

# Reform 2020: Pathways to Independence Section 1115 Demonstration Waiver Extension Request Summary

## Background

The Minnesota Department of Human Services (DHS) must submit an extension request to the Centers for Medicare & Medicaid Services (CMS) for authority to continue the Reform 2020: Pathways to Independence waiver, CMS project number 11-W-00286/5. The current waiver is authorized for a period of five years from February 1, 2020 through January 31, 2025. The extension request is for the next five year period from February 1, 2025 through January 31, 2030. DHS proposes in the extension request to rename the waiver to Reform: Pathways to Independence. The extension request also includes coverage of a new benefit for transitional services and clarifies the effective date for Community First Services and Supports. DHS plans to submit the extension request to CMS in late July or early August 2024.

The following summary provides information about the service design, eligibility, cost and enrollment projections, goals and objectives that are included in the waiver extension request. A final draft of the Reform waiver extension request is available on [DHS' website](#).

As part of the extension request process, DHS is requesting public review and comment. Comments must be submitted during the 30-day public comment period from June 3, 2024 to July 3, 2024. Comments may be submitted by email to [Section1115WaiverComments@state.mn.us](mailto:Section1115WaiverComments@state.mn.us) or by U.S. mail at the address below. Comments may be posted publicly. Additional information and instructions are available on [DHS' website](#).

Paper copies of the waiver extension documents are available by request. To request a copy be mailed or to pick up a copy, email your request to [Section1115WaiverComments@state.mn.us](mailto:Section1115WaiverComments@state.mn.us). To submit comments by mail or to request a paper copy of the Reform extension document, mail your request to:

Minnesota Department of Human Services  
Federal Relations – Medicaid Waivers  
P.O. Box 64967  
Saint Paul, MN 55164-0967

# Waiver Request Summary

## Description of the waiver

### Overview

The Reform waiver provides Medicaid funding for the Alternative Care (AC) program which covers home and community-based services for older adults who have limited assets and are not yet financially eligible for Medical Assistance (MA), Minnesota's Medicaid program. The services provided support independence, increase community integration, and reduce reliance on institutional care for older adults who are at risk of nursing home placement. There is no change to who is eligible for AC. The waiver extension applies to current and new beneficiaries.

In addition to the AC program, the current Reform waiver included time-limited coverage for a targeted group of children. To be eligible for the waiver, the children were assessed to have needs related to activities of daily living, but were no longer eligible for Medicaid state plan personal care attendant services due to a change in eligibility for the service. The children were eligible to continue to receive personal care attendant services under the Reform waiver based on their eligibility status (for the services) on January 1, 2015. The waiver authority for these children concluded on October 31, 2020 and this target group is not included in the waiver extension request.

### Alternative Care Program

AC provides home and community-based services to participants age 65 and older who:

- Meet the nursing facility level of care;
- Are not yet eligible for MA coverage because their income and assets exceed the MA eligibility limits; and
- Have excess income and/or assets that are insufficient to pay for 135 days of nursing facility care.

Minnesota seniors who are eligible for AC are not eligible for other Medicaid services, including state plan or Elderly Waiver services<sup>1</sup>. Cost sharing applies, meaning some AC participants pay a fee to be on the program. The fee amounts are provided in law and are included later in this summary.

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<sup>1</sup> The Elderly Waiver (CMS control number MN.0025) is authorized under section 1915(c) of the Social Security Act and provides home and community-based service options to people age 65 and older who are enrolled in MA and require the level of care provided in a nursing facility.

Services covered by AC are a subset of those covered under the Elderly Waiver, in addition to three services that are not covered: conversion case management, nutritional services, and discretionary services. Definitions of these services are included in the waiver extension request. The waiver extension does not change the service delivery system, eligibility, benefit coverage (with the exception of adding transitional services) or cost sharing requirements.

## **Goals and objectives**

The waiver operates statewide and seeks to further the objectives of Title XIX of the Social Security Social Security Act by improving the health outcomes of low-income older adults in Minnesota by increasing their access to community-based services and supporting service delivery networks. Goals of the waiver are to:

- Achieve better health outcomes;
- Increase and support independence;
- Increase community integration;
- Reduce reliance on institutional care;
- Simplify the administration of and access to the AC program; and
- Create an AC program that is fiscally sustainable.

