



Oct 15, 2021

The Honorable Xavier Becerra, Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, DC 20201

RE: Montana's proposed Section 1115 Waiver Medicaid Expansion (HELP) Amendment and proposed Section 1115 Waiver for Additional Services and Populations (WASP) Amendment Application

Dear Secretary Becerra:

The Montana Budget & Policy Center submits this comment in relation to the proposed amendment to Montana's 1115 demonstration waiver for the Health & Economic Livelihood Partnership (HELP) program, as well as the proposed 1115 demonstration waiver for Montana's basic Medicaid program (which the Montana Department of Public Health and Human Services has referred to as the Waiver for Additional Services and Populations, or WASP).

We appreciate the opportunity to comment, and we urge the Centers for Medicare and Medicaid Services (CMS) to deny the application to terminate 12-month continuous eligibility from Montana's HELP and WASP demonstration projects. Alternatively, we urge CMS to require the state to provide adequate information to the public regarding the process with which it plans to end continuous eligibility before being allowed to move forward with this amendment.

The Montana Budget & Policy Center (MBPC) is a nonprofit organization founded in 2008. MBPC's mission is to advance responsible tax, budget, and economic policies through credible research and analysis to promote opportunity and fairness for all Montanans. MBPC fulfills this mission by providing credible and timely research and analysis on state fiscal issues to legislators, tribal leaders, advocates, the public, and the media.

As one of several organizations working to expand Medicaid in Montana, MBPC supported the Health and Economic Livelihood Partnership (HELP) Act, passed by the Montana Legislature during the 64<sup>th</sup> Legislative Session. As of July 1, 2021, over 100,000 low-income Montanans were enrolled in affordable health care coverage.<sup>1</sup> This effort has moved Montana closer toward closing the coverage gap, has reduced uncompensated care, and has injected billions in taxpayer dollars into our local economies. Recent data shows that nearly 75 percent of enrollees are working, with nearly 60 percent of businesses in the state benefiting from workers enrolled in Medicaid expansion.<sup>2</sup>

### **MBPC Comments on the Proposed 1115 Waiver Amendments to End Continuous Eligibility**

Continuous eligibility, which is included in both the original 1115 waiver and a more recent extension proposal, is a critical component of Montana's Medicaid program, and ending such eligibility would result in the loss of coverage for thousands of enrollees.<sup>3</sup> A recent analysis by the George Washington University

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<sup>1</sup> Montana Department of Health and Human Services, "[Montana Medicaid Expansion Dashboard](#)," Jul. 2021.

<sup>2</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Affects Montana's State Budget, Economy, and Health](#)," Feb. 2021.

<sup>3</sup> On December 1, 2020, CMS approved a temporary extension to Montana's section 1115 demonstration, which included maintaining continuous eligibility for the Medicaid expansion population. [Letter from Judith Cash, Centers for](#)

estimates that ending continuous eligibility for the adult Medicaid population would result in roughly 17,000 Montanans losing coverage at some point over a one-year period.<sup>4</sup> Medicaid expansion has proved to be effective, affordable, and good for the state's economy. Tampering with the parameters of the program will disrupt the lives of thousands of Montanans and put their health and financial stability in jeopardy.

MBPC raises four concerns with the end of continuous eligibility: first and foremost, it will create instability for people who rely on Medicaid; second, it will harm our workforce and local businesses; third, it will result in increased administrative burden and cost, at a time when DPHHS faces increased workload and worker shortages, and lastly, that the state has not made public any information about the implementation of its plan.

### **Ending continuous eligibility creates instability for people who rely on Medicaid.**

Continuous eligibility provides Montanans who are living on low incomes the ability to maintain health care coverage for a 12-month period, preventing gaps in coverage that can result from barriers to filling out paperwork or when income fluctuates over the one-year period. If the state institutes more frequent wage checks, thousands of people will be at risk of losing their coverage, either because of a temporary income boost or because they have difficulty navigating new bureaucratic requirements.

Gaps in health care coverage ultimately lead to poorer health outcomes for Montanans. Adults who have gaps in coverage are less likely to have a regular doctor, they are less likely to receive preventative care, and less likely continue with prescribed medication.<sup>5</sup> Even temporary gaps in health care can result in long-term health consequences for those with chronic diseases. At the core of the problem, proposed end of continuous eligibility will put the health and well-being of our fellow Montanans at risk. This is contrary to the goals of the Medicaid program.

### **Ending continuous eligibility harms Montana's workforce and local businesses.**

Continuous eligibility is a vital support for Montana's economy. Nearly 75 percent of Montana's Medicaid recipients work, often at jobs that are seasonal or have frequently changing schedule.<sup>6</sup> Montana's current one-year eligibility period gives people the freedom to take more work when it is available without fear of losing their health insurance.

Some of the workers most at risk of churning on and off Medicaid expansion are those who work seasonally, in Montana's vital agriculture and tourism industries. Three out of five businesses in Montana employ at least one worker who receives their health insurance through Medicaid expansion.<sup>7</sup> Industries

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[Medicare and Medicaid Services, to Marie Matthews, Medicaid director, Montana Department of Public Health and Human Services](#), Dec. 1, 2020.

<sup>4</sup> Ku, L., and Brantley, E., "[Analysis of Montana SB 100 and Policies to Limit Medicaid 12-Month Continuous Eligibility](#)," Georgetown Washington University, April 7, 2021. SB 100, which is the focus of this analysis, proposed the end of continuous eligibility for both adult Medicaid population and children served under Children Health Insurance Program.

