

Ohio Department of Medicaid

Multi-Year Continuous Eligibility for Children 1115 Demonstration Waiver

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SECTION I: PROGRAM DESCRIPTION

DEMONSTRATION OVERVIEW

In 2023, the Ohio General Assembly enacted House Bill 33 (HB 33), which included Ohio Revised Code (ORC) section 5166.45 requiring the Ohio Department of Medicaid to provide continuous Medicaid enrollment for children from birth through three years of age. The Ohio Department of Medicaid (ODM, referred to herein as “the State” or “Ohio”) is seeking Social Security Act Section 1115 demonstration waiver authority to implement this important section of HB 33.

Preventive care, treatment for physical and behavioral health conditions, and early childhood screenings are essential to setting children up for success and building a foundation to support their health and well-being through the rest of their lives. For example, early intervention from screenings conducted in wellness visits have been shown to positively impact youths’ communication and cognitive development.¹ Studies also suggest that continuity of care can help children be school-ready, ensure timely referrals for early intervention and prevention of chronic illnesses and developmental disorders, and potentially lower special education and child welfare costs.² The American Academy of Pediatrics reaffirms the importance of early screening and preventive care for children to address chronic health problems and support physical, mental, behavioral, and developmental health through adolescence into adulthood.³ It is thus expected that continuous Medicaid enrollment for young children will yield improvements in access to essential care while reducing unnecessary costs associated with enrollment lapses.

Under the Multi-Year Continuous Eligibility for Children 1115 Demonstration waiver, children who are determined eligible for medical assistance under Title XIX of the "Social Security Act" or child health assistance under Title XXI of the "Social Security Act" shall remain eligible for those benefits until the earlier of:

- The end of a period, not to exceed forty-eight months, following the determination; or
- The end of the month in which their fourth birthday falls.

The Multi-Year Continuous Eligibility for Children 1115 Demonstration waiver does not apply to children who have been found to be eligible for the following categories of medical assistance:

- Presumptive eligibility; or
- Alien emergency medical assistance; or
- Refugee medical assistance.

DEMONSTRATION PURPOSE AND GOALS

The Multi-Year Continuous Eligibility for Children 1115 Demonstration waiver application is submitted to comply with the legislative intent of the statute enacted by the Ohio General Assembly to provide continuous Medicaid enrollment

¹ “The Foundations of Lifelong Health are Built in Early Childhood.” Center on the Developing Child at Harvard University, (2010). Accessed October 12, 2023. <https://developingchild.harvard.edu/resources/the-foundations-of-lifelong-health-are-built-in-early-childhood>

² Currie, Janet. "Early Childhood Intervention Programs: What Do We Know?" 2000. <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.492.8316&rep=rep1&type=pdf>

³ Hagan, Joseph F., Judith S. Shaw, and Paula M. Duncan. 2017. Bright Futures Guidelines for Health Supervision of Infants, Children, and Adolescents. 4th ed. American Academy of Pediatrics. <https://doi.org/10.1542/9781610020237>

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for children through the end of the month in which their fourth birthday falls, regardless of when they first enrolled in Medicaid, and regardless of changes in circumstance that would otherwise cause a loss of eligibility. Exceptions include circumstances where a request is made to discontinue coverage, the individual has moved out of state, or the child dies.

Specific goals of this 1115 Demonstration waiver include:

- Providing continuous Medicaid enrollment to children through age three regardless of changes in circumstances that would otherwise cause a loss of eligibility;
- Minimizing coverage gaps to help maintain consistent access to care, including early childhood screenings, primary and preventive services, and treatment;
- Decreasing the need for higher-cost services associated with delaying care;
- Easing the stress and burden on families and caregivers as they navigate Medicaid coverage; and
- Reducing administrative costs associated with application processing and churn.

DEMONSTRATION HYPOTHESIS AND EVALUATION

To track progress toward program goals, the State has identified the following areas for its research and evaluation efforts. The table below presents a preliminary plan for how the State will evaluate its efforts, with possible future adjustments and subject to CMS approval.

Methodology	Data Sources and Metrics
Hypothesis: Continuous Medicaid enrollment for children through age three will provide coverage regardless of changes in circumstances that would otherwise cause a loss of eligibility.	
Children will have a higher rate of receipt of age-appropriate preventive care.	HEDIS and claims data.
Children under continuous eligibility will have a lower incidence of inpatient admissions and avoidable emergency care	HEDIS and claims data.

DEMONSTRATION AREA

The continuous Medicaid enrollment for children through age three will operate statewide.

DEMONSTRATION TIMEFRAME

The Multi-Year Continuous Eligibility for Children 1115 Demonstration waiver is requested for a five-year approval period from October 1, 2025, to September 30, 2030.

