,093	33,435	58.6%
FY11/12	Adult	57,253	33,991	59.4%
FY10/11	Child < 19	106,581	20,548	19.3%
FY11/12	Child < 19	107,249	20,955	19.5%
FY10/11	All	163,674	53,983	33.0%
FY11/12	All	164,502	54,946	33.4%

Components of NH's "Building Capacity for Transformation" Section 1115 Demonstration Waiver

Based upon the delivery system challenges outlined above, DHHS has developed a list of five programs that it will propose to obtain Designated State Health Program (DSHP) funding from CMS through its "Building Capacity for Transformation" Section 1115 Demonstration Waiver. DHHS developed these programs in a collaborative manner, and they focus on a variety of different health issues, including mental health, SUD, oral health, and population health aspects such as obesity and smoking cessation. These programs were also developed to address the public health needs identified in the New Hampshire State Health Improvement Plan (SHIP), as DHHS recognizes how hospitals, health systems, and/or non-traditional providers can be strong partners in driving the health outcomes outlined in the SHIP.

Designated State Health Programs (DSHP)

1. Mental Health

DHHS recognizes the importance of hospital, health systems, and/or non-traditional provider participation in each of the mental health system improvements described in the background section above. Therefore, 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. This mental health community reform pool would encourage hospitals, health systems, and/or non-traditional providers to build an integrated physical and behavioral health system at the local level. DHHS envisions that these providers could benefit from receiving higher rates of reimbursement and additional pool payments based upon their participation, which would occur through the following five components:

Six Components of Mental Health Community Reform Pool	
Reform Pool	Description
Capacity-retention Payments	<ul style="list-style-type: none"> A hospital would receive this payment if it pledged <u>not to reduce</u> access to mental health/SUD related services in their health system This payment would be 10% of the hospital's existing Medicaid claim payments for mental health/SUD related services in their system, based on previous years
Capacity-expansion Payments	<ul style="list-style-type: none"> 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 3 years, using a 25% payment increase
New Service Payments	<ul style="list-style-type: none"> 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 3 years, using a 10% payment increase
Pilot Program Pool	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 This incentive pool would be funded by a 20% holdback in all four components of this broader mental health community reform pool These hold backs would begin to accrue in Year 2 of the demonstration

2. Community-Based Mental Health

In addition to the mental health community reform pool outlined above, New Hampshire is requesting DSHP funding to help implement the components of its 10 Year Mental Health Plan and its December 2013 settlement with the United States Department of Justice. Specifically, DHHS is proposing to use DSHP funding to help implement these new programs in the State's non-Medicaid population.

3. Substance Use Disorder (SUD)

One of the State's population health goals as outlined in the SHIP is to address substance misuse by reducing the non-medical use of pain relievers and drug-related overdose deaths in the State. Meeting these goals will require a stronger workforce capable of providing enhanced SUD treatments and services. To address this need, 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. Curriculum components would include,



but are not limited to:

- Crisis intervention
- Crisis stabilization
- ER and related continuum of care
- Related mental health comorbidities
- Neonatal abstinence syndrome (NAS)

4. Oral Health

It is estimated that approximately 40% of pregnant women have some form of periodontal disease¹ and it is widely known that there is an association between maternal periodontal disease and preterm birth and/or low birth weight². According to an analysis of New Hampshire Vital Records and birth certificate data, 7.6% of singleton babies, or 262 of 3,543 were born with a low birth weight (<2,500 grams) in the most recent year, CY2012. Evidence also suggests that there is a correlation between improved oral health and reduced costs for dental treatment in children whose mothers receive routine dental care. To address these health issues, DHHS would pilot an expanded Medicaid oral health program for pregnant women and mothers of young children that would accomplish the following:

- Establish an education program for all mothers to increase the understanding and value of oral health
- Encourage participation by all mothers who smoke in an approved smoking cessation program
- Establishes a benefit that provides coverage for dental services to all mothers during pregnancy *until their child's fifth birthday*
 - This will include mothers over 21 years of age who are not currently eligible for any Medicaid dental services
 - This will include mothers under 21 years of age who are currently eligible for Medicaid dental services until they turn 21 or otherwise 60 days postpartum

Program rewards and incentives would be provided to women and children who meet certain performance criteria developed by DHHS. Women would have an opportunity to participate in the pilot program and its evaluation study, or elect not to participate. Non-participants would be eligible for the same dental services provided through the benefit mentioned above, and would receive the same education information provided to all mothers.

Dental services provided through the benefit to clients before they transition to MCM will be paid on a Fee-For-Service basis. When dental services are provided through the benefit to clients enrolled with one of New Hampshire's MCOs, the MCO will be required by contract to reimburse for dental services for these eligibility groups. An actuarially sound rate will be developed and amended contract language will require

¹ National Institutes of Health <http://www.ncbi.nlm.nih.gov/pubmed/15025223>

² American Congress of Obstetricians and Gynecologists

http://www.acog.org/Resources_And_Publications/Committee_Opinions/Committee_on_Health_Care_for_Underserved_Women/Oral_Health_Care_During_Pregnancy_and_Through_the_Lifespan#19



payments for dental services.

5. Population Health

For persons with a persistent and/or severe mental illness, staying physically healthy and fit is a special challenge; yet regular exercise and proper diet can be key elements in recovering from a major mental or emotional illness. To address this challenge, New Hampshire has piloted an "InShape" program that brings the benefits of exercise and a healthful way of living to individuals facing these concerns.³ In order to scale this program up, DHHS proposes the expansion of key components of the "InShape" program to additional populations. 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.

Another population health challenge that this population faces is tobacco use. Specifically, the rate of tobacco use among people with a substance use disorder or mental illness is 94% higher than among adults without these disorders. Approximately 50% of people with mental illnesses and addictions use tobacco, compared to 23% of the general population⁴. Therefore, in addition to maintaining the health and wellness component of the InShape program that is focused on improving cardiovascular health by reducing obesity, DHHS proposes adding a third element to the program, which would require the addition of smoking cessation classes as a component for adults.