<sup>5</sup> Somers, B., Gourevitch, R., Maylone, B., et al. "[Insurance Churning Rates for Low-Income Adults Under Health Reform: Lower than Expected But Still Harmful for Many](#)," Health Affairs, Oct., 2016 and Colins, R., Robertson, R., Garbler, T., et al., "[Gaps in health insurance: why so many Americans experience breaks in coverage and how the Affordable Care Act will help: findings from the Commonwealth Fund Health Insurance Tracking Survey of U.S. Adults, 2011](#)," Apr. 2012.

<sup>6</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Affects Montana's State Budget, Economy, and Health](#)," Feb. 2021.

<sup>7</sup> Montana Health Care Foundation, "[Medicaid in Montana: How Medicaid Affects Montana's State Budget, Economy, and Health](#)," Feb. 2021.

such as construction, agriculture, food service, retail, and education and health care workers see high percentages of workers accessing health coverage from Medicaid.<sup>8</sup> Many of these industries fluctuate seasonally and increase the need for continuous health coverage in Montana.

With the state facing a significant labor shortage, ending continuous eligibility and instituting frequent wage checks could discourage workers who need to maintain their access to health insurance. Healthy workers grow a healthy economy, and Montana businesses need our support at this critical point in our economic recovery.

### **Ending continuous eligibility increases administrative burden and costs.**

Ending continuous eligibility will create hardship for not only for individuals and our economy, but also the state. Recent analysis shows the average Medicaid expansion recipient in Montana is enrolled for less than two years, and 30 percent stay on the program for less than a year. Because most people are on the program for such a short period, more frequent wage checks will only create instability.

Increased churn in the state's Medicaid program will be costly. The state did not account administrative costs or increased medical costs in its budget estimate. For each beneficiary who is kicked off Medicaid and forced to reapply, the state will incur \$400 to \$600 in administrative costs.<sup>9</sup> Medical costs also increase for people who churn off and on Medicaid because many people lose the ability to manage long-term conditions. This churning of recipients wastes both time and money not only for program beneficiaries but also for the state.

Many of the people who lose coverage do so not due to a lack of eligibility, but difficulty completing the redetermination process and providing documentation to the state. Individuals may lose their eligibility if they do not respond to the form because they have moved, have unstable housing, or do not understand the notice. The state has failed to provide a plan on how it will prevent this complication from occurring.

A 2015 study of the most effective ways to reduce churn for Medicaid beneficiaries shows that 12-month continuous eligibility is the most effective way to reduce churn.<sup>10</sup> Periodic eligibility checks that are any more frequent than this cause coverage gaps, increases churn, and raises administrative unnecessarily.

### **Montana has not fully considered the impact of ending continuous eligibility nor has the state adequately communicated its plan for eligibility verification moving forward.**

DPHHS has not taken into consideration the public comment it received during the state's public comment period. DPPHS received hundreds of comments opposing the end of continuous eligibility. These comments, in addition to the health consequences, included increased rates of churn, unclear reporting burdens on individuals, higher costs for the state, the lack of staff capacity. The state, in its response to comments, did not adequately address these concerns.<sup>11</sup>

Despite moving forward with the waiver amendment process, DPHHS has yet to fully communicate its plan to the public. Although we acknowledge the state is able to change its policy, it should do so in a way

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<sup>8</sup> Garfield, R., Rudowitz, R., Orgera, K., et al., "[Understanding the Intersection fo medicaid and Work: What does the Data Say?](#)" Kaiser Family Foundation, Aug., 2019.

<sup>9</sup> Swartz, K., Farley Short, P., Roempke Graefe, D., et al., "Reducing Medicaid Churning: Extending Eligibility for Twelve Months Or to End of Calendar Year is Most Effective," Health Affairs, Jul. 2015.

<sup>10</sup> Swartz, K., Farley Short, P., Roempke Graefe, D., et al., "Reducing Medicaid Churning: Extending Eligibility for Twelve Months Or to End of Calendar Year is Most Effective," Health Affairs, Jul. 2015.

<sup>11</sup> Montana Department of Public Health and Human Services, "[Section 1115 Demonstration Amendment Application](#)," Sep. 2021.

provides the least harm and disruption to enrollees. The state should provide detailed information on its phase-out plan and how eligibility will be determined moving forward.

Specifically, DPHHS has not provided information on:

- How the state plans to phase-out continuous eligibility;
- How the state will perform wage checks;
- The frequency with which wage checks will occur;
- If there is an appeal process for enrollees flagged as potentially ineligible;
- How soon a person's coverage will be terminated if found to be ineligible;
- The steps the state will take to prevent churn; and
- How this information will be communicated to enrollees, stakeholders, and providers.

Without this information, the public has not fully been able to express the impacts of this waiver amendment to DPHHS. We ask that CMS require this information from DPHHS before moving forward, specifically its eligibility determination plans and how it will mitigate the harm of frequent redeterminations.

**MBPC urges CMS to deny Montana's waiver amendment.**

Twelve-month continuous eligibility has proved to be a success in Montana and should be viewed as a model for the rest of the nation.

MBPC urges CMS to deny Montana's waiver amendment, on the grounds that it will negatively impact Medicaid enrollees. Alternatively, should CMS move forward with approving Montana's amendment, we urge CMS to ensure the state provides adequate information on its phase-out plan or its' implementation of a new eligibility process.

MBPC appreciates the opportunity to submit this comment.

Sincerely,



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Montana Budget & Policy Center