

## **Global Commitment to Health Medicaid Waiver Renewal: February 1, 2017**

**Summary:** The Agency of Human Services received approval on October 24, 2016 from the federal government to continue the Global Commitment to Health Medicaid Waiver. The waiver term is 5 years, starting 1/1/2017 and ending 12/31/2021. The negotiation focused on three primary goals:

- Continuing current Medicaid coverage of essential services for Vermont's most vulnerable populations.
- Promoting health care reform by ensuring Medicaid participation and alignment with the All-Payer Model by providing Vermont with additional financial capacity to invest in healthcare reform concurrent with the All-Payer Model.
- Continuing flexibility in using Medicaid dollars to invest in health care priorities. Without this authority, these investments would require new general fund appropriations or elimination.

There are several changes that impact how Vermont operates its waiver resulting from federal alignment of Section 1115 waivers across the country and new Medicaid Managed Care rules.

Changes required by CMCS include the following financial Impacts detailed below.

### **MCO Investments -**

- Vermont must phase down or seek alternative federal fund sources for certain investments. New guardrails and approval process will ensure investment funds are not spent on unallowable items, such as room and board, non-Medicaid school based services, bricks and mortar, Health Information Technology and Health Information Exchange (HIT/HIE), and Institutes for Mental Disease (IMD). The impact of phasing out current investments on unallowable items is estimated to be \$64 million gross over the next 10 years, out of the total Medicaid budget of \$1.6 billion.
- Alternative investment fund sources include: Substance Use Disorder Demonstration Waiver and Implementation Advanced Planning Document.

- There are new annual caps on investments that include capacity for payment reform and to maintain existing allowable investments. The state currently invests about \$127 million in total funds under this authority.
- The transition starts in FY18 – reflected in an estimated \$600K state fund impact related to HIT.
- **Administrative Match Rate Change** - The administrative match rate will change so that some areas previously eligible for a program match rate of ~54% will now draw federal funds at the administrative match rate of 50%. On the positive side, Vermont will also now be eligible for enhanced match rates such as 75% for Medicaid Management Information Systems (MMIS).
- **Woodside** - based on new 2016 federal guidance which broadens the CMS interpretation of the definition of an “inmate of a public institution,” approximately \$4 million gross of treatment expenditures for youth at Woodside is no longer eligible for Medicaid match. AHS is currently working on options for future funding.

**Conclusion:** The Global Commitment waiver renewal is a positive step forward for the state by maintaining Vermont’s commitment to covering the most vulnerable Vermonters and ensuring the affordability of health insurance. In addition, Global Commitment remains one of the most flexible waivers in the country.