

**Louisiana Greater New Orleans Community Health Connection
Section 1115 Demonstration Amendment Request to the
Centers for Medicare & Medicaid Services**

I. Background

In the aftermath of Hurricanes Katrina and Rita, the State of Louisiana Department of Health and Hospitals (DHH) was awarded a \$100 million Primary Care Access Stabilization Grant (PCASG) program for the period July 2007 through September 30, 2010. This three-year program was designed to restore and expand access to primary care services, including mental health care services and dental care services, in the Greater New Orleans area without regard to a patient's ability to pay, by providing short-term financial relief to outpatient provider organizations. The PCASG program was also intended to decrease costly reliance on emergency room usage for primary care services for patients who are uninsured, underinsured, or receiving Medicaid. To be eligible to receive PCASG funding, provider organizations (federally qualified health centers, mental health clinics, and physician groups) were required to meet several requirements, including creating referral relationships with local specialists and hospitals, establishing a quality assurance or improvement program, and providing a long-term sustainability plan.

The Greater New Orleans area, comprised of Orleans, Jefferson, St. Bernard and Plaquemines parishes, is one of the largest population centers in the state. It is home to over 800,000 individuals, and represents roughly 20 percent of the state's population. According to the 2008 American Community Survey, nearly 40 percent of individuals living in the New Orleans area had incomes below 200 percent of the federal poverty level (FPL) and nearly 20 percent were uninsured, making the area one of the most vulnerable in the Nation.

In 2010, DHH submitted a proposal to CMS for a Medicaid section 1115 demonstration in the Greater New Orleans area for the continued funding of the PCASG provider organizations. DHH proposed to reduce discretionary disproportionate share hospital (DSH) funding and increase support for primary care medical homes (PCMH). The demonstration's funding approach would permit the State to use up to \$30 million (total computable) in demonstration years (DYs) 1, 2, & 3 and \$7.5 million (total computable) in DY 4 for specified PCMH providers. To maintain budget neutrality, the State would ensure that these amounts, when added to DSH payments, would not exceed Louisiana's DSH allotment.

CMS approved the Greater New Orleans Community Health Connection (GNOCHC) 1115 demonstration, effective October 1, 2010. Under this demonstration, Louisiana aims to:

- Preserve primary and behavioral health care access that was restored and expanded in the Greater New Orleans area after Hurricane Katrina with PCASG;
- Advance and sustain the medical home model begun under PCASG;

- Evolve the grant-funded model to a financially sustainable model over the long term that incorporates Medicaid, CHIP, and other payer sources as the revenue base; and,
- Orchestrate change within the State in two broad phases with incremental milestones internal to each:
 - Phase 1 spanned Demonstration months 1-15 (October 2010 – December 2011) and focused on access preservation and evolution planning.
 - Phase 2 spans Demonstration months 16-51 (January 2012 – December 31, 2014) and focuses on Evolution plan implementation and assessment, successful transition to the Health Insurance Marketplace, and phase down of the Demonstration.

The GNOCHC demonstration was initially approved through December 31, 2013. In September 2013, CMS approved a 12-month extension to the demonstration term and changes to the program eligibility criteria and reimbursement methodology for 2014. However, in order to continue providing health care services to the full extent that matching funds are available through the extension period Louisiana now needs to request an increase to the expenditure cap for the waiver.

II. Proposed Amendment

The Louisiana Department of Health & Hospitals (DHH) is requesting CMS approval of an amendment to Louisiana's Section 1115 Demonstration GNOCHC Waiver in order to continue funding services that are essential to the citizens of the Greater New Orleans area through the approved expiration date of December 31, 2014. The current demonstration budget neutrality limit of \$97.5 million is estimated to fund the program only through March 2014. Louisiana did not implement the Medicaid expansion. Therefore, the services that will be funded under an increased budget neutrality limit continue to play a vital role in the lives of low-income adults in the Greater New Orleans area. DHH has identified State matching funds available to continue funding the GNOCHC waiver services beyond March 2014 in the remaining waiver term (potentially through July 2014) and is actively working with stakeholders to identify additional sources of State matching funds in order to fully fund the GNOCHC waiver services as long as possible through the remainder of the waiver term. This amendment is intended to align available funding, the demonstration expenditure limit, and the approved waiver term to the extent possible given available matching funds. DHH proposes to increase the demonstration expenditure limit by ~~\$40.8 million~~ to ~~\$107.5 million~~ \$105.5 million in order to fund services through approximately July 2014. In the absence of such an increase, the only option available to DHH will be to terminate the waiver as early as April 2014.