Impact on Proposed Populations

New Hampshire is not requesting any changes in Medicaid program eligibility through its "Building Capacity for Transformation" Section 1115 Demonstration Waiver. Therefore, there is no anticipated impact on total Medicaid enrollment as a result of these proposed DSHP programs. However, DHHS anticipates that current and newly expanded Medicaid beneficiaries in general will experience better health outcomes through:

- Increased access to certain services, such as mental health and SUD treatments, oral health services, and health and wellness services
- Improvements in the way their services are delivered at hospitals, health systems, and/or non-traditional providers

Impact of Demonstration on Benefits and Cost Sharing Requirements

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

³ Monadnock Family Services <http://www.mfs.org/services/inshape/inshape>

⁴ National Council for Behavioral Health <http://www.thenationalcouncil.org/consulting-best-practices/national-behavioral-health-network-tobacco-cancer-control/>



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 current Medicaid State plan.

Stakeholder Engagement

DHHS will engage stakeholders in the further development of its "Building Capacity for Transformation" Section 1115 Demonstration Waiver. As part of the stakeholder engagement process required within the development of a Section 1115 Demonstration Waiver, the State will seek stakeholder input in the development of each DSHP program and conduct a robust engagement process to spread awareness about these system improvements. 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.

Financing and Budget Neutrality Approach

Sources for Match

Below is a preliminary list of DSHP funding sources. DHHS is in the process of identifying a complete list of sources that would be eligible for federal matching funds and inclusion in the DSHP proposals described above.

State of New Hampshire Health Care Funding Summary of Potential DSHP Resources⁵	
Funding Sources	Funding Amount
State Funding Sources	
<i>Department of Health and Human Services SFY 2015 Biennial Budget:</i>	
Glenclyff Home General Funds	\$7,544,949
New Hampshire Hospital General Funds	\$24,650,441
Sununu Youth Services Center General Funds	\$14,683,277
<i>Department of Health and Human Services 10 Year Mental Health Plan/DOJ Settlement</i>	\$3,227,000
<i>Department of Corrections SFY 2015 Biennial Budget for Medical and Dental Services</i>	\$10,760,687
State Funding Sources Total	\$60,866,354
County Funding Sources	

⁵ Please note that this list of unmatched health care funding only reflects potential sources for DSHP match and has not yet been reviewed and analyzed sufficiently to determine whether all the funds are potentially useable for DSHP matching purposes.



New Hampshire Department of Health and Human Services

Concept Paper for a "Building Capacity for Transformation" Section 1115 Demonstration Waiver

Correctional Medical/Health Spending	\$6,093,757
Municipality Funding Sources	
<i>2013 Report of Appropriations Actually Voted (M-2 Form) reported to the Department of Revenue Administration</i>	
Health Administration	\$4,320,521
Health Agencies & Hosp. & Other	\$7,367,123
Municipality Funding Sources Total	\$11,687,644
Grand Total	\$78,647,755

Budget Neutrality Approach

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

New Hampshire Department of Health and Human Services

*Abbreviated Public Notice for Proposed Section 1115 Demonstration Waiver Application
For Newspaper Publication and Email distribution to providers and stakeholders*



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. New Hampshire requests 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.

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 community 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 a 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 community providers to additional populations – children and 1915(c) Developmentally Disabled Waiver enrollees – and to include smoking cessation classes as a component for adults

The full public notice for the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver can be found at <http://www.dhhs.nh.gov/section-1115-waiver/index.htm>. DHHS will update this website throughout the public comment and application process.

The public comment period for the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver draft application is from **Monday, April 21, 2014 until Tuesday, May 20, 2014 at 5 p.m.**

New Hampshire Department of Health and Human Services
Abbreviated Public Notice for Proposed Section 1115 Demonstration Waiver Application
For Newspaper Publication and Email distribution to providers and stakeholders



(Eastern). You can provide comments by emailing 1115waiver@dhhs.state.nh.us or writing to the address below.

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

Two public hearings on the "Building Capacity for Transformation" Section 1115 Demonstration Waiver application are scheduled, and 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. 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.

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

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

New Hampshire Department of Health and Human Services
*Abbreviated Public Notice for Proposed Section 1115 Demonstration Waiver Application
For Newspaper Publication and Email distribution to providers and stakeholders*



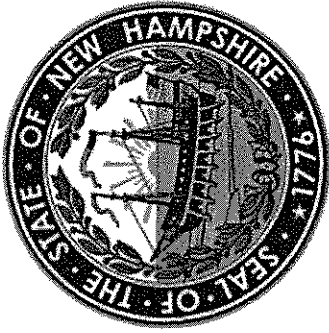
To participate via webinar during this public forum on May 12, 2014, please use the following URL:

<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

For more information on how to provide written or verbal comments regarding the “*Building Capacity for Transformation*” Section 1115 Demonstration Waiver, please visit <http://www.dhhs.nh.gov/section-1115-waiver/index.htm>.