## **Delivery system and services**

AC applicants receive a comprehensive assessment conducted by a DHS certified assessor. The certified assessors or case managers also evaluate financial eligibility for AC. Following the comprehensive assessment and financial eligibility determination, the certified assessor or case manager discusses service options with the applicant. Certified assessors and case managers are provided through counties or tribal human service agencies.

If the comprehensive assessment identifies the person is eligible for AC and the person elects to receive AC services, the certified assessor or case manager assists in the development of the support plan (based on the participant's assessed needs and the participant's choice) and completes the corresponding service authorization. Certified assessors also conduct reassessments. Reassessments must be completed at least annually or earlier if there is a change in the participant's condition that warrants it.

AC services are covered fee-for-service and are available statewide. Services must be delivered by qualified providers. Service definitions and provider standards for the services available under the AC program are the

same as the definitions and provider standards for the parallel services provided in Minnesota's Elderly Waiver. Refer to the [MHCP Provider Manual Elderly Waiver \(EW\) and Alternative Care \(AC\) Program](#) for service definitions and provider standards. AC services that may be authorized in the participant's individualized support plan include the following.

- Adult companion services
- Adult day services, including family adult day services
- Adult day services bath
- Case management, conversion case management, and case management aide
- Chore services
- Community First Services and Supports (CFSS)
- Consumer-directed community supports, including:
  - Community integration and support
  - Environmental modifications and provisions
  - Environmental modifications – home modifications
  - Environmental modifications – vehicle modifications
  - Financial management services
  - Individual-directed goods and services
  - Personal assistance
  - Self-direction support activities
  - Support planning
  - Treatment and training
- Discretionary services
- Environmental accessibility adaptations – home modifications
- Environmental accessibility adaptations – vehicle modifications
- Family caregiver services, including caregiver counseling and caregiver training
- Home delivered meals
- Home health services, including home health aide, home care nursing, skilled nursing, and tele-home care
- Homemaker
- Individual Community Living Supports
- Nutrition services
- Personal care assistance (PCA)

- Respite
- Specialized equipment and supplies, including Personal Emergency Response Systems
- Transitional services
- Transportation (non-medical)

The services described as extended state plan services under the Elderly Waiver may be authorized for AC participants without the participant using the corresponding Medicaid state plan service.

### **Beneficiaries and eligibility**

To be eligible for AC services, participants must meet all of the following criteria.

- Be a Minnesota resident
- Be a United States (U.S.) citizen, U.S. national, or qualified non-citizen
- Be age 65 or older
- Be assessed to meet the state’s nursing home level of care requirements
- Have a support plan that can reasonably ensure the participant’s health and safety within the individual budget established by the person’s case mix classification
- Have income and/or assets exceeding the standard for the categorially needy aged, blind, and disabled groups covered in the state plan
- Have a combined adjusted income and assets that are not more than the projected cost for 135 days of nursing facility care based on the statewide average nursing facility rate
- Not be within a penalty period for uncompensated transfers as defined in Minnesota Statutes, Section 256B.0595
- Be within the home equity limit as defined in Minnesota Statutes, Section 256B.056
- Choose to receive AC services in the community instead of nursing facility care
- Pay the assessed monthly fee, if applicable
- Have no other funding source available for home and community-based services (such as long-term care insurance) or have long-term care insurance that pays for only a portion of the services needed to address the participant’s assessed needs.

The AC program is a payor of last resort and other insurance is primary. If other benefits and/or payments are sufficient to meet the applicant’s assessed needs, the applicant is not eligible. If insurance only pays a portion of the applicant’s assessed needs, the AC program could pay for other assessed needs that are unmet by insurance.

## Benefits and cost-sharing

The list of services available can be found above under “Delivery system and services”. As stated earlier, some AC participants pay a cost sharing fee. This table provides the fee structure for AC participants.

| Alternative Care Adjusted Income                         | Gross Assets                | Monthly Fee Charge<br>(percentage of average monthly cost of services) |
|--|-----------------------------|--|
| Less than 100% of the Federal Poverty Level (FPL)        | Less than \$10,000          | No monthly fee   |
| At or greater than 100% of the FPL up to 150% of the FPL | Less than \$10,000          | 5 percent  |
| At or greater than 150% of the FPL up to 200% of the FPL | Less than \$10,000          | 15 percent   |
| At or greater than 200% of the FPL                       | At or greater than \$10,000 | 30 percent   |

## Budget and expenditures

The following table provides the state's estimates of the expected increase in annual enrollment (member months) and expenditures (costs) for the waiver extension period. Expenditures are shown in per member per month (PMPM) costs and total expenditures.