DEMONSTRATION IMPACT TO MEDICAID AND CHIP

Medicaid and CHIP children will receive coverage through the end of the month in which their fourth birthday falls regardless of changes in circumstances that would otherwise cause a loss of eligibility. Exceptions include circumstances where a request is made to discontinue coverage, the individual has moved out of state, or the child dies.

SECTION II: DEMONSTRATION ELIGIBILITY

ELIGIBILITY GROUPS

Children covered by Medicaid and CHIP will receive coverage through the end of the month in which their fourth birthday falls regardless of changes in circumstances that would otherwise cause a loss of eligibility. Exceptions include circumstances where a request is made to discontinue coverage, the individual has moved out of state, or the child dies.

Eligibility Group Name	Social Security Act and CFR Citations	Income Level
Infants and Children Under the Age of 19	<ul style="list-style-type: none"> • Sections 1902(a)(10)(A)(i)(III), (IV), (VI) and (VII); 1902(a)(10)(A)(ii)(IV) and (IX); 1931(b) and (d) of the Social Security Act • 42 CFR 435.118 	0%–156% FPL plus 5% disregard
Deemed Newborns	<ul style="list-style-type: none"> • Sections 1902(e)(4) and 2112(e) of the Social Security Act • 42 CFR 435.117 	None
Children with Title IV-E Adoption Assistance, Foster Care, or Guardianship Care	<ul style="list-style-type: none"> • Sections 473(b) and 1902(a)(10)(A)(i)(I) of the Social Security Act • 42 CFR 435.145 	None
Transitional Medical Assistance	<ul style="list-style-type: none"> • Sections 408(a)(11)(A), 1902(a)(52), 1902(e)(1), 1925, 1931(c)(2) of the Social Security Act • 42 CFR 435.112 	Months 6-12: 0% – 185% FPL
SSI Beneficiaries	<ul style="list-style-type: none"> • Section 1902(a)(10)(A)(i)(II) of the Social Security Act • 42 CFR 435.120 	None
Reasonable Classification of Individuals Under 21	<ul style="list-style-type: none"> • Sections 1902(a)(10)(A)(ii)(I); 1902(a)(10)(A)(ii)(IV) of the Social Security Act • 42 CFR 435.222 	None
Optional Targeted Low-Income Children	<ul style="list-style-type: none"> • Sections 1902(a)(10)(A)(ii)(XIV); 1905(u)(2)(B); 2101 and 2103 of the Social Security Act • 42 CFR 435.229; • 42 CFR 457.320(a)(2) and (3) 	Uninsured Child Age 0-5: 141% - 156% FPL plus 5% disregard = CHIP 1 (Title XXI) Uninsured Child Age 0-5: 156% - 206% FPL plus 5% disregard = CHIP 2 (Title XXI)
Children with Non IV-E Adoption Assistance	<ul style="list-style-type: none"> • Section 1902(a)(10)(A)(ii)(VIII) of the Social Security Act • 42 CFR 435.227 	None

ENROLLMENT LIMITS AND EXCLUSIONS

Children who have received continuous eligibility for a period of forty-eight months or who have turned four years old will no longer receive automatic coverage but will be subject to mandatory reporting requirements and annual renewals of eligibility.

Children who are receiving presumptive eligibility, Alien emergency medical assistance, or refugee medical assistance are excluded from receiving automatic continuous eligibility.

Continuous eligibility for children through age three shall only have coverage discontinued upon oral or written request from a parent or authorized representative, when the child no longer resides in the state of Ohio, or the child dies.

PROJECTED ELIGIBILITY AND ENROLLMENT

Ohio requests approval from CMS to provide continuous eligibility for children through the end of the month in which their fourth birthday occurs, regardless of when the child was first enrolled in Ohio Medicaid, and regardless of changes in circumstances that would otherwise cause a loss of eligibility.

Ohio anticipates the number of children receiving continuous eligibility will increase each year throughout the demonstration.

Demonstration Year	Projected CE for Children Enrollment (in Member Months)
DY1	3,105,686
DY2	3,289,255
DY3	3,483,677
DY4	3,689,593
DY5	3,907,682

CHANGES IN ELIGIBILITY PROCEDURES

Ohio is requesting changes to the renewal process for already eligible children to extend the duration of coverage before undergoing income and/or other eligibility criteria verification. Already eligible children and their representative will remain subject to the requirement for reporting a change in address, Ohio residency, or death of the member. Additional existing safeguards will continue to remain in place, including requesting additional information from the individual (or their representative) when mail is returned with an out of state forwarding address, in response to reports of death from vital records, and in response to reports that a member has applied for Medicaid or CHIP in another state.