New Hampshire Department of Health and Human Services

**An Approach to New Hampshire Health Care Reform and
NH's "Building Capacity for Transformation" Section 1115
Demonstration Waiver**

April 16, 2014

Do Not Distribute

Presentation Overview

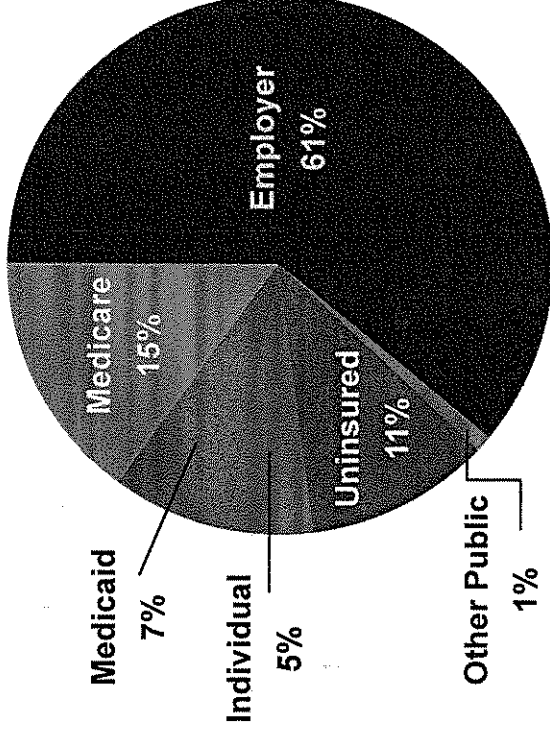
- Current Health Care Landscape in New Hampshire
- Current Challenges Within the Health Delivery System
- New Hampshire Health Care Reform
 - Mission
 - Goals
 - Strategies
 - Approach
 - Medicaid Transformation
 - Expanded Health Coverage
 - Population Health
 - Mental Health System Reform
- NH's "Building Capacity for Transformation" Section 1115 Demonstration Waiver
 - Designated State Health Programs (DSHP)
 - Mental Health
 - Substance Use Disorder (SUD)
 - Oral Health
 - Population Health
 - Waiver Timeline



Current Health Care Landscape in New Hampshire

- As of July 2012, the State of New Hampshire had 1.3 million residents and varies in population density per geographic area.
- This population accesses health care through either Medicaid, Medicare, or private insurance. The chart to the right shows a breakdown of the 2010-2011 population by health coverage source, including the estimated uninsured population.
- New Hampshire is consistently ranked as one of the healthiest states in the US according to United Health Foundation's America's Health Rankings, but there is still more work to do...
- The State saw an increase in ER visits for patients with opioids or heroin abuse disorders from 1001 in 2001 to 1357 in 2012.
- Inpatient and residential alternatives to New Hampshire Hospital have diminished since the 1990s. There were 236 voluntary inpatient beds across the state in 1990 and 186 beds in 2008, and the number of community Designated Receiving Facility (DRF) beds has decreased in the 2000s from 101 to 8
- According to an analysis of New Hampshire Vital Records and birth certificate data, 7.6% of singleton babies, or 262 of 3,543 were born with a low birth weight (<2,500 grams) in CY2012, and it is widely known and accepted that there is an association between maternal periodontal disease and preterm birth and/or low birth weight.

Health Coverage in New Hampshire
(2010-2011)



Source: [New Hampshire Insurance Department](#)



Current Challenges Within the Health Delivery System

New Hampshire's approach to health care reform has been developed in response to the following challenges, organized by category, that the health delivery system faces:

Fragmentation, lack of alignment, and limited capacity in health delivery system

- System of care is not geared/designed toward improving population health
- Excess capacity for and/or duplication of some services with no resulting difference in quality or access
- Lack of a robust network to meet new mental health and substance use disorder needs

Inappropriate financial incentives, payments, and/or funding

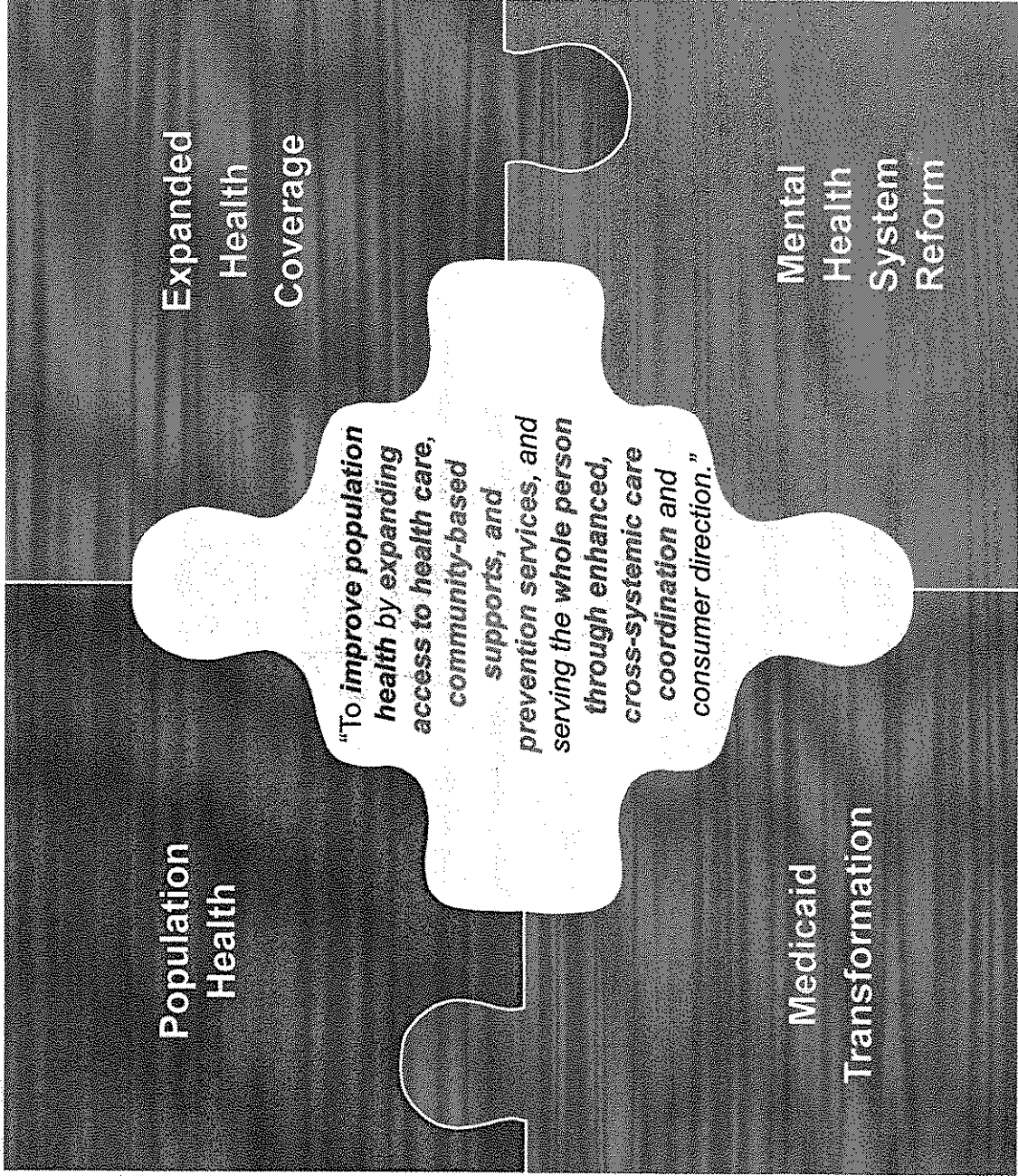
- Financial incentives not aligned so that the delivery system becomes less costly, while providing quality services
- Financial incentives not based upon standard quality outcome measures across all payers in the State, including Medicare and Medicaid
- A variation in Medicaid payment rates between State Plan services and Waiver services

