

**U.S. House and Senate Notification**  
**Thursday, April 14, 2011**

**To: Congressional Health Staff**

**From: Amy Hall**  
**Director, Office of Legislation**  
**Centers for Medicare & Medicaid Services**

**Re: CMS Issues Medicaid Regulations, Awards Contracts for Integrated Care Demonstrations for Dual Eligibles, and Announces Approval of New Jersey's Early Expansion Waiver**

The U.S. Department of Health and Human Services (HHS) today announced four initiatives to give states more flexibility to adopt innovative new practices and provide better, more coordinated care for people with Medicaid and Medicare while helping reduce costs for states and families (see <http://www.hhs.gov/news/> for the HHS press release). HHS and the Centers for Medicare & Medicaid Services (CMS) today issued two new Medicaid regulations, awarded contracts to States for integrated care demonstrations for dual eligibles, and approved New Jersey's early expansion waiver.

- **Federal Funding for Medicaid Eligibility Determination and Enrollment Activities** – This final rule revises Medicaid regulations for Mechanized Claims Processing and Information Retrieval Systems. States needing to overhaul their information technology systems to streamline Medicaid enrollment under the Affordable Care Act will be provided enhanced Federal financial participation (FFP) at the 90 percent match rate for the design, development and installation or enhancement of the eligibility determination systems until December 31, 2015, with enhanced FFP at the 75 percent match rate for maintenance and operations available for such systems beyond that date in certain circumstances. In addition, the final rule will require all Medicaid Management Information Systems (MMIS) to meet certain defined standards in terms of timeliness, accuracy and integrity and that they achieve high positive levels of consumer experience, acceptance and satisfaction in order to receive enhanced FFP. The final rule can be viewed here, [http://www.ofr.gov/OFRUpload/OFRData/2011-09340\\_PI.pdf](http://www.ofr.gov/OFRUpload/OFRData/2011-09340_PI.pdf) and will be published in the April 19<sup>th</sup> Federal Register, where it can be viewed at <http://www.gpoaccess.gov/fr/>.
- **Home and Community Based Services (HCBS) Waiver Program Proposed Rule** – The proposed rule, which is a follow-up to an Advanced Notice of Proposed Rulemaking published in June 2009, proposes a number of important changes and clarifications to the regulations governing the section 1915(c) Home and Community Based Services (HCBS) waiver program. Specifically, the rule removes an existing Federal barrier for States that are interested in designing waiver programs that serve multiple target groups. Currently, States may design a waiver for only one of the three main target groups: Aged/Disabled or both; Intellectually Disabled/Developmentally Disabled or both; or Mentally Ill. Giving States the flexibility to serve multiple groups will be helpful for States. The proposed rule also clarifies expectations regarding person-centered planning and service delivery within the 1915(c) program, clarifies expectations with regard to the timing of amendments and public input processes, and provides CMS with additional tools to encourage States to make program improvements. The proposed rule also articulates those settings that are not HCBS in nature. You can view the proposed rule

today at [http://www.ofr.gov/OFRUpload/OFRData/2011-09116\\_PI.pdf](http://www.ofr.gov/OFRUpload/OFRData/2011-09116_PI.pdf) and beginning tomorrow, the rule can be viewed here, <http://www.gpoaccess.gov/fr/>

- **Integrated Care Demonstrations for Dual Eligibles** – Fifteen states across the country have been selected to design new ways to meet the often complex and costly medical needs of the nation’s lowest-income and chronically ill citizens. CMS is awarding contracts to provide funding and technical assistance to develop person-centered approaches to coordinate care across primary, acute, behavioral health and long-term supports and services for dual eligible individuals. The 15 States selected to receive contracts are: California, Colorado, Connecticut, Massachusetts, Michigan, Minnesota, New York, North Carolina, Oklahoma, Oregon, South Carolina, Tennessee, Vermont, Washington and Wisconsin. These States are required to engage in significant work with their stakeholder community during the design phase to ensure broad and ongoing stakeholder input on their implementation proposal. States that actively engage with stakeholders, including beneficiaries and their families, and successfully complete the first design phase may be eligible to receive support to implement their proposals, pending federal approval of the State’s demonstration design and the availability of funds. CMS anticipates using lessons learned and best practices from this design phase, as well as the subsequent implementation phase, to assist other States in their efforts to better coordinate care for dual eligible individuals. Additional information about the Integrated Care for Dually Eligible Individuals Design Contracts will be available at <http://www.cms.gov/dualeligible/>.
- **New Jersey Early Expansion Waiver** – HHS and CMS have approved New Jersey’s 1115 Demonstration to expand Medicaid to certain childless adults in the State. The 1115 demonstration will expand health coverage to nearly 70,000 uninsured, low-income people through the Work First New Jersey program. Today’s action will allow the State to cover groups that were previously unable to get health insurance but will be covered under new Affordable Care Act rules in 2014. The waiver approved today will allow the state to extend a package of essential Medicaid benefits to low-income residents aged 19-64 who are not eligible for traditional Medicaid. State officials estimate that 57,000 New Jersey residents will be immediately eligible for coverage with another 10,000 qualifying by 2013. In addition, the State will increase care coordination to improve health outcomes for participants in the program.

Additional information about these items will be available on the CMS website at [https://www.cms.gov/apps/media/fact\\_sheets.asp](https://www.cms.gov/apps/media/fact_sheets.asp). If you have any questions, please contact the CMS Office of Legislation. Thank you.