

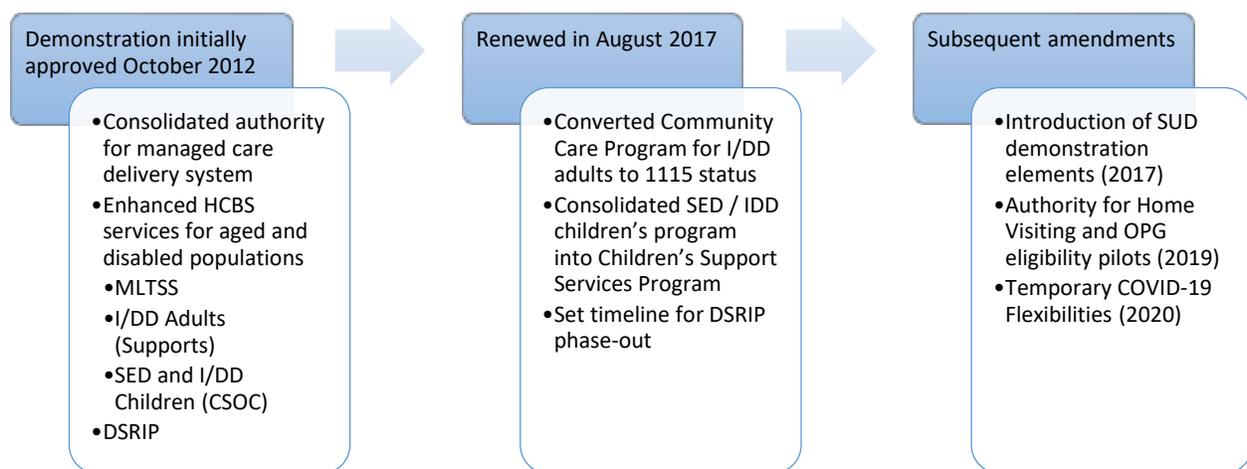
New Jersey FamilyCare Comprehensive Demonstration Renewal Request Full Public Notice

Pursuant to 42 C.F.R 431.408, the Department of Human Services, Division of Medical Assistance and Health Services, gives notice of its intent to file an application with Centers for Medicare and Medicaid Services (CMS) to request a five year extension of the Section 1115 “New Jersey FamilyCare Comprehensive Demonstration.” The demonstration is currently in its second five-year performance period, which is slated to expire on June 30, 2022. Consistent with terms and conditions of the approved demonstration, New Jersey proposes to submit a renewal application to CMS by October 2021.

Stakeholders are encouraged to review the [full draft proposal](#) and [supporting documents](#).

Program Description

New Jersey’s Medicaid and Children’s Health Insurance Program (CHIP) programs operate under a single, unified 1115 demonstration: the New Jersey FamilyCare Comprehensive Demonstration. The figure below shows an overview of the history of this demonstration.



Demonstration Goals and Objectives

In developing our draft renewal proposal, we have focused on several overarching policy goals.

- **Maintain momentum on existing demonstration elements:**
 - Continue improvements in quality of care and efficiency associated with managed care; improve access to critical services in the community through MLTSS and other HCBS programs; and create innovative service delivery models to address substance use disorders.

- o Update existing demonstration terms and conditions to address implementation challenges, and accurately capture how the delivery system has evolved in New Jersey over the past several years.
- **Expand our ability to better serve the whole person:**
 - o Test new approaches to addressing the social determinants of health, with a particular emphasis on housing-related issues.
 - o Encourage greater integration of behavioral and physical health, and continued availability of appropriate behavioral health services for all Medicaid beneficiaries.
- **Serve our communities the best way possible:**
 - o Address known gaps and improve quality of care in maternal and child health.
 - o Expand health equity analyses to support better access and outcomes for communities of color and people with disabilities, while also seeking to improve the experience of other historically marginalized groups where data may not be available for analysis (e.g. LGBTQ identity).