Early stages of implementing transformation initiatives

- Broad provider interest in adopting Triple Aim-related reforms, yet concerns remain over the economic impact of these reforms
- Completing the transition from a Fee-for-Service program to a new Medicaid Care Management (MCM) program
- Concern over the capabilities of safety-net providers is a limiting factor in adopting transformative policies and infrastructure



NHHCR Mission

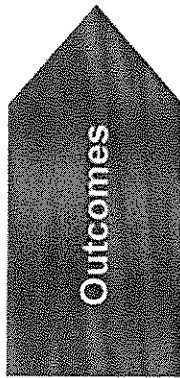


NHHCR Goals

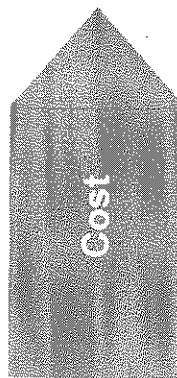
The overall goals of New Hampshire's approach to health care reform are to:



Improve the patient experience of accessing and receiving care in New Hampshire



Improve the health of our populations and communities



Reduce health care costs through improvements in our delivery system



NHHCR Strategies

In alignment with the previously defined goals, New Hampshire's approach to health care reform focuses on a set of defined strategies:

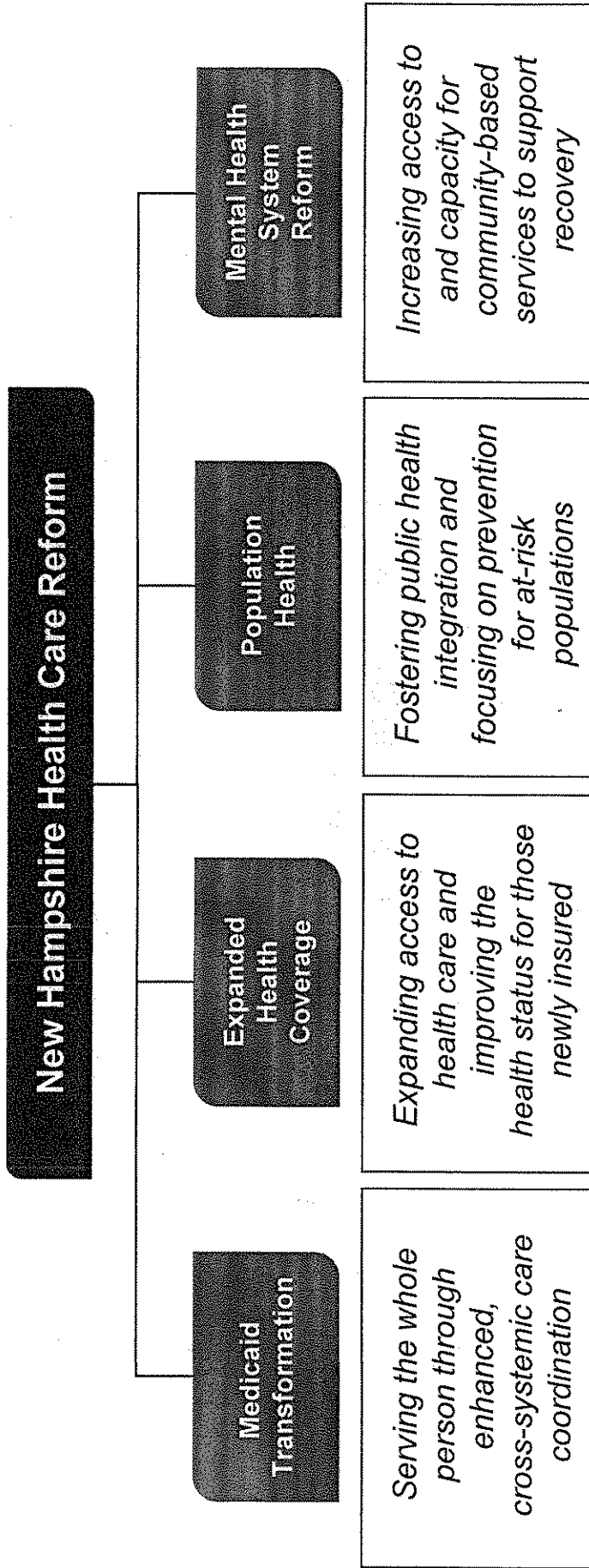
- Improve and expand access to health care and community-based supports
 - Address cross-systemic needs (DD, MH, LTSS, SUD) through enhanced care coordination
 - Empower the individual to make informed decisions and participate in directing their care
-
- Foster public health integration and concentrate on population health
 - Focus on prevention for at-risk populations
 - Adopt a "whole person" approach to service delivery
-
- Deliver cost-effective, community-based services and supports
 - Ensure provider quality and accountability
 - Practice data-driven decision making



