

PUBLIC NOTICE
MARYLAND'S SECTION 1115 DEMONSTRATION EXTENSION

The Maryland Department of Health (the Department) is providing public notice of its intent to submit to the Centers for Medicare and Medicaid Services (CMS) a written request to extend Maryland's Section 1115 Demonstration (HealthChoice demonstration) and to hold public hearings to receive comments on the demonstration extension application. The HealthChoice demonstration authorizes Maryland's managed care program, known as HealthChoice, as well as other innovative programs.

Maryland's HealthChoice demonstration, now in its twenty-eighth year, was implemented in 1997 following federal approval and established Maryland's mandatory managed care program, HealthChoice, as well as the now longstanding Rare and Expensive Case Management (REM) program. CMS approved subsequent demonstration extensions between 2002 through 2021. Throughout each extension, Maryland has continued to improve the HealthChoice program and develop robust evaluations associated with the demonstration. As of the end of April 2025, of the 1,525,787 participants enrolled in the Maryland Medical Assistance (Medical Assistance) Program, approximately 86 percent (1,306,341) were enrolled in HealthChoice. Current participants will not be impacted directly by the new extension and will continue to access the critical programs and services authorized by this application. The HealthChoice demonstration aims to support the health of Marylanders and to generate health care cost savings at the state and federal levels. At its core, the HealthChoice demonstration is designed to improve health outcomes for eligible populations, maintain affordable whole-person care, and encourage appropriate utilization of health care services—all of which support furthering managed care efficiencies and the long-term fiscal sustainability of the Medical Assistance Program.

The current five-year demonstration expires on December 31, 2026. This extension request is for the period beginning in January 2027 and effective through December 2031. The Department remains dedicated to the Medical Assistance Program participants who benefit from Section 1115 demonstration authorized programs and managed care mechanisms. With this new HealthChoice demonstration extension application, the Department aims to continue to build upon the success of past demonstration periods. The Department does not anticipate eligibility, coverage, and cost sharing to change under the extension. This document is a summary of the draft application as of June 30, 2025, and includes a full table of requested waiver and expenditure authorities.

The Department's goal through this extension is to test and evaluate the effect of the HealthChoice demonstration on improving the health status of low-income Marylanders by:

- Improving access to health care for the Medicaid population, including special populations;
- Improving the quality of health services delivered;
- Providing patient-focused, comprehensive, and coordinated care designed to meet health care needs by providing each member a single "medical home" through a primary care provider (PCP);
- Emphasizing health promotion and disease prevention by providing access to immunizations and other wellness services, such as regular prenatal care; and
- Expanding coverage to additional Marylanders with low income through resources generated by managed care efficiencies through Section 1115 demonstration programs and pilots as described in this application.

Subsequent to the 2021 demonstration extension application approval, the Department submitted and received approval for four demonstration amendments requesting both program modifications or new programs. The amendments made the following changes to the demonstration:

- Transitioned the Medicaid Alternative Destination Transport Pilot Program, based on the based on Medicare’s Emergency Triage, Treat and Transport Model, to the State Plan following state legislation to expand the program statewide effective July 1, 2022;
- Transitioned the Adult Dental Pilot to State Plan authority, expanding the program statewide to all adults effective January 1, 2023;
- Expanded the Assistance in Community Integration Services (ACIS) pilot;
- Established Targeted Pre-Release Services for Justice-Involved Individuals, *i.e.* the Reentry Demonstration; and,
- Sunsetting the Women’s Breast and Cervical Cancer Program (WBCCHP) effective August 2024.

The Department completes an annual evaluation for the HealthChoice program and makes this available to stakeholders. Since the beginning of the current demonstration period in 2022, the Department has conducted comprehensive evaluations of the program, the most recent of which includes data from CY 2019 to CY 2023. These evaluations demonstrate the continued success of the program not only in improving access to health care services and providing quality care, but also in demonstrating savings over the time period.