Demonstration Elements

As part of our renewal proposal, New Jersey's renewal proposal has critical elements that advance the above goals. These include:

- Maintaining authority for mandatory managed care enrollment for most populations, including authority for additional carve-in of behavioral health service;
- Maintaining authority for Managed Long Term Services and Supports (MLTSS), with the proposed addition of new and enhanced benefits to promote transition and diversion from nursing homes;
- Maintaining authority for Children's Support Services Programs, including implementation of certain existing authorities that have not been utilized to date and expanding eligibility of state plan services to certain demonstration populations;
- Maintaining authority for the Supports and Community Care Programs, while proposing several new flexibilities;
- Maintaining authority for several existing Medicaid eligibility flexibilities, including the Office of Public Guardian pilot program;
- Introducing new housing-related benefits, within the context of a revamped structure for Medicaid to address members' housing-related needs;

- Expanding authority for the Home Visiting Pilot Program;
- Maintaining New Jersey's Substance Use Disorder demonstration flexibilities, while proposing additional Medicaid funding for activities to promote Health Information Technology and interoperability among behavioral health providers;
- Extending Medicaid coverage for pregnant women to 365 days postpartum;
- Introducing a new medically-indicated meals pilot program;
- Introducing Medicaid coverage of Supportive Visitation Services for children in the child welfare system;
- Supporting the Alternative Payment Model components of the Integrated Care for Kids model;
- Placing the Certified Community Behavioral Health Clinic program under 1115 authority, while updating program requirements;
- Allowing Medicaid coverage for pre-release transitional behavioral health services to incarcerated individuals;
- Allowing Medicaid coverage of subacute psychiatric rehabilitation beds;
- Introducing Medicaid coverage of adjunct services for people under 21 with Autism Spectrum Disorders;
- Introducing a new Community Health Worker pilot program, to be implemented through Medicaid managed care organizations; and
- Expanding the scope of permissible Medicaid-funded activities undertaken by Regional Health Hubs.

Eligibility and Benefits

New Jersey's renewal proposal either preserves or enhances both eligibility for Medicaid and CHIP, as well as access to Medicaid and CHIP benefits. New Jersey's proposal does not impact beneficiary premiums or cost-sharing.

Hypotheses and Evaluation

The hypotheses the state will use to evaluate the effectiveness of the Demonstration and to test the State's goals include the following:

- The demonstration will improve access and expand coverage to health care for the Medicaid population, including access to housing, nutritional support, and integrated behavioral and physical health services;
- The demonstration will improve quality of care, patient safety, services delivered, and costs through efficiencies of managed care;

- The demonstration will address gaps and improve quality of care in maternal and child health; and
- The demonstration will address racial and ethnic disparities in quality of care and health outcomes.

The proposed evaluation of the above hypotheses will focus on closely monitoring eligibility, enrollment data, and claims data. A variety of process and outcome metrics calculable in claims data allow an assessment of the impact of policies on the quality, efficiency, and coordination of care for Medicaid beneficiaries. Additionally, the evaluation will monitor the fiscal impact and budget neutrality projections over the course of the demonstration.

Enrollment Projections and Annual Expenditures

During the forthcoming five-year renewal period, we project that baseline (“without waiver”) expenditures would total \$79.5 billion. We note that, following CMS policy, we have calculated this estimate by trending forward actual expenditures from the current demonstration period, which already incorporates significant demonstration savings. As such, we believe the true level of expenditures, if the demonstration was terminated, would be far higher.

Under our renewal proposal, we project that demonstration expenditures during the five-year renewal period would total \$82.6 billion. This represents an on-paper net expenditure increase of \$3.1 billion during the renewal period, relative to the baseline projection. We note that this difference is not primarily the result of policy changes proposed in the renewal application, but rather reflects the ongoing costs associated with the “with waiver only” eligibility groups (i.e. expenditures on groups who are only eligible for services due to the demonstration, and therefore are not included at all in the baseline).

The projected net expenditure increase during the renewal period (\$3.1 billion) is less than the projected “roll over” savings from the current period (\$4.2 billion). Therefore, we believe our proposal is compliant with CMS policies around budget neutrality.