**New Hampshire Health Care Reform
(NHHCR)**

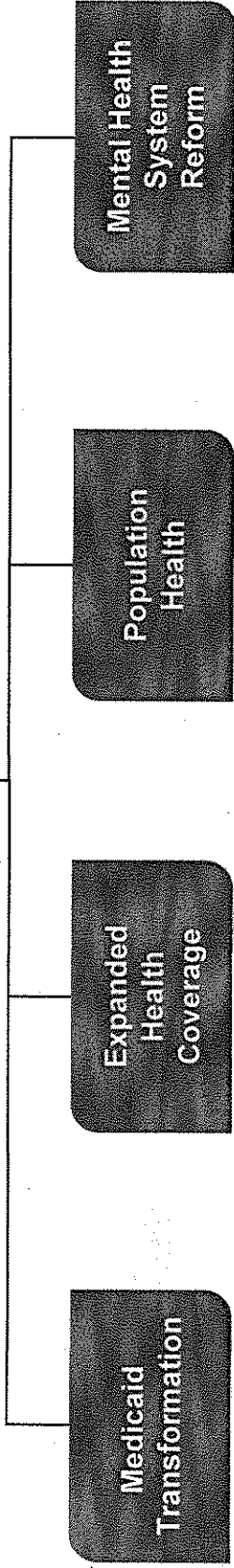
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NHHCR Approach Overview



NHHCR Approach

New Hampshire Health Care Reform



Medicaid Care Management	
Step 1	<ul style="list-style-type: none"> - PCMH - Addressing determinants of health - Focus on quality
Step 2	<ul style="list-style-type: none"> - Mandatory Enrollment
Long Term Care Reform	
-	"No Wrong Door" policy
-	Shift eligibility criteria to include at-risk populations
-	Equalize availability of services and use of consumer-directed budgets across waivers
-	Cross-systemic care coordination
-	Health Home
Substance Use Disorder Benefit	
-	Screening and intervention
-	Inpatient/outpatient treatment

NH Health Protection Program	
-	Mandatory HIPP Program
-	Bridge Plan
-	Mandatory Premium Assistance Program
-	<i>Improving health care and health status for newly insured</i>

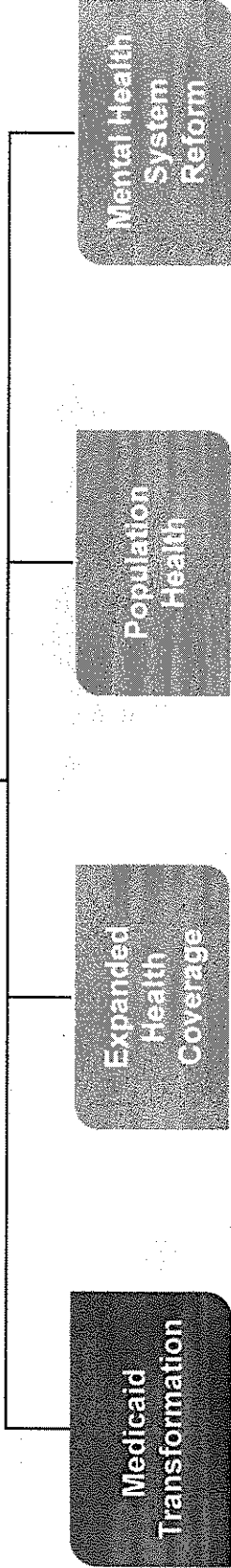
State Health Improvement Plan	
-	Tobacco
-	Obesity/Diabetes
-	Heart Disease and Stroke
-	Healthy Mothers and Babies
-	Cancer Prevention
-	Asthma
-	Injury Prevention
-	Infectious Disease
-	Emergency Preparedness
-	Misuse of Alcohol and Drugs
"Building Capacity" 1115 Waiver	
-	Mental health community-based payment pool for hospitals and non-traditional providers
-	(SUD) training and workforce development program
-	Pilot expanded oral health program for pregnant women
-	Statewide expansion of InShape Program

Community Mental Health Plans	
-	Housing Bridge Subsidy Program
-	Glenciff Alternative Beds
-	Mobile Crisis Teams
-	Community Crisis Apartments
-	Assertive Community Treatment Teams
-	Supported Employment
-	Quality Assurance
-	Integration of behavioral health with primary care



