CMS Annual Report
July 1, 2015 – June 30, 2016
Demonstration Year 19

EXECUTIVE SUMMARY

In June 2013, Maryland applied for a fifth extension of its §1115 HealthChoice demonstration waiver. The extension was approved for the period beginning November 1, 2013 through December 31, 2016 and assured that Maryland was able to continue its implementation of provisions to meet the requirements of the Patient Protection and Affordable Care Act (ACA); in addition, Maryland opted to expand Medicaid coverage to include adults with incomes up to 138 percent of the Federal Poverty Level (FPL).

Also as a result of Medicaid expansion, the Department of Health and Mental Hygiene ("the Department") no longer operates the Primary Adult Care program (PAC). As of January 1, 2014, former PAC recipients were transitioned from a partial benefit package to the full benefit Medicaid package under the ACA expansion. The number of childless adults and families now eligible for Medicaid benefits also increased significantly. This Medicaid expansion has been complemented by a state-based marketplace that includes an insurance exchange offering qualified health plans. Maryland has prioritized ensuring that the existing HealthChoice program remains stable and actuarially-sound to withstand the program growth that will continue to occur with healthcare reform.

As of June 2016, Maryland had enrolled 1,289,587 individuals in Medicaid, nearly 85 percent of whom were eligible for and enrolled in HealthChoice. According to CMS, Maryland saw a net enrollment increase of over 43 percent since the period of July to September 2013.[1] This expansion—whose inclusion in Maryland's high-quality managed care program was authorized for the current waiver period—contributed greatly to the reduction of Maryland's rate of uninsured from eleven to seven percent.[2]

Under the §1115 managed care waiver rules, the HealthChoice program changed the payment structure and delivery of health services for certain populations in Maryland's Medicaid program. In July 1996, Maryland adopted a prospective capitated monthly payment structure as authorized under §1115, replacing the traditional fee-for-service payment structure while moving the health service delivery model toward a managed care model administered by managed care organizations (MCOs). The goals for the State under HealthChoice are to increase efficiency and improve health outcomes by:

- Providing a patient-focused system with a medical home for all beneficiaries;
- Building on the strengths of the established Maryland health care system;

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[1] Centers for Medicare and Medicaid Services. (2016). Medicaid & CHIP in Maryland. Available: https://www.medicaid.gov/medicaid-chip-program-information/by-state/stateprofile.html?state=maryland; accessed 7 October 2016.
[2] Kaiser Family Foundation. (2016). Maryland: Health Insurance Coverage of the Total Population (2013-2015). Available: http://kff.org/other/state-indicator/total-population/?currentTimeframe=2&selectedRows=%7B%22nested%22:%7B%22maryland%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D; accessed 7 October 2016.

- Providing comprehensive, prevention-oriented systems of care;
- Holding MCOs accountable for high-quality care; and
- Achieving better value and predictable expenses.

Since the initial approval and implementation, Maryland subsequently requested and received several three-year extensions, in June 2002, June 2005, August 2008, and June 2011. In Demonstration Year 16 (2013), Maryland applied for, and CMS granted, its fifth extension.

The Department applied for a sixth extension of its §1115 HealthChoice demonstration waiver in June 2016. This waiver renewal application focused on developing cost-effective services that target the significant, complex health needs of individuals enrolled in Maryland Medicaid. In particular, the Department proposed implementing initiatives that address social determinants of health, such as those encountered by individuals with substance use disorders, those who are chronically homeless and those with criminal justice involvement.

For more information about Maryland's HealthChoice program, please see the 2016 evaluation, which covers calendar years (CY) 2010 through 2014, located here.

ELIGIBILITY AND ENROLLMENT

In the past year, the HealthChoice program saw increases across several eligibility categories, most prominently within the ACA Expansion Adults[3] and MCHP Premium groups. More information on changes in enrollment can be found in Tables 1-3 and Chart 1.

Table 1: Change in Enrollment Count by Eligibility Category

Eligibility category	June 2015	June 2016	Year 19 increase (decrease)	Year 19 percent increase (decrease)
Parents/Caretaker Relatives <116% FPL[4]	215,717	202,369	(12,842)	(6.0%)
ACA Expansion Adults	217,409	264,580	47,171	21.7%
Medicaid Children	435,370	435,627	257	0.1%
SSI/BD Adults	87,371	87,587	216	0.2%
Medically-Needy Adults	27,812	20,612	(7,200)	(25.9%)
Medically-Needy Children	5,143	7,296	2,153	41.9%
SOBRA Adults	8,501	9,578	1,077	12.7%
MCHP	107,483	109,788	2,305	2.1%
MCHP Premium	22,958	30,542	7,584	33.0%

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[3] Includes Childless Adults and Parent/Caretaker Relatives 123-138%.

[4] 1) Includes Former Foster Care; 2) As a result of MAGI conversion, 116% was converted to 123%.