Detailed historical and projected demonstration enrollment and expenditures are included in the draft application. A summary of overall historical and projected demonstration enrollment and expenditures is below. Note that not all expenditures are captured in the tables below; rather this analysis is limited to expenditures that are considered as part of the current budget neutrality test.

| NJ FamilyCare, Historical Enrollment (Member Months) | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| SFY 2013 | SFY 2014 | SFY 2015 | SFY 2016 | SFY 2017 | SFY 2018 | SFY 2019 | SFY 2020 |
| DY1 | DY2 | DY3 | DY4 | DY5 | DY6 | DY7 | DY8 |
| 11,339,691 | 13,028,382 | 18,957,482 | 19,489,165 | 19,563,499 | 19,473,540 | 19,315,622 | 18,901,180 |

| NJ FamilyCare, Historical Expenditures (Millions of Dollars) | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|
| SFY 2013 | SFY 2014 | SFY 2015 | SFY 2016 | SFY 2017 | SFY 2018 | SFY 2019 | SFY 2020 |
| DY1 | DY2 | DY3 | DY4 | DY5 | DY6 | DY7 | DY8 |
| \$5,685 | \$8,872 | \$11,689 | \$12,041 | \$12,798 | \$14,703 | \$17,326 | \$18,100 |

| NJ FamilyCare, Projected Enrollment, Renewal Period (Member Months) | | | | |
|--|------------|------------|------------|------------|
| SFY 2023 | SFY 2024 | SFY 2025 | SFY 2026 | SFY 2027 |
| DY 11 | DY 12 | DY 13 | DY 14 | DY 15 |
| 18,839,639 | 18,695,635 | 18,554,752 | 18,416,989 | 18,282,346 |

| NJ FamilyCare Projected Expenditures, Renewal Period (Millions of Dollars) | | | | |
|---|----------|----------|----------|----------|
| SFY 2023 | SFY 2024 | SFY 2025 | SFY 2026 | SFY 2027 |
| DY 11 | DY 12 | DY 13 | DY 14 | DY 15 |
| \$21,293 | \$21,983 | \$22,704 | \$23,462 | \$24,260 |

Expenditure and Waiver Authorities

New Jersey is requesting to continue the following waiver and expenditure authorities previously approved by CMS for the current demonstration, including:

Waiver Authorities - Continuing

- **Statewide Operation: Section 1902(a)(1)** Allow managed care plans or types of managed care plans only in certain geographic areas, allow provision of services under the InCK model only in designated intervention counties, and allow provision of services through specified CCBHCs, offering services only in certain areas of the state.
- **Reasonable Promptness: Section 1902(a)(8)** To allow use of waiting lists for Supports, Community Care Program, and Children’s Support Services Program.
- **Amount, Duration, and Scope: Section 1902(a)(10)(B)** To provide additional services to individuals in home and community based services programs and/or managed long term services and supports.
- **Income Methodology: Section 1902(a)(17)** To allow the disregard of certain Social Security benefits based on parental income, for individuals turning 18 and enrolling in the Supports program.

- **Transfer of Assets: Section 1902(a)(18)** To allow individuals with income less than 100% of FPL to attest that no transfers were made during the look-back period.
- **Freedom of Choice: Section 1902(a)(23)(A)** To allow restriction of freedom of choice through mandatory enrollment in a managed care plan.
- **Direct Provider Reimbursement: Section 1902(a)(32)** To allow individuals to self-direct expenditures for HCBS.

Expenditure Authorities - Continuing

- **Supports Program** Health-care related costs for individuals who meet clinical and financial eligibility requirements for the Supports program.
- **Children's Support Services Program (SED)** Health-care related costs for children with a serious emotional disturbance who meet clinical and financial eligibility requirements for the Children's Supports services program.
- **Children's Support Services Program (I/DD)** Healthcare-related costs for children with intellectual/developmental disabilities who meet clinical and financial eligibility requirements for the Children's Supports services program.
- **Community Care Program** Healthcare-related costs for individuals who meet clinical and financial eligibility requirements for the Community Care program.
- **Autism Spectrum Disorder Program** Expenditures for pilot program services that are not otherwise covered under the Medicaid State plan for people under 21 who are Medicaid eligible and have been diagnosed with Autism Spectrum Disorder (ASD).
- **New Jersey Home Visiting Program** Expenditures to deliver evidence-based home visiting services in selected areas throughout the state.
- **Managed Long Term Services and Supports (MLTSS) Program** Expenditures for home and community based services provided through a managed care delivery system to elderly and disabled individuals who meet clinical and financial eligibility requirements for the MLTSS program.
- **217-Like Expansion Populations** Expenditures for services to individuals in MLTSS and other HCBS programs, who do not qualify for Medicaid under the state plan, but could (absent the 1115 demonstration) qualify under federal regulations at 42 CFR § 435.217 as part of a 1915(c) waiver.