Medicaid Transformation

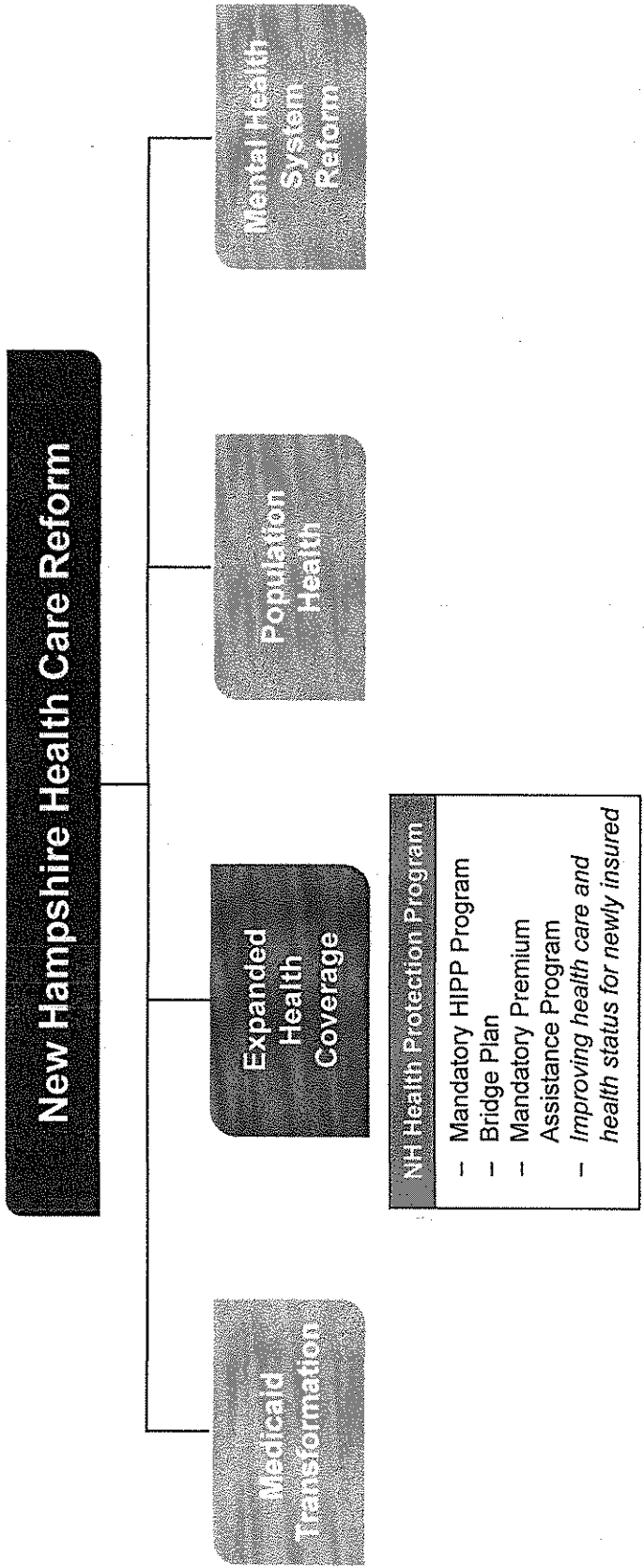
New Hampshire Health Care Reform



Medicaid Care Management	
Step 1	<ul style="list-style-type: none"> -- PCMH -- Addressing determinants of health -- Focus on quality
Step 2	<ul style="list-style-type: none"> -- Mandatory Enrollment
Long Term Care Reform	
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--	Health Home
Substance Use Disorder Benefit	
--	Screening and intervention
--	Inpatient/outpatient treatment

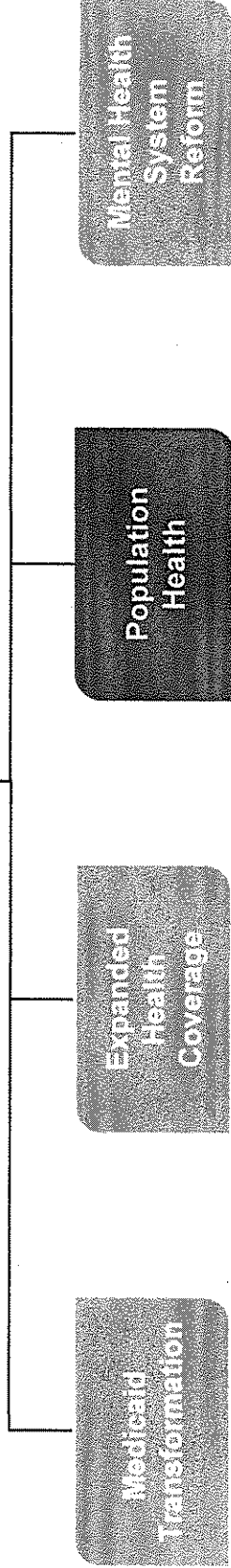


Expanded Health Coverage



Population Health

New Hampshire Health Care Reform

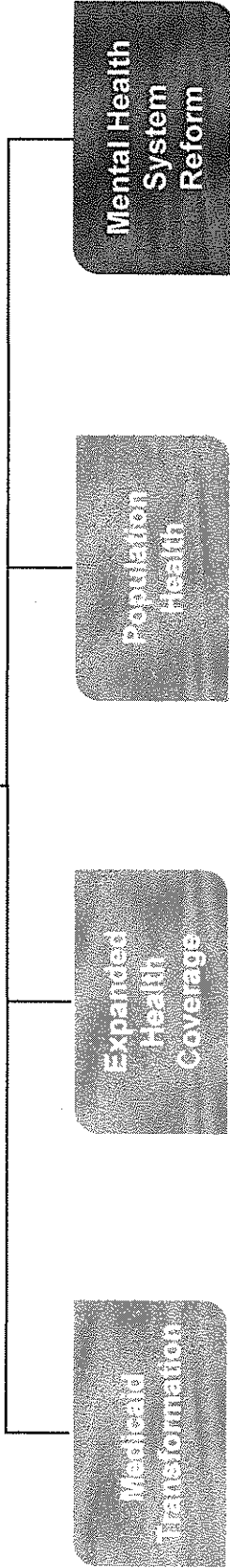


State Health Improvement Plan
- Tobacco
- Obesity/Diabetes
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- Healthy Mothers and Babies
- Cancer Prevention
- Asthma
- Injury Prevention
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- Emergency Preparedness
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"Building Capacity" 1115 Waiver
- Mental health community-based payment pool for hospitals and non-traditional providers
- (SUD) training and workforce development program
- Pilot expanded oral health program for pregnant women
- Statewide expansion of InShape Program