SECTION III: DEMONSTRATION BENEFITS

Benefits provided under the Multi-Year Continuous Eligibility for Children 1115 Demonstration waiver will not differ from benefits provided under the Medicaid state plan and the CHIP state plan. Additionally, the cost sharing requirements will not differ from those provided under the Medicaid state plan and the CHIP state plan.

SECTION IV: DELIVERY SYSTEM AND PAYMENT FOR SERVICES

The Multi-Year Continuous Eligibility for Children 1115 Demonstration waiver will not require any changes to the existing Ohio Medicaid delivery system. Children eligible for multi-year continuous eligibility will continue to receive Medicaid through the managed care entities.

SECTION V: IMPLEMENTATION OF DEMONSTRATION

Ohio's target date for implementing the Multi-Year Continuous Eligibility for Children 1115 Demonstration waiver is October 1, 2025. Children under the age of four, who apply and are found eligible, or have eligibility renewed, on or after October 1, 2025, will receive multi-year continuous coverage until the end of the month in which their fourth birthday occurs. ODM will update its existing eligibility systems and procedures to reflect multi-year continuous coverage for children under four years of age, as described in this 1115 demonstration application. ODM will prepare for this implementation with additional staff and stakeholder training and communications to existing beneficiaries.

SECTION VI: DEMONSTRATION FINANCING AND BUDGET NEUTRALITY

FINANCING AND BUDGET NEUTRALITY SUMMARY

Milliman, Inc. (Milliman) was engaged by the State of Ohio, Department of Medicaid (ODM) to develop the Budget Neutrality portion of the Section 1115 Medicaid Demonstration Waiver (1115 Waiver) for continuous eligibility through age 3. Budget neutrality is a comparison of without waiver-expenditures (WOW) to with-waiver expenditures (WW). The purpose of this document is to outline the methodology and proposed budget neutrality projections related to the first demonstration period of the 1115 Waiver. The narrative was drafted expecting that ODM may repurpose the language as part of its 1115 Waiver application.

Milliman has relied upon certain data and information provided by ODM, including historical claims, eligibility, and number of members projected to be eligible under the waiver in the development of the estimates contained in the Budget Neutrality Worksheets. Milliman has relied upon ODM for the accuracy of the data and accepted it without audit. To the extent that the data provided is not accurate, the results of this analysis may need to be modified to reflect revised information.

Differences between projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. It should be emphasized that the values in the budget neutrality worksheets are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this analysis.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Jason Clarkson, Tyler Schulze, and Seth Kruse are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses in this correspondence.

BUDGET NEUTRALITY PROJECTIONS

The budget neutrality projections for the 1115 Waiver have been developed with the expectation that expenditures associated with the new continuous eligibility population will be treated as 'hypothetical' for the purpose of budget

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neutrality. ODM understands CMS has historically utilized two potential methodologies for evaluating budget neutrality once the demonstration has commenced:

1. Per Capita Method: Assessment of the per member per month (PMPM) cost of the Demonstration, and;
2. Aggregate Method: Assessment of total expenditures, based on both the number of members and PMPM cost of the Demonstration.

ODM has prepared these budget neutrality projections for the 1115 Waiver assuming CMS will evaluate budget neutrality using the Per Capita Method. The budget neutrality projections were developed using CMS budget neutrality requirements as outlined in the recent State Medicaid Director letter dated August 22, 2024.⁴

The rest of this narrative documents the supporting data and methodology included in the worksheets using guidance provided by CMS.

MEG Definitions and Historic Data⁵

Actual historical data was reviewed and stratified in two separate Medicaid eligibility groups (MEGs):

- MEG 1: Managed Care – Includes eligible members who are enrolled in the Medicaid Managed Care (MMC) and / or OhioRISE programs.
- MEG 2: Fee For Service (FFS) – Includes eligible members who are not enrolled in either the MMC or OhioRISE program.

In developing the projections, these MEGs include all enrolled children aged 0 to 47 months that could potentially be impacted by the proposed continuous eligibility provisions under the 1115 Waiver.

Historical member month trends were reviewed for these child beneficiaries. For each of these member months, ODM also reviewed corresponding Medicaid eligible expenditures within the month. This includes the MMC and/or OhioRISE capitation payments attributed to the beneficiaries enrolled in managed care and any FFS and Single Pharmacy Benefit Manager (SPBM) claims that were incurred outside of managed care. For the FFS MEG, this review solely considered FFS claims for these beneficiaries as they are not enrolled in managed care.