Should DHH be successful in identifying additional, new State matching funds to continue funding GNOCHC waiver services further in the approved waiver term, DHH requests the ability to increase the demonstration expenditure limit consistent with available matching funds.

III. GNOCHC Successes To Date

The GNOCHC demonstration has accomplished its Phase I goals that focused on access preservation and evolution planning by enrolling thousands of eligible, low-income, uninsured adults into basic health care coverage; transforming PCASG awardees into coverage model-driven health care providers with routine Medicaid enrollment and billing processes and encounter rate payments; and substantially completing program start up, paving the way for routine program operations and further evolution in Phase 2.

In Phase 2, DHH continued to enroll thousands of eligible adults into the GNOCHC demonstration; finalized the remaining key elements of the terms and conditions of the Demonstration; and established and maintained routine operations to enable providers to move further toward the goal of self-sustainability at the waiver's scheduled end in December 2013. Below are examples of the GNOCHC demonstration's progress to date:

Preserving Primary and Behavioral Health Care Access

The Demonstration has been successful in preserving access to primary and behavioral care, as the percentage of eligible, participating providers who participated in the PCASG and who continue to participate in GNOCHC has remained at over 80% (18 organizations) throughout the year. The number of enrolled sites remains at 41, but FFY14 will show an increase due to planned clinic expansions. Also of note:

- Clinics are working together to offer more services
- Some GNOCHC clinics have contracted with other medical entities such as Louisiana State University to offer specialty care like mammography and endocrinology services.

Sustaining and Advancing the Medical Home Model

- The GNOCHC clinics continue to be a "medical home" and the provider of choice for area underserved residents.
- Funding from GNOCHC has helped many providers attain National Committee for Quality Assurance (NCQA) Primary Care Medical Home (PCMH) recognition or they are on the path to attain recognition. The percentage of participating provider sites with NCQA PCMH recognition is at 48.9% (20 sites). Fourteen of the 20 sites are at Level 3. One additional site is actively pursuing recognition.

Provider Financial Sustainability Through Diverse Means of Financing

GNOCHC providers are challenged to carefully evaluate their current GNOCHC utilization, and, based on a data-driven analysis of expenditures, future utilization, and estimated revenue projections through 2014, to develop realistic strategies for future financial sustainability and to provide a clear vision of an organization moving decisively toward self-sufficiency. Observations include:

- There remains significant variation among providers in their ability to perform and respond to this assessment.
- With the advent of Medicaid managed care in Louisiana Medicaid, most GNOCHC providers accept all Bayou Health managed care plans which increases their non-GNOCHC patient count and provides another source of revenue. Most have increased staff to allow for a rise in the number of patients.
- Most have made improvements/upgrades to billing/claims systems and have (or will) transitioned to a new EMR/ billing system; GNOCHC funding has provided computer equipment, servers, funds for training, etc.
- Providers have engaged in outreach to diversify their patient base to include non-GNOCHC Medicaid patients and patients with private insurance.
- Most GNOCHC providers receive funding from federal and non-federal grants. Other sources of revenue are private contributions, payment from non-GNOCHC Medicaid recipient claims, funds raised through community events, enhanced reimbursement from Medicaid and Medicare as a result of becoming an FQHC, and private insurance. All continue to search for more funding opportunities **and funding continues to be a concern, particularly for smaller clinics.**
- All GNOCHC providers are looking forward to the changes the Affordable Care Act will bring, such as more private insurance payments and more patients.

Increasing Access to Health Care Coverage

- In three years, the GNOCHC demonstration grew to serve approximately 64,000 individuals, including approximately 47,000 adults in the Greater New Orleans Area with incomes below 100% of the federal poverty level (FPL). With the new income limit of 100% FPL, the demonstration currently serves approximately 51,000 individuals.