Mental Health System Reform

New Hampshire Health Care Reform



Community Mental Health Plans
- Housing Bridge Subsidy Program
- Glenclyff Alternative Beds
- Mobile Crisis Teams
- Community Crisis Apartments
- Assertive Community Treatment Teams
- Supported Employment
- Quality Assurance
- Integration of behavioral health with primary care



**NH’s “Building Capacity for Transformation”
Section 1115 Demonstration Waiver**



Background and Overview

- As part of its overall approach to health care reform, the New Hampshire Department of Health and Human Services (DHHS) is applying for a Section 1115 Demonstration Waiver from the Centers for Medicare and Medicaid Services (CMS).
- The initiatives proposed within the “Building Capacity for Transformation” waiver will include improvements to the delivery of mental and physical health services, substance use disorder (SUD) screenings and treatment services, population health programs, and oral health related services.
- DHHS has designed five specific programs that it will propose to obtain Designated State Health Program (DSHP) funding from CMS through the “Building Capacity for Transformation” waiver.
- The funding sources DHHS has identified as potential DSHP match resources include SFY2015 Biennial Budget mental health general funds, 10 Year Mental Health Plan/DOJ Settlement funds, Department of Corrections funds, county-level correctional health funds, and municipality-level health administration funds.
- DHHS will submit its “Building Capacity for Transformation” waiver application to the State Fiscal Committee on May 23, 2014 and to CMS on June 1, 2014, per the Senate Bill (SB) 413 requirement.
- The following slides outline potential DSHP funding sources, preliminary program designs for the five DSHP programs, and a timeline that depicts the review and comment period for the “Building Capacity for Transformation” waiver.



Potential DSHP Funding Sources

State of New Hampshire Health Care Funding Summary of Potential DSHP Resources*	
Funding Sources	Funding Amount
State Funding Sources	
<i>Department of Health and Human Services SFY 2015 Biennial Budget</i>	
Glenciff Home General Funds	\$7,544,949
New Hampshire Hospital General Funds	\$24,650,441
Sununu Youth Services Center General Funds	\$14,683,277
<i>Department of Health and Human Services 10 Year Mental Health Plan/DOJ Settlement</i>	\$3,227,000
<i>Department of Corrections SFY 2015 Biennial Budget for Medical and Dental Services</i>	\$10,760,687
State Funding Sources Total	\$60,866,354
County Funding Sources	
Correctional Medical/Health Spending	\$6,093,757
Municipality Funding Sources	
<i>2013 Report of Appropriations Actually Voted (M-2 Form) reported to the Department of Revenue Administration</i>	
Health Administration	\$4,320,521
Health Agencies & Hosp. & Other	\$7,367,123
Municipality Funding Sources Total	\$11,687,644
Grand Total	\$78,647,755

* Please note that this list of unmatched health care funding only reflects potential sources for DSHP match and has not yet been reviewed and analyzed sufficiently to determine whether all the funds are potentially useable for DSHP matching purposes.



Mental Health

- Establish a mental health community reform pool that includes hospitals, health systems, and other non-traditional providers (e.g. CMHCs, FQHCs, and/or RHCs) and contains the following five different components:
 - 1** Capacity-retention Payments
 - A hospital would receive this payment if it pledges not to reduce access to mental health/SUD related services in their health system
 - This payment could be **10%** of the hospital's existing Medicaid claim payments for mental health/SUD related services in their system, based on previous years
 - 2** Capacity-expansion Payments
 - If a hospital, health system, and/or other 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 **3 years**, using a **25%** payment increase
 - 3** New Service Payments
 - If a hospital, health system, and/or other non-traditional provider adds inpatient OR outpatient mental health/SUD related services, DHHS would pay an enhanced rate for those services for **3 years**, using a **10%** payment increase



Mental Health (Continued)

- Establish a mental health community reform pool that includes hospitals, health systems, and other non-traditional providers (e.g. CMHCs, FQHCs, and/or RHCs) and contains the following five different components:

4 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 and that focus on improving the management of comorbidities and improving care coordination across delivery silos
- 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

5 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
- This incentive pool would be funded by a **20%** holdback in all four components of this broader mental health community pool
 - These hold backs will begin to accrue in Year 2 of the demonstration



Community-Based Mental Health

- In addition to the mental health community reform pool, New Hampshire is requesting Designated State Health Program (DSHP) funding to help implement the components of its 10 Year Mental Health Plan and its settlement with the United States Department of Justice.
- Specifically, DHHS is proposing to use DSHF funding to help implement these new community-based programs in the State's non-Medicaid population.

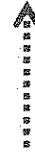
10 Year Mental Health Plan / USDOJ Settlement Programs		
Mental Health Program Name	Program Source	Unmatched Funding Amount in SFY15
ACT - 4 adult teams	10 Year MH Plan	\$228,000
ACT - 1 child team	10 Year MH Plan	\$70,000
ACT - 5 child teams	10 Year MH Plan	\$350,000
ACT - Bring 11 current Adult ACT teams to fidelity	DOJ Settlement	\$640,000
ACT - Add 12th & 13th Adult ACT teams	DOJ Settlement	\$57,000
Mobile Crisis Teams	DOJ Settlement	\$45,000
Community Crisis Apartments	DOJ Settlement	\$128,000
Housing Bridge Subsidy Program	10 Year MH Plan	\$545,000
Housing Bridge Subsidy Program	DOJ Settlement	\$409,000
DRF - Hospital	10 Year MH Plan	\$338,000
Residential - 12 beds	10 Year MH Plan	\$155,000
Residential - 62 beds	10 Year MH Plan	\$50,000
Expand REAP Program	10 Year MH Plan	\$75,000
Quality Assurance	DOJ Settlement	\$52,000
Expert Reviewer	DOJ Settlement	\$88,000
Total		\$3,227,000



Substance Use Disorder (SUD)