MARYLAND HEALTHCHOICE DEMONSTRATION EXTENSION REQUEST

As the Department works with its provider and payer community partners to transform the health care system, this demonstration extension proposal focuses on furthering the successes of high quality, patient-centered, and cost-effective care initiated in prior demonstration periods. The table below summarizes programs for which the Department is requesting approval in this extension application. Note, no new programs are requested at this time.

Table 1. Summary of Extension Request

Existing Program/Service: Continue without Modification
<ul style="list-style-type: none"> ● Rare and Expensive Case Management (REM) ● Institutions for Mental Diseases: Residential Treatment for Individuals with Substance Use Disorder ● Institutions for Mental Diseases: Services for Adults with Serious Mental Illness ● Targeted Pre-Release Services for Justice-Involved Individuals ● Inpatient Benefit for Pregnant Individuals Eligible through Hospital Presumptive Eligibility ● Dental Services for Former Foster Care Youth ● HealthChoice Diabetes Prevention Program ● MOM Program ● Assistance in Community Integration Services
Existing Program/Service Continue with Modification
<ul style="list-style-type: none"> ● Increased Community Services

MODIFICATIONS TO EXISTING PROGRAMS

- Increased Community Services (ICS):** The ICS Program has been in operation since 2009 and is authorized to enroll up to 100 individuals. The ICS Program serves Maryland residents who reside in nursing facilities and would like to receive services in their homes and communities. The Department requests to continue this authority with one technical modification to eligibility criteria to shorten the length of stay required in a nursing home prior to enrollment in ICS. Specifically, the Department requests to reduce the length of time an individual must reside in a nursing facility from six months to 60 consecutive days. Under the amended eligibility criterion, an individual would need to have resided in a nursing facility for at least 60 consecutive days, 30 days of which are eligible to be covered by Medicaid in order to qualify for ICS. All other eligibility requirements will remain the same.

The Department hypothesizes the following specific to the proposed modification to the ICS program:

- Reducing the length of time an individual must reside in a nursing facility to be eligible for the ICS program will improve and increase transitions from the Money Follows the Person (MFP) program (*i.e.* institutional care) to the ICS program.

The Department intends to track the transitions of MFP participants to the ICS program through transition data already available to the State.

ESTIMATED EFFECT ON ENROLLMENT AND EXPENDITURES

The Department’s proposed changes to the HealthChoice demonstration are not expected to have a material impact on Medical Assistance Program enrollment or associated expenditures. Please see the table below for current information.

Table 2. Demonstration Years (DY) HealthChoice Actual and Projected Member Months and Expenditures (Prior Demonstration Period)

	Prior Demonstration Period					
	DY 26 (6 months)	DY 27	DY 28	DY 29	DY 30 Projected	DY 31 (6 months) Projected
	Jan. 1, 2022- June 30, 2022	July 1, 2022- June 30, 2023	July 1, 2023- June 30, 2024	July 1, 2024- June 30, 2025	July 1, 2025- June 30, 2026	July 1, 2026- Dec. 31, 2026
Member Months	8,832,360	18,346,095	17,874,723	14,938,761	15,160,801	7,693,070
Expenditures	\$3,765,883,977	\$7,786,723,609	\$7,727,764,925	\$6,599,592,001	\$7,086,207,374	\$3,804,320,429

*Note, DY 29 expenditures reflect expenditures through May 2025.

Table 3. Demonstration Years HealthChoice Projected Member Months and Expenditures (Current Demonstration Period)

	Current Demonstration Period					
	DY 31 (continued, 6 months)	DY 32	DY 33	DY 34	DY 35	DY 36 (6 months)
	Jan. 1, 2027- June 30, 2027	July 1, 2027- June 30, 2028	July 1, 2028- June 30, 2029	July 1, 2029- June 30, 2030	July 1, 2030- June 30, 2031	July 1, 2031- Dec. 31, 2031
Member Months	7,807,415	15,846,918	16,082,456	16,321,495	16,564,087	8,405,142
Expenditures	\$4,084,795,480	\$8,771,897,335	\$9,418,608,988	\$10,112,999,718	\$10,858,584,683	\$5,829,569,100