Assess Behavioral Health Care Needs of Enrollee Sub-Populations

DHH is gaining experience through the GNOCHC demonstration of the behavioral health utilization and costs of the GNOCHC adult population. For example, evaluation measures that track utilization of behavioral health services by enrollee sub-population indicate that the average payment for behavioral health care for childless enrollees is \$147 per month, which is 12.2% higher than payment for enrollees with a child in the home, which average \$131 per month. The average payment per month for enrollees with incomes of 133% FPL or less was \$145 per month, which is 9.8% higher than the average of \$132 per month for enrollees earning between 134%-200% FPL.

The GNOCHC demonstration is currently serving approximately 51,000 individuals in the Greater New Orleans Area through the network of 18 GNOCHC clinics (41 sites) that provide access to primary and behavioral health services. These clinics are not without remaining challenges and funding continues to be a concern, particularly for some of the smaller clinics that rely more heavily on GNOCHC and

Medicaid and lack the resources to perform the same level of self-assessment and improvement as some of the larger clinics. The continued support from the GNOCHC demonstration remains critical to the provision of services to the GNOCHC adult population as well as to the clinics' ability to further evolve as 2014 brings the introduction of new, private payor sources as a result of the Federally Facilitated Marketplace.

IV. Waiver Amendment Support

Attached is State legislation directing DHH to pursue this waiver amendment request. DHH is also attaching letters from a variety of public and provider stakeholders demonstrating unanimous support for GNOCHC and the increased expenditure limit through the end of the demonstration term.

- State Legislation authorizing and directing DHH to pursue an amendment to the GNOCHC demonstration



SCR108.pdf

- Letters of Support



GNOCHC Letter of Support Signed.pdf



Letter from Mayor Landrieu to Governor



GNOCHC support letter David Peralta.pdf



GNOCHC Waiver Letter Delegation.pdf



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GNOCHC Support Letter - Governor Jindal



GNOCHC letter to Gov 7-19-13.pdf

V. Individual Enrollment and Provider Participation

Enrollment in GNOCHC grew to almost 64,000 toward the end of 2013 before the change to the income limit was made in the last demonstration amendment. Effective January 1, 2014, CMS approved an amendment that reduced income eligibility for individuals from a maximum family income of 200% of the FPL to a maximum family income of 100% of the FPL. With this change, DHH has seen enrollment decrease to the current enrollment level of approximately 51,000.

Provider participation has been stable over the past demonstration year. At the end of 2013, 18 organizations, representing 41 service sites, remained active participants in the GNOCHC program. DHH expects that 2014 will show an increase due to planned clinic expansions (i.e. more sites).

VI. Payment Methodology

No changes to the approved payment methodologies are proposed under this amendment.

VII. Source of Non-Federal Share

The source of funding for the non-federal share of expenditures under the GNOCHC Demonstration continues to be a U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) award (Number ILOC-00032) to the State of Louisiana, DHH, Bureau of Health Services Financing by the State of Louisiana, Division of Administration (DOA), Office of Community Development (OCD), which administers the state's CDBG disaster recovery program through the Louisiana Local Government Emergency Infrastructure program.

A "Cooperative Endeavor Agreement (CEA)" between DHH and DOA implementing the grant award affirms HUD's permitted use of CDBG funds as the matching non-federal share of funds for the demonstration. DHH and DOA executed an amendment to the CEA on November 12, 2013, to extend the term of the agreement through December 31, 2014. Attached is a copy of the CEA amendment.



DHH CEA Signed.pdf

Receipt of the grant funds by DHH will be accomplished by an Interagency Transfer (IAT) from DOA. Authority for expenditure of the IAT funds was first granted to DHH by the Joint Legislative Committee on the Budget on September 17, 2010, and continues to be appropriated annually.

As noted earlier, DHH is actively working with stakeholders to identify additional State matching funds that could be used to fully fund the GNOCHC waiver potentially through the end of the approved waiver term. Currently, the CDBG funding is expected to fund the demonstration only through July 2014. Should DHH be successful in identifying additional, allowable matching funds, DHH proposes to submit an updated Funding and Reimbursement Protocol to CMS for review, consistent with STC #21.