- Establish a fund for training education and workforce development programs focused on SUD treatment in which hospitals, health systems, and/or non-traditional providers would apply and DHHS would administer
- Curriculum components would include, but are not limited to, the following:
 - Crisis intervention
 - Crisis stabilization
 - ER and related continuum of care
 - Related mental health comorbidities
 - Neonatal abstinence syndrome (NAS)

Hospital, health
system, and/or non-
traditional provider
applications

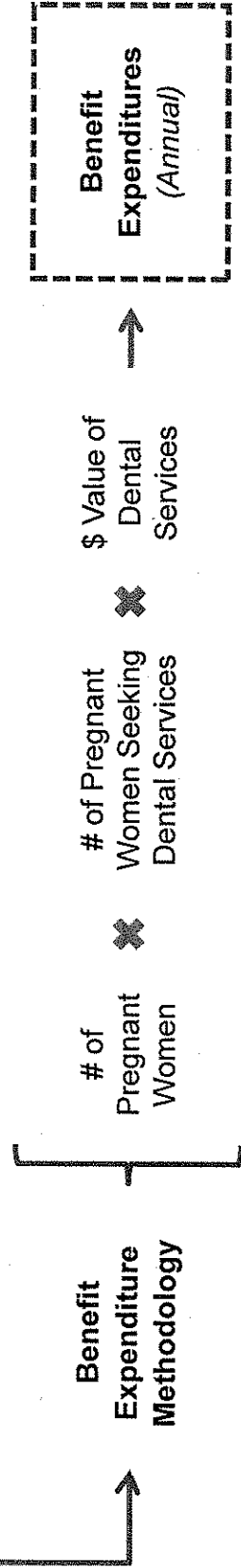


Fund for Training Education and
Workforce Development



Oral Health

- Pilot an expanded Medicaid oral health program for pregnant women and mothers of young children that accomplishes the following:
 - Establishes an education program for all mothers to increase the understanding and value of oral health
 - Encourages participation by all mothers who smoke in an approved smoking cessation program
 - Establishes a benefit that provides coverage for dental services to all mothers during pregnancy until their child's *fifth birthday*
 - This will include mothers over the age of 21 who are not currently eligible for any Medicaid dental services
 - This will include mothers under the age of 21 who are currently eligible for Medicaid dental services *until they turn 21 or otherwise 60 days postpartum*

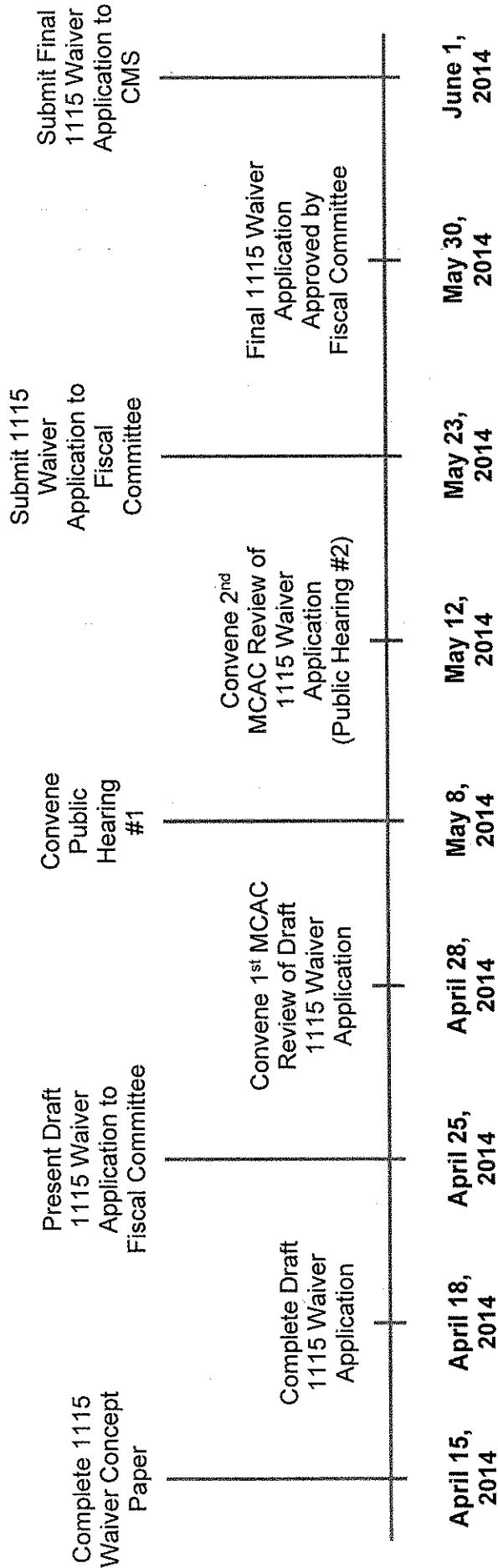


Population Health

- A Medicaid grant was awarded to the State to expand the InShape Program statewide to community mental health centers (CMHCs) via Dartmouth, which expires in 2015
 - Establish a funding pool to continue and expand this program by awarding grant applications from hospitals, health systems, and/or non-traditional providers to implement an InShape Program that expands to do the following:
 - Include children w/ severe mental illness, not just adults, as participants
 - 1915(c) Developmentally Disabled waiver enrollees
 - Adds smoking cessation classes as a component for adults
- The rate of tobacco use among people with a substance use disorder or mental illness is 94% higher than among adults without these disorders
 - Approximately 50% of people with mental illnesses and addictions smoke, compared to 23% of the general population
 - People with mental illnesses and addictions smoke half of all cigarettes produced, yet are only half as likely as other smokers to quit



“Building Capacity for Transformation” Section 1115 Demonstration Waiver Timeline



30 Day Public Comment Period
(April 21, 2014 – May 20, 2014)



