

Legislative Presentation - 16-0318-1901 – Medicaid Cost Sharing

Mr. / Madam Chair and Members of the Committee,

My name is Alexandra Fernández, and I am the Bureau Chief for the Bureau of Long Term Care within the Division of Medicaid under the Department of Health and Welfare.

I am here today to present docket number 16-0318-1901, which can be found on pages 1190 - 1194 of your electronic Pending Rules review book. The Department asks the committee to approve these pending rules as final.

We developed this rulemaking in compliance with the *Red Tape Reduction Act*. Changes in this docket reduced the overall word count for this chapter by 96 words, and there was no change in the number of restrictive words. The rules in this chapter are being amended to accomplish two objectives associated with participant cost sharing for home and community-based services: to clarify exemptions; and to update the Personal Needs Allowances used in the cost-sharing calculation to align with federal requirements.

First, this rule change identifies populations that are exempt from cost-sharing, including Native American and Alaskan Native participants, as well as participants who are eligible via the Medicaid for Workers with Disabilities program. These groups are categorically exempt from incurring a share of cost for home and community-based waiver services. The purpose of explicitly outlining these exemptions is to align rule to existing program operations. The Division of Medicaid has participated on the Medicaid for Workers with Disabilities workgroup with the State Independent Living Council, Disability Rights Idaho, Division of Vocational Rehabilitation, Commission for the Blind, Division of Self Reliance, and other stakeholders over the last year to improve access to the Medicaid for Workers with Disabilities program. This rule change is a recommendation from that workgroup and carries no fiscal impact.

Second, this rule change simplifies the calculation for cost-sharing by streamlining the Personal Needs Allowance figures. For context: the Personal Needs Allowance is a figure used in the financial eligibility determination process that determines how much a participant must pay towards the cost of their home and community-based services. The function of the Personal Needs Allowance is to ensure that a member retains enough disposable income to cover living expenses not covered by Medicaid, such as rent, utilities, food, etc.

Previously, the Personal Needs Allowance figures varied based on marital status *and* the participant's obligation to pay rent or mortgage expenses. The impetus for simplifying the allowance figures was a request from our federal partner, the Centers for Medicare and Medicaid Services, or CMS, to validate that any variations to the cost-sharing calculation meet certain federal criteria. CMS determined that a variation based on marital status does not meet federal standards for establishing reasonable differences in how cost-sharing is calculated.

The proposed change to differentiate the Personal Needs Allowance only based on a member's obligation to pay rent or mortgage simplifies the cost-sharing calculation *and* meets CMS requirements. This change will also result in ongoing savings of up to \$46,606.20 per year. These savings are realized from the corresponding increase in cost-sharing that some participants will experience due to their Personal Needs Allowance decreasing. At the time of this presentation, approximately 30 participants currently receiving services will experience an increase in their share of cost as a result of this rule change.

The Department sought both informal and formal input on this rulemaking. Informal input was solicited as part of the Medicaid for Workers with Disabilities workgroup; the group supported incorporating the exemptions but did not provide comment on the Personal Needs Allowance component.

Formal public input included a negotiated rule making session hosted on June 18, 2019 and a public hearing on October 8, 2019 in Boise and via teleconference for remote attendees to join. During these comment opportunities the Department received a total of three comments from stakeholders. One commenter expressed support for both components of this rule change. Two commenters expressed concerns about potential negative impacts to participants associated with the change to the Personal Needs Allowance figures. The Department responded to these concerns by

identifying all participants that would possibly be negatively affected and validating whether those members were correctly identified as having no rent or mortgage obligation. Aligning the Personal Needs Allowance will ensure that CMS continues to authorize the administration of Idaho's home and community-based services programs.

In summary, these rule changes are being proposed to clarify and simplify the cost sharing rules for home and community based waiver participants. I appreciate your consideration of this docket and respectfully ask the committee to approve these pending rules as final. Thank you for your time. I am happy to review the rule changes by section if the Chair and Committee would like; otherwise I stand for your questions.