DY 00 Development

Key time periods in the workbook are included below:

- Year Preceding the Demonstration: October 2024 – September 2025 (DY 00)
- Demonstration Period: October 2025 – September 2030 (DY 01 – DY 05)

The sections below outline the methodology utilized to develop the DY 00 estimates that are used as the starting point for projections attributable to the demonstration period.

⁴ <https://www.medicaid.gov/federal-policy-guidance/downloads/smd24003.pdf>

⁵ In the August 22, 2024 SMD letter, CMS indicated they are no longer requesting five years of historic expenditure data in order to calculate the trend rate. CMS will no longer compare the state's historic trend rate to the President's budget trend rate and is no longer using the lower of the two trend rates. Therefore, a summary of historical expenditures has not been included.

Eligible Member Months

WOW

ODM utilized enrollment for enrolled 0- to 47-month-old beneficiaries as of October 2024 as a starting point in the WOW projection development. October 2024 enrollment was annualized and assumed to increase at a 0.5% annualized trend rate to the midpoint of DY 00.

WW

DY 00 enrollment under the WW approach was set equal to the WOW approach.

PMPM Cost

WOW

The PMPM cost underlying the managed care MEG is made up of two components: the associated capitation payments and the FFS claims cost outside of managed care for the eligible member months.

To estimate the capitation portion of the Managed Care MEG PMPM cost, ODM utilized the calendar year (CY) 2025 MMC and OhioRISE capitation rates along with the member months identified in DY 00 to arrive at estimated capitation PMPM for the managed care MEG. The FFS MEG does not include any cost associated with capitation rates. To estimate the FFS portion of the PMPM cost for both MEGs, ODM summarized CY 2023 FFS and SPBM experience for members aged 0- to 47-months and trended to the midpoint of DY 00 to reflect the impact of anticipated cost changes.

The total estimated DY 00 PMPM cost for the managed care MEG was developed by adding the capitation PMPM cost and the trended FFS/SPBM PMPM cost.

WW

DY 00 PMPM cost under the WW approach was set equal to the WOW approach.

DY 01-05 Development

Eligible Member Months

WOW

Enrollment under the WOW approach was assumed to increase at an annual rate of 0.5%.

WW

Under the WW scenario, ODM applied annualized trend rates of 5.9% for the Managed Care MEG and 6.5% for the FFS MEG. These assumptions were developed based on a review of historical enrollment and dis-enrollment patterns in Ohio Medicaid and the resulting impact that materially fewer dis-enrollments may be expected to have on total eligible member months across all five demonstration years in total. It is important to note that ODM does not expect eligible member months to increase linearly across demonstration years, as is evident in the budget neutrality projections. A single annualized trend assumption was selected to fit the budget neutrality template requirements, but it is reasonable to expect year-over-year enrollment increases to be higher in earlier years of the demonstration

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than later years. Since the continuous eligibility requirement is applicable to members aged 0 through 47 months, the incremental impact of avoided disenrollments is assumed to decrease over time as existing members who would have otherwise been dis-enrolled the prior year will have already not dis-enrolled. By extension, once 48 months have elapsed it may therefore be expected that there is no more remaining incremental, year-over-year impact of the continuous eligibility provision.

Figure 1 below shows a comparison of enrollment for the impacted population from DY 00 through DY 05 under both the WOW and WW scenarios.

FIGURE 1 – ELIGIBLE MEMBER MONTHS						
	WITHOUT WAIVER (WOW)		WITH WAIVER (WW)		DIFFERENCE	
DEMONSTRATION YEAR (DY)	MANAGED CARE	FFS	MANAGED CARE	FFS	MANAGED CARE	FFS
DY 00	2,880,117	52,246	2,880,117	52,246	0	0
DY 01	2,894,518	52,507	3,050,044	55,642	155,526	3,135
DY 02	2,908,990	52,770	3,229,996	59,259	321,006	6,489
DY 03	2,923,535	53,034	3,420,566	63,111	497,031	10,077
DY 04	2,938,153	53,299	3,622,380	67,213	684,227	13,914
DY 05	2,952,844	53,565	3,836,100	71,582	883,257	18,016
Total	17,498,156	317,421	20,039,203	369,052	2,541,047	51,631

PMPM Cost

WOW

PMPM cost under the WOW approach was assumed to increase at an annual rate of 5.0%.

WW

Under the hypothetical approach, PMPM cost under the WW approach was set equal to the WOW approach.

Figure 2 below contains a summary of the projected member months and PMPM cost for DY 00 (October 2024 through September 2025) through DY 05 (October 2029 through September 2030) under current eligibility requirements by MEG (i.e., WOW).