VIII. Budget Neutrality

DHH is requesting an increase to the budget neutrality expenditure limit from

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\$97.5 million to ~~\$107.5~~ \$105.5 million. Current enrollment and expenditure projections estimate that the current limit will only fund services through March 2014. DHH's best estimates at this point are that this increase will enable the State to use all available matching funds to preserve continuity of services for GNOCHC enrollees through July 2014. If DHH is unable to secure additional State matching funds for the remainder of the waiver term, services to GNOCHC enrollees will end when the current CDBG matching funds have been exhausted. However, if DHH is successful in securing additional State matching funds, DHH requests the ability to increase the expenditure limit to be consistent with the availability of matching funds in order to fully fund services through the remainder of the demonstration term. Total demonstration expenditures (including GNOCHC expenditures and DSH expenditures) will not exceed Louisiana's DSH allotment. Included with this amendment are updated budget neutrality tables in support of this request.

IX. Statutory Waivers and Expenditure Authority Requests

Louisiana requests a continuation of the waiver and expenditure authorities currently approved for the current demonstration.

Expenditure Authority:

1. Effective through December 31, 2013, expenditures for health care costs for individuals who are non-pregnant, adults ages 19 through 64 years with family incomes that do not exceed 200 percent of the federal poverty level (FPL), are not otherwise eligible under the Medicaid state plan, and who do not have other health insurance coverage and are residents of the Greater New Orleans region (which includes Orleans, St. Bernard, Plaquemines, and Jefferson parishes).
2. Effective January 1, 2014, expenditures for health care costs for individuals who are non-pregnant, adults ages 19 through 64 years with family incomes that do not exceed 100 percent of the federal poverty level (FPL), are not otherwise eligible under the Medicaid state plan, and who do not have other health insurance coverage and are residents of the Greater New Orleans region (which includes Orleans, St. Bernard, Plaquemines, and Jefferson parishes).
3. Expenditures for infrastructure costs related to providing healthcare services under the GNOCHC demonstration are not to exceed 10 percent of the budget limit. Allowable infrastructure costs will be defined in the funding and reimbursement protocol. These costs include expenditures to support the clinics' delivery of services such as practice management tools.

Requests for Title XIX Requirements Not Applicable to the Demonstration Population:

1. **Reasonable Promptness Section 1902(a)(3) and 1902(a)(8)**

To the extent necessary to enable Louisiana to implement a reservation list as a tool to manage enrollment for the demonstration-eligible population.

2. Amount, Duration, and Scope Section 1902(a)(10)(B)

To the extent necessary to enable Louisiana to offer a different benefit package to the demonstration-eligible population that varies in amount, duration, and scope from the benefits offered under the state plan.

3. Freedom of Choice Section 1902(a)(23)

To the extent necessary to enable Louisiana to restrict freedom-of-choice of provider for the demonstration-eligible population.

4. Retroactive Eligibility Section 1902(a)(34)

To the extent necessary to relieve Louisiana from the obligation to provide coverage for the demonstration-eligible population for any time prior to the date of enrollment into the GNOCHC.

5. Eligibility Standards Section 1902(a)(17)

To the extent necessary to enable Louisiana to apply different eligibility methodologies and standards to the demonstration-eligible population than are applied under the state plan.

6. Early and Periodic Screening, Diagnostic, and Treatment services Section 1902(a)(43)

To the extent necessary to relieve Louisiana from the obligation to provide coverage of early and periodic screening, diagnostic and treatment services to 19- and 20-year-old individuals in the demonstration-eligible population.

7. Statewideness/Uniformity Section 1902(a)(1)

To the extent necessary to enable Louisiana to operate the demonstration only in the Greater New Orleans region.

8. Comparability Section 1902(a)(10)(B) and 1902(a)(17)

To the extent necessary to enable Louisiana to provide different benefits to the demonstration-eligible population receiving services at GNOCHC clinics.

9. Methods of Administration: Transportation Section 1902(a)(4), insofar as it incorporates 42 CFR 431.53

To the extent necessary to relieve Louisiana from the obligation to assure transportation to and from GNOCHC providers for the demonstration-eligible population.

X. Public Notice

As noted above in Section IV (“Waiver Amendment Support”), DHH has sought input and gained support from numerous stakeholders. Additional public notice was published in newspapers on February 12, 2014. DHH solicited Tribal input via notification sent to Tribal contacts on January 31, 2014. Finally, notice of the amendment is posted on the DHH website for the GNOCHC demonstration at: www.lamedicaid.com/provweb1/GNOCHC/GNOCHC_Index.htm



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