For purposes of this financial analysis, waiver demonstration years (DY) are from July 1 to June 30. The first DY under the waiver extension period would be DY 13 for the period of July 1, 2024 through June 30, 2025.

|                    | DY 13        | DY 14        | DY 15        | DY 16        | DY 17         |
|--------------------|--------------|--------------|--------------|--------------|---------------|
| Member Months      | 34,656       | 36,389       | 38,208       | 40,119       | 42,125        |
| PMPM Costs         | \$2,002.05   | \$2,118.77   | \$2,242.29   | \$2,373.02   | \$2,511.37    |
| Total Expenditures | \$69,383,015 | \$77,099,464 | \$85,673,917 | \$95,202,322 | \$105,790,372 |

## Financial analysis

There was a significant per member per month cost increase primarily driven by service rate increases that is shown as a 34.5% base adjustment in the waiver extension. The rate changes were authorized in state law effective January 1, 2024. The state's trend rate is 5.8% based on state fiscal year 2021 through state fiscal year 2023 claims. This period is more accurate than the previous five-year waiver trend because it does not include the claims history that was most impacted by the COVID-19 public health emergency. The annualized enrollment growth over the previous five-year period was 0.4%; the low growth of this period was likely due in part partly to COVID impacts. The projected enrollment increase for each waiver demonstration year (DY) 13 through 17 is five percent (5%), using enrollment data in state fiscal year 2023 as a base. This increased growth is expected due to high growth rates in the elderly population in Minnesota, particularly in the over age 85 cohort.

## Hypothesis and evaluation plan

The five hypotheses evaluated in the current waiver are listed below. DHS contracts with the University of Minnesota, an outside vendor, to complete the independent evaluation required of the Reform demonstration. The full report is available on the [DHS website](#).

Hypothesis 1: The level of need, demographic characteristics, and service use patterns for AC participants will not change over time, neither alone nor in comparison to Elderly Waiver participants in non-residential settings.

Hypothesis 2: AC participants will not experience a change in the types of home and community-based services or a decrease in the intensity of services.

Hypothesis 3: AC participants will experience equal or better access to consumer-directed service options over time, when examined alone and compared to Elderly Waiver participants in non-residential settings.

Hypothesis 4: AC participants will experience equal or less nursing facility use and mortality between 2016 and 2022.

Hypothesis 5: AC participants will not experience an increase in acute events, as indicated by an increase in acute hospitalizations or emergency department visits.

Hypothesis 6: The rate of Medicaid conversion for AC participants through transitions between AC and Elderly Waiver and other waiver programs or nursing home use will not increase.

The evaluation parameters are described in the “Minnesota’s Reform 2020 Section 1115 Demonstration Waiver Alternative Care Program: April 2024 Interim Report” dated May 1, 2024. The report is available on the [DHS website](#). The data sources include the long-term care (LTC) screening document data, Medicaid Management Information System (MMIS) data, nursing facility minimum data set (MDS), and the Medicare MEDPAR files. The major variables evaluated and the data sources used are shown in the following design table from the report.

**Hypothesis 1:** The demographic characteristics and service needs of AC participants will not change.

| Research Question   | Outcome Measure Used to Address the Research Question   | Data Sources   | Sample or Population  | Analytic Methods   |
|---|---|--|---|--|
| 1a. What are demographic characteristics of people who use the AC waiver? | <ul style="list-style-type: none"> <li>• Gender</li> <li>• Race/ethnicity</li> <li>• Age composition</li> <li>• Living arrangement</li> <li>• Residential location</li> </ul>   | <ul style="list-style-type: none"> <li>• MMIS</li> <li>• LTC screening document</li> </ul> | Participants who are eligible for either AC or Elderly Waiver   | <ul style="list-style-type: none"> <li>• Multiple cross-section comparisons</li> <li>• Descriptive statistics</li> <li>• Chi-square test/Fishers exact test</li> </ul>   |
| 1b. What are the service needs of people who use the AC waiver?           | <ul style="list-style-type: none"> <li>• Case-mix status (low-need vs. high-need)</li> <li>• Professional recommendations for service