- **SUD Services in Institutions for Mental Disease** Costs of state plan services provided to individuals ages 21-64, who are patients in an Institution for Mental Disease (IMD) related to the treatment of a substance use disorder.
- **Diversion Bed Services in an Institution for Mental Disease** Costs of diversion bed services delivered in an Institution for Mental Disease related to the treatment of a mental health or substance use disorder.
- **Office of Public Guardian (OPG) Pilot Program** Health-care related costs up to 12 months for individuals under the guardianship of the OPG during an expedited eligibility determination period.

New Jersey is requesting new authority for the following:

Waiver Authority - New

- **Eligibility: Section 1902(e)(5)** To allow eligibility of pregnant women to continue through 365 days postpartum.

Expenditure Authority - New

- **Medically Indicated Meals** Expenditures for medically indicated meals for individuals with gestational diabetes, as part of the proposed pilot program.
- **Supportive Visitation Services** Expenditures for Supportive Visitation Services for children in an out-of-home placement in the child welfare system.
- **Certified Community Behavioral Health Centers** Expenditures for behavioral health services not otherwise covered by the State Plan, delivered by a Certified Community Behavioral Health Center.
- **Community Health Worker Pilot Program** Expenditures to support the Community Health Worker pilot program.
- **SUD PIP** Expenditures to support the Substance Use Disorder Promoting Interoperability Program, including expansion to other (currently ineligible) behavioral health provider types.
- **Pre-Release Inmate Services** Expenditures to support pre-release behavioral health services for individuals who are incarcerated in correctional institutions.
- **Regional Health Hubs** Expenditures to support not otherwise matchable projects that promote high quality care and health outcomes for Medicaid beneficiaries.

Public Hearings and Comments

New Jersey will host two public hearings to solicit feedback and stakeholder comments. The public hearings will be held virtually due to the current emergency situation regarding COVID-19. The hearings will have an interpreter, telephonic, and web conference capabilities to ensure statewide accessibility.

To register for one or both of the virtual meetings, use the following links:

1. Special Meeting of the MAAC on the 1115 Renewal Public Hearing September 13, 2021 10:00 AM - 12:00 Noon. Register in advance for this session [here](#).
2. Second Public Hearing on the 1115 Renewal September 27, 2021 9:30 AM - 11:30 AM. Register in advance for this session [here](#).

After registering, you will receive a confirmation email containing information about joining the meeting.

A copy of this notice, full draft proposal, and supporting documents are available for public review on the Department's 1115 Demonstration Renewal website at https://www.state.nj.us/humanservices/dmahs/home/1115_demo.html, and they are also available at the local Medical Assistance Customer Centers and County Welfare Agencies. These documents are intended to satisfy all Federal notice requirements. Comments or inquiries must be submitted in writing within 30 days of the date of this notice. Please note that comments will continue to be accepted after October 11, 2021, but DHS may not be able to consider those comments prior to the initial submission of the application to CMS.

Comments or inquiries can be sent to:

By e-mail: DMAHS.CMWcomments@dhs.nj.gov

or

By mail: Margaret Rose
Division of Medical Assistance and Health Services
Office of Legal and Regulatory Affairs
P.O. Box 712, Mail Code #26
Trenton, New Jersey 08625-0712

or

By fax: 609-588-7343

After New Jersey reviews comments submitted during this state public comment period, the Department will submit a revised application to CMS. Interested parties will also have opportunity to officially comment during the federal public comment period after CMS finds the application and public notice requirements were met.