FIGURE 2 – 1115 BUDGET NEUTRALITY PROJECTIONS BY MEG: WITHOUT WAIVER						
MEG	DY 00	DY 01	DY 02	DY 03	DY 04	DY 05
Managed Care						
Member Months	2,880,117	2,894,518	2,908,990	2,923,535	2,938,153	2,952,844
PMPM Cost	\$ 558.75	\$ 586.69	\$ 616.02	\$ 646.82	\$ 679.16	\$ 713.12
Expenditures	\$ 1,609,265,374	\$ 1,698,177,286	\$ 1,792,001,581	\$ 1,891,009,668	\$ 1,995,487,952	\$ 2,105,738,662
FFS						
Member Months	52,246	52,507	52,770	53,034	53,299	53,565

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PMPM Cost	\$ 1,208.61	\$ 1,269.04	\$ 1,332.49	\$ 1,399.12	\$ 1,469.07	\$ 1,542.53
Expenditures	\$ 63,145,038	\$ 66,633,801	\$ 70,315,319	\$ 74,200,240	\$ 78,299,804	\$ 82,625,868
Total Expenditures	\$ 1,672,410,412	\$ 1,764,811,087	\$ 1,862,316,900	\$ 1,965,209,908	\$ 2,073,787,756	\$ 2,188,364,529

Figure 3 below contains a summary of the projected member months and PMPM cost for DY 00 through DY 05 under the 1115 Waiver eligibility requirements by MEG (i.e., WW).

FIGURE 3 – 1115 BUDGET NEUTRALITY PROJECTIONS BY MEG: WITH WAIVER						
MEG	DY 00	DY 01	DY 02	DY 03	DY 04	DY 05
Managed Care						
Member Months	2,880,117	3,050,044	3,229,996	3,420,566	3,622,380	3,836,100
PMPM Cost	\$ 558.75	\$ 586.69	\$ 616.02	\$ 646.82	\$ 679.16	\$ 713.12
Expenditures	\$ 1,609,265,374	\$ 1,789,422,632	\$ 1,989,748,496	\$ 2,212,500,840	\$ 2,460,190,309	\$ 2,735,608,614
FFS						
Member Months	52,246	55,642	59,259	63,111	67,213	71,582
PMPM Cost	\$ 1,208.61	\$ 1,269.04	\$ 1,332.49	\$ 1,399.12	\$ 1,469.07	\$ 1,542.53
Expenditures	\$ 63,145,038	\$ 70,611,939	\$ 78,961,801	\$ 88,299,033	\$ 98,740,394	\$ 110,416,446
Total Expenditures	\$ 1,672,410,412	\$ 1,860,034,571	\$ 2,068,710,297	\$ 2,300,799,874	\$ 2,558,930,703	\$ 2,846,025,060

Disproportionate Share Hospital (DSH) Expenditure Offset

Not applicable.

Summary of Budget Neutrality

Figure 4 below contains a summary of the net change in member months and PMPM cost for DY 00 through DY 05 when comparing the WOW and WW scenarios.

FIGURE 4 – COMPARISON OF PROJECTIONS						
MEG	DY 00	DY 01	DY 02	DY 03	DY 04	DY 05
Managed Care						
Member Months	-	155,526	321,006	497,031	684,227	883,257
PMPM Cost	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
FFS						
Member Months	-	3,135	6,489	10,077	13,914	18,016
PMPM Cost	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Additional Information to Demonstrate Budget Neutrality

ODM does not believe there is any other information necessary for CMS to complete its analysis of the budget neutrality submission.

SECTION VII: LIST OF PROPOSED WAIVERS AND EXPENDITURE AUTHORITIES

42 CFR 435.916: Expenditure authority to permit the State to implement multi-year continuous enrollment. This allows the State to request federal financial participation for the multi-year continuous enrollment of children until their fourth birthday without regard to a child’s income exceeding eligibility limits. This would also enable the State to waive the annual renewal requirement, including required procedures for reporting and acting on changes (other than a change in residence to out of state, a request to discontinue coverage, or the death of the covered child).

42 CFR 457.343: Expenditure authority to permit the State to implement multi-year continuous enrollment for CHIP beneficiaries. This allows the State to request federal financial participation for the multi-year continuous enrollment of children until their fourth birthday without regard to a child’s income exceeding eligibility limits. This would also enable the State to waive the annual renewal requirement, including required procedures for reporting and acting on changes (other than a change in residence to out of state, a request to discontinue coverage, or the death of the covered child).

SECTION VIII: PUBLIC COMMENT PERIOD

The public comment period initiates February 21, 2025. Upon conclusion of the 40-day public comment period, this section will contain a summary of the comments received.