DESIGN OF HYPOTHESES AND EVALUATION MEASURES

The Department intends to consult with CMS on its currently approved evaluation design to ensure continuity (see Attachment II: Approved Evaluation Design Demonstration Hypotheses and Evaluation Measures). The hypotheses will drive the evaluation of the program. The evaluation will use a mixed-method approach to create valid and rigorous tests of the programs within the HealthChoice demonstration. The current hypotheses, listed below, are not anticipated to change:

1. Eligibility and enrollment changes implemented during the current HealthChoice waiver period will increase coverage and access to care for HealthChoice participants;
2. Payment approaches implemented during the current HealthChoice waiver period will improve quality of care for HealthChoice participants; and
3. Innovative programs address the social determinants of health and will improve the health and wellbeing of the Maryland population.

The evaluation will continue to use a variety of data sources. Maryland’s evaluation of the HealthChoice demonstration includes the entire population of participants, rather than utilizing a sampling-based methodology. Data sources include: FFS claims and managed care encounters from Maryland Medicaid Information System 2, the Vital Statistics Administration, the Department of Human Services, the Maryland Department of the Environment, HEDIS®, and the Department.

WAIVER AND EXPENDITURE AUTHORITIES

As outlined in Tables 4 and 5, Maryland is requesting extension of federal waiver and expenditure authorities, all of which have been previously approved in its HealthChoice demonstration. To the extent that CMS advises the State that different or additional authorities are needed to implement the requested Section 1115 demonstration improvements, the State is requesting such waiver or expenditure authority, as applicable.

Table 4. Request for Continuation of Existing Waiver Authorities

Waiver Authority	Relevant Statute/ Regulation	Associated program and purpose	Currently Approved?
Amount, Duration, and Scope	§1902(a)(10)(B)	To enable the state to provide benefits specified in the Special Terms and Conditions (STCs) to demonstration participants in the REM program which are not available to other individuals under the Medicaid State plan.	Yes
Coverage of Certain Screening, Diagnostic, and Targeted Case Management Services for Eligible Juveniles in the 30 Days Prior to Release	§1902(a)(84)(D)	To enable the state not to provide coverage of the targeted case management services identified in Section 1902(a)(84)(D) of the Act for eligible juveniles described in Section 1902(nn)(2) of the Act as a state plan benefit in the 30 days prior to the release of such eligible juveniles from a public institution, to the extent and for the period that the state instead provides such coverage to such eligible juveniles under the approved expenditure authorities under this demonstration. The state will provide coverage to eligible juveniles described in Section 1902(nn)(2) in alignment with Section 1902(a)(84)(D) of the Act at a level equal to or greater than would be required under the state plan.	Yes
Freedom of Choice	§1902(a)(23)(A)	<p>To enable the State to restrict freedom of choice of provider, other than for family planning services, for children with special needs, as identified in Section 1932(a)(2)(A)(i-v) of the Act, who are participants in the Demonstration.</p> <p>To enable the State to require that all populations participating in the Demonstration receive outpatient specialty mental health and substance use services from providers with the public behavioral health system.</p>	Yes

