



New Jersey Association of Mental Health and Addiction Agencies, Inc.

New Jersey 1115 Waiver Renewal Receives Approval from CMS

3/31/23 Yesterday, the Centers for Medicare and Medicaid (CMS) provided final approval for the “New Jersey FamilyCare Comprehensive Demonstration” renewal that operates under a Medicaid 1115 waiver. The approval extends several authorities that previously had been authorized for New Jersey’s Division of Medical Assistance and Health Services (Medicaid). The approval letter from CMS Administrator Chiquita Brooks-LaSure stated, “With this extension, New Jersey is introducing new initiatives and investments to assist the state in improving health coverage, access, and consistent provision of high-quality services for Medicaid and CHIP beneficiaries, while additionally making important gains in advancing health equity among its beneficiary populations.”

Renewed Authorities

Among the authorities being extended are “the flexibility to carve-in additional behavioral health services to managed care over time, a process the state has indicated to CMS will take place gradually over this demonstration renewal period, after extensive stakeholder input”, per the approval letter from CMS. In a March 28th meeting jointly hosted by Medicaid and the Division of Mental Health and Addiction Services (DMHAS) for NJAMHAA and other stakeholders, state leaders repeatedly stressed how the process will be gradual and “stakeholder driven”. They also stated that implementation will be tied to the Managed Care Organization six month contract cycle and that no carve ins are expected for July of 2023.

The waiver also approved the following existing waiver programs for extension: “1) ... managed care to include long-term services and supports (LTSS) and certain behavioral health services... 2) targeted home and community-based services (HCBS) programs for children; 3) support services and in-home community supports for individuals with intellectual and development disabilities (I/DDs); 4) expenditures for substance use disorder (SUD) services; 5) continuation of financial eligibility determinations for Medicaid coverage for individuals placed under the guardianship of the Office of the Public Guardian (OPG); and 6) extension of full state plan benefits to postpartum individuals enrolled in Medicaid or CHIP for up to 12 months from the last day of an individual’s pregnancy.”

Other existing initiatives will be amended under the waiver renewal. These include expansion of the current home visiting pilot for high-risk pregnant women and parents of children up to three years old from 11 counties to all 21 counties, and expansion of HCBS eligibility to beneficiaries 18 and older who are outside of their educational entitlement.

New Initiatives

New initiatives approved by CMS include those related to continuous eligibility, coverage expansion, and health-related social needs (HRSN). Continuous eligibility will provide adults

eligible for Medicaid due to their Modified Adjusted Gross Income (MAGI) 12 months of coverage regardless of income or other changes that might affect eligibility.

An item that NJAMHAA has long advocated for – electronic health record fiscal support for providers of mental health – found approval in the newly created “incentive-based payment program, called the Behavioral Health Promoting Interoperability Program (BH PIP), which will provide health information technology (HIT) infrastructure support to targeted Medicaid providers in order to increase HIT use and connectivity to the state’s health information exchange (HIE).” At the March 28th stakeholder meeting, Medicaid stated that more detail will be provided on this initiative in the weeks and months ahead. Of note, the current Substance Use Disorder Promoting Interoperability Program (SUD PIP) extension was not approved, as CMS favored a focus on the new BH PIP.

Also new are the HRSN services that were authorized. “These include critical nutritional services and nutrition education, as well as transitional housing supports for individuals with a clinical need or who are transitioning out of institutional care, congregate settings, homelessness or a homeless shelter, or the child welfare system. Related services include case management, outreach, and education, as well as infrastructure investments to support those services.” NJAMHAA has been participating for some time in a stakeholder group convened around housing support services. Medicaid indicated this week that this group will hear soon about next steps. Of note, New Jersey must meet a number of milestones and make policy decisions before the HRSN services can be implemented. Among the CMS requirements, “the state will be required to increase and (at least) sustain Medicaid fee-for-service provider base payment rates and Medicaid managed care payment rates in primary care, behavioral health, and obstetrics care, should the state’s Medicaid-to-Medicare provider rate ratio dip below 80 percent in any of these categories.” New Jersey must submit a New Initiatives Implementation Plan for review and approval.

Also receiving approval is a managed care organization (MCO) pilot program, with a \$5 million annual expenditure limit, that supports Community Health Workers (CHWs) who will focus on eliminating health disparities. Each MCO must submit a proposal to the state for review and approval.

Waivers of Statewideness

The waiver renewal approval also includes authorities to implement several initiatives under the Medicaid State Plan. One extends authority to implement New Jersey’s Integrated Care for Kids (InCK) alternative payment model in two counties. “The state will operate the InCK model through state plan authority, but utilize 1115 waiver authority to waive statewideness so that the InCK model may be implemented in specific geographic areas.”

Similarly, a waiver of statewideness is included in the renewal for New Jersey’s CCBHCs. “New Jersey will not pursue placing the CCBHC [Certified Community Behavioral Health Clinic] program fully under section 1115 demonstration authority, and is actively considering state plan authority or continuing operating the program under PAMA [the Section 223 demonstration program authority].” This change in plan was shared with NJAMHAA and other stakeholders at

both the March 28th meeting and further elaborated on during a second meeting hosted for NJAMHAA and CCBHCs on March 29th. It was stressed that this does not reflect a change in thinking, and that New Jersey remains committed to moving toward CCBHC sustainability, though the how remains a question. While the timeline for a potential state plan amendment (SPA) is not known, at the same time DMHAS is exploring expansion of the demonstration program (i.e., adding organizations to the demonstration) under recent federal authority, while also preparing to implement recently released updated CCBHC criteria.

A third waiver of statewideness is included for New Jersey' Universal Home Visitation (UHV) Program. "The UHV program will provide all New Jersey residents access to at least one, and up to four, postpartum home visits by a specially trained registered nurse for the parent(s) and infant. While the state expects to expand this program eventually statewide...", the state has been given a waiver of statewideness to offer the program in specific regions.

Denied Authorities

NJAMHAA was disappointed to learn that "Pre-release services for incarcerated individuals are not being approved as part of the demonstration extension at this time." Pre-release services had been among the recommendations developed last fall at a forum NJAMHAA hosted for CCBHCs, re-entry programs, Justice Involved Services (JIS) programs, and other programs providing services to justice involved individuals under a BHECON grant from the National Council for Mental Wellbeing. NJAMHAA will continue to strongly advocate for this. CMS did commit to continue to review this component, writing, "CMS is supportive of increasing pre-release services for justice-involved populations in order to assist in making successful transitions from the carceral system back into the community, and will continue to work with the state on this initiative."

Also denied was the state's request to reimburse subacute psychiatric beds (New Jersey's "diversion beds"), though CMS expressed their willingness to continue working with the state if a future proposal comports with CMS' framework for such institutions.

While the renewal also did not approve expenditure authority for innovative projects by New Jersey's state funded Regional Health Hubs, some of the proposed projects fit within the HRSN framework, including IT and workforce development. They will be moved to that framework while CMS continues to review the remainder of the state's request for Hub related projects.

Lastly, CMS did not approve a request "to permit short-term nursing facility stays from 180 days to up to 365 days for Supports and CCP [Community Care Program] beneficiaries. CMS is not approving this request at this time, but will continue working with the state to ensure the needs of beneficiaries experiencing short-term nursing facility stays are being addressed"

NJAMHAA looks forward to continuing to work with Medicaid and DMHAS on many of the waiver initiatives and will provide members with status reports as each moves forward on implementation.