Eligibility category	June 2015	June 2016	Year 19 increase (decrease)	Year 19 percent increase (decrease)
Family Planning	14,935	10,232	(4,703)	(31.5%)
Increased Community Services	20	23	3	N/A
WBCCHP	234	177	(57)	(24.4%)
Presumptively-Eligible Pregnant Women	3	1	(2)	N/A

Table 2: Enrollment Share as compared to Total Medicaid Enrollment by Eligibility Category

Eligibility category	Percentage of total program enrollment June 2015	Percentage of total program enrollment June 2016	Share increase (decrease)
Parent/Caretaker Relatives <116% FPL	18.8%	17.2%	(1.7%)
ACA Expansion Adults	19.0%	22.5%	3.4%
Medicaid Children	38.1%	37.0%	(1.1%)
SSI/BD Adults	7.6%	7.4%	(0.2%)
Medically-Needy Adults	2.4%	1.7%	(0.7%)
Medically-Needy Children	0.4%	0.6%	0.2%
SOBRA Adults	0.7%	0.8%	0.1%
MCHP	9.4%	9.3%	(0.1%)
MCHP Premium	2.0%	2.6%	0.6%
Family Planning	1.3%	0.9%	(0.4%)
Increased Community Services	0.0%	0.0%	0.0%
WBCCHP	0.0%	0.0%	0.0%
Presumptively-Eligible Pregnant Women	0.0%	0.0%	0.0%

Table 3: Average Quarterly Member Months, July 2015 – June 2016

Eligibility category	First Quarter	Second Quarter	Third Quarter	Fourth Quarter

Eligibility category	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Parent/Caretaker Relatives <116% FPL	206,256	196,002	194,224	200,409
ACA Expansion Adults	219,888	225,999	242,580	258,867
Medicaid Children	420,081	412,745	416,701	432,570
SSI/BD Adults	87,671	87,501	87,502	87,553
Medically-Needy Adults	26,026	23,528	22,951	21,036
Medically-Needy Children	5,152	5,240	5,512	6,804
SOBRA Adults	8,887	9,706	10,025	9,833
MCHP	107,312	105,860	105,223	108,286
MCHP Premium	25,033	27,886	29,588	30,538
Family Planning	14,450	13,874	12,571	10,513
Increased Community Services	20	23	24	23
WBCCHP	227	212	199	182
Presumptively-Eligible Pregnant Women	3	3	2	0

HEALTHCHOICE MONITORING AND QUALITY ASSURANCE ACTIVITIES

Maryland Children's Health Program (MCHP)

On June 1, 2008, Maryland moved its separate Children's Health Insurance Program (CHIP)—including MCHP and MCHP Premium—into the Medicaid expansion CHIP waiver, allowing Maryland's entire CHIP program to be operated as an expansion of Medicaid. As of June 30, 2016, the MCHP Premium program had 30,542 enrollees, with MCHP at 109,788 enrollees.

Family Planning Program

The HealthChoice waiver allows the State to provide a limited benefit package of family planning services to eligible women—currently, those women at less than 200 percent of the Federal Poverty Level (FPL). The program covers medical services related to family planning, including office and clinic visits, physical examinations, certain laboratory services, treatments for sexually-transmitted infections, family planning supplies, permanent sterilization and reproductive health counseling, education and referrals. Women who receive pregnancy coverage continue to be automatically-enrolled, if eligible, following the end of their pregnancy-related eligibility.

Table 4. Family Planning and Related Statistics, **July 2015 – June 2016**

No. of Individuals Enrolled in the Demonstration (Total with Any Period of Eligibility)	Total No. of Participants[5]	No. of Actual Births to Family Planning Demonstration Participants	Average Total Medicaid Expenditures for a Medicaid-funded Birth[6]
21,082	5,503	461	$25,764

Medicaid Eligibility Quality Control (MEQC)

During fiscal year (FY) 2016, MEQC performed testing of 20 Round 2 Payment Error Rate Measurement (PERM) Test Cases and 20 Round 3 PERM Test Cases for SFY 2014-2016. The test cases were conducted in the User Acceptance Testing environment with oversight by the Independent Validation and Verification (IV&V) contractor. CMS updated its analysis tool for each round to permit comparison of the determinations completed by the Maryland Health Connection with the expected results, and the team used the tool to compare particular eligibility factors as well as the final determination. Reporting for Rounds 1 and 2 was completed in August 2015; reporting for Round 3 had not concluded as of the end of FY 2016.

MCO Quality Review

The Department is required to evaluate the quality of care provided to HealthChoice participants annually by contracting MCOs; this annual review is performed by an External Quality Review Organization (EQRO) to ensure that services provided to the participants meet the standards set forth in the regulations governing the HealthChoice program. The most recent Annual Technical Report, released in April 2016, covers the EQRO's quality review activities conducted during CY 2015. The report demonstrated that the HealthChoice MCOs have quality procedures and systems that promote high quality care with well-organized approaches to quality improvement.

For more information, please see Maryland's Annual Technical Report, located here.

The EQRO produces several other quality-related reports for the Department. For information about value based purchasing efforts in Maryland, please see Maryland's Value-Based Purchasing Report, located here. For information about MCO systems performance, please see Systems Performance Review Statewide Executive Summary, located here.

For supplemental information regarding Healthcare Effectiveness Data and Information Set® (HEDIS) measures, please see the Statewide Executive Summary of HealthChoice Participating Organizations, located here.

For additional information including reports from previous years, please see the HealthChoice Quality Assurance Activities page, located here.

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[5] Includes all individuals who obtain one or more covered family planning services through the demonstration.
[6] Includes prenatal services, delivery- and pregnancy-related services and services to infants from birth up to age 1.

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