Table 5. Request for Continuation of Existing Expenditure Authorities

Expenditure Authority	Relevant Statute or Regulation	Associated program and purpose	Currently Approved?
Expenditures	§1115(a)(2)	ACIS -Expenditures for home and community-based services (HCBS) and related services as described in the STCs.	Yes
		Dental Services for Former Foster Youth -Expenditures for additional dental benefits beyond those specified in the state plan for former foster care youth ages 21 up to (but not including) age 26.	Yes
		Demonstration Operations for Automatic Reenrollment into the MCO -Provide an enrollee with the disenrollment rights required by Sections 1903(m)(2)(A)(vi) and 1932(a)(4) of the Act, when the enrollee is automatically re-enrolled into the enrollee’s prior MCO after an eligibility lapse of no more than 120 days. Send a written notice of action for a denial of payment [as specified in 42 CFR 438.400(b)(3)] when the beneficiary has no liability, as required by Sections 1903(m)(2)(A)(xi) and 1932(b)(4) of the Act and in regulations at 438.404(c)(2)	Yes
		HealthChoice DPP -Expenditures for a diabetes prevention program for Medicaid eligible individuals 18-64 who have pre-diabetes or who are at high risk for developing type 2-diabetes as set forth in the STCs, effective July 1, 2019.	Yes
		Inpatient Benefit for Pregnant Women Eligible through Hospital Presumptive Eligibility -As of January 1, 2014, expenditures to provide full Medicaid State plan benefits to presumptively eligible pregnant women with incomes up to 250 percent of the FPL.	Yes
		ICS -Expenditures for home and community-based services provided to individuals over the age of 18 who were determined Medicaid eligible while residing in a nursing facility based on an income eligibility level of 300 percent of the Social Security Income Federal Benefit Rate (SSI FBR) after consideration of incurred medical expenses, meet the State plan resource limits, and are transitioning imminently, or have transitioned, to a non-institutional community placement, subject to the program conditions.	Yes

Expenditure Authority	Relevant Statute or Regulation	Associated program and purpose	Currently Approved?
		<p>IMD: Residential Treatment for Individuals with SUDs- Expenditures for otherwise covered services furnished to otherwise eligible individuals who are primarily receiving treatment for SUD and withdrawal management in facilities that meet the definition of an IMD.</p>	Yes
		<p>IMDs: Services for Adults with SMI-Expenditures for otherwise covered Medicaid services furnished to otherwise eligible individuals, who are primarily receiving treatment for an SMI/SED who are short-term residents in facilities that meet the definition of an institution for mental diseases as specified in the STCs.</p>	Yes
		<p>MOM Program-Expenditures to provide services under the MOM Program, including enhanced case management services, standardized social determinants of health screenings, and care coordination, as specified in the STCs.</p>	Yes
		<p>Reentry Pre-Release Services-Expenditures for pre-release services, as described in these STCs, provided to qualifying Medicaid individuals for up to 90 days immediately prior to the expected date of release from a correctional facility that is participating in the reentry demonstration initiative. Pre-Release Administrative Costs-Capped expenditures for payments for allowable administrative costs, supports, transitional non-service expenditures, infrastructure and interventions, as is detailed in STC 5.12, which may not be recognized as medical assistance under Section 1905(a) and may not otherwise qualify for federal matching funds under Section 1903, to the extent such activities are authorized as part of the reentry demonstration initiative.</p>	Yes
		<p>REM-Expenditures for benefits specified in the STCs provided to enrollees participating in the Rare and Expensive Case Management program which are not HealthChoice Medicaid Section 1115 Demonstration Demonstration Approval Period: January 1, 2022 through December 31, 2026 Amendment Approved: January 13, 2025 Page 3 available to individuals under the Medicaid State plan.</p>	Yes

Expenditure Authority	Relevant Statute or Regulation	Associated program and purpose	Currently Approved?
Title XIX Requirements Not Applicable to Increased Community Services			
Amount, Duration, and Scope	§1902(a)(10)(B)	To the extent necessary, to enable the state to provide a limited benefit package to demonstration participants in the ICS programs.	Yes
Title XIX Requirements Not Applicable to the Population in the REM Program			
Any Willing Provider	§1902(a)(23)(A) insofar as it incorporates 42 CFR 431.55(f)	To the extent necessary, to permit the state to selectively contract with a single entity for the provision of the Rare and Expensive Case Management benefit as authorized under this demonstration.	Yes
Title XIX Requirements Not Applicable to the Population in the Assistance in Community Integration Services			
Statewideness	§1902(a)(1)	To the extent necessary, to allow the state to offer Assistance in Community Integration Services and on less than a statewide basis.	Yes
Title XIX Requirements Not Applicable to the Medicaid Expenditure Authority for Pre-Release Services			
Amount, Duration, and Scope of Services and Comparability	§1902(a)(10)(B)	To enable the state to provide only a limited set of pre-release services, as specified in these STCs, to qualifying individuals that is different than the services available to all other individuals outside of correctional facility settings in the same eligibility groups authorized under the state plan or demonstration authority.	Yes
Freedom of Choice	§1902(a)(23)(A)	To enable the state to require qualifying individuals to receive pre-release services, as authorized under this demonstration, through only certain providers.	Yes
Statewideness	§1902(a)(1)	To enable the state to provide pre-release services, as authorized under this demonstration, to qualifying individuals on a geographically limited basis, in accordance with the Reentry Demonstration Initiative Implementation Plan.	Yes

Per the terms of the Section 1115 HealthChoice demonstration extension as required by 42 CFR 431.420(c), the Department must conduct a post-award forum within six months of implementing the demonstration and annually thereafter. That forum is intended to provide the public with the opportunity to offer meaningful comments on the progress of the demonstration. Maryland Medicaid's annual post-award forum took place on June 26, 2025, at the Maryland Medicaid Advisory Committee meeting.

Thirty days prior to the post-award forum, the Department posted information on its HealthChoice Monitoring and Evaluation webpage inviting the public to register for the MMAC meeting to solicit comments on the progress of the existing demonstration. Written public comments were requested to be submitted to the Department by emailing to mdh.healthchoicerenewal@maryland.gov.¹

AVAILABILITY OF THE DEMONSTRATION APPLICATION AND SUBMISSION OF COMMENTS

As of June 30, 2025, the State's 30-day public comment period is open. The Department will accept comments through July 30, 2025. Electronic copies of the draft demonstration extension application are available and may be downloaded from <https://mmcp.health.maryland.gov/Pages/1115-HealthChoice-Waiver-Renewal.aspx>. Hard copies of the application may be obtained by calling (410) 767-1439.

Interested parties may send written comments concerning the demonstration extension to Alyssa Brown, Office of Innovation, Research and Development, Office of Health Care Financing, Maryland Department of Health, 201 West Preston Street, Room 223, Baltimore, Maryland 21201 or via email to mdh.healthchoicerenewal@maryland.gov.

PUBLIC HEARING INFORMATION

The following public hearings will discuss the content of the demonstration extension and solicit feedback and input from public stakeholders. Both hearings will be held on a hybrid basis; information for both in-person and remote participation is below. Please note, public hearing #2 will take place during the Department's monthly Maryland Medicaid Advisory Committee (MMAC) meeting.

Public Hearing #1

Wednesday, July 9, 2025; 1:00PM–2:00PM

Michael E. Busch Annapolis Library
1410 West Street
Annapolis, MD 21401

To participate in the public hearing remotely, please visit:

<https://register.gotowebinar.com/register/551564956546745696>

Please note that if you wish to make a public comment, you will need to register via the link above. After registering, you will receive a confirmation email containing audio and visual information about joining the webinar.

Call-in number: (562) 247-8321

Access code: 597-057-147

The call-in number and access code presented above is for attendees who wish to join in listen-only mode.

¹ <https://health.maryland.gov/mmcp/healthchoice/Pages/HealthChoice-Monitoring-and-Evaluation.aspx>

Public Hearing #2

Thursday, July 24, 2025; 1:00PM–3:00PM

Maryland Department of Health

201 West Preston Street, Level L-Room L1

Baltimore, Maryland 21201

To participate in the public hearing remotely, please visit:

<https://attendee.gotowebinar.com/register/1992114303299564896>

Please note that if you wish to make a public comment, you will need to register via the link above. After registering, you will receive a confirmation email containing audio and visual information about joining the webinar.

Call-in number: (415) 655-0052

Access code: 706-439-047

The call-in number and access code presented above is for attendees who wish to join in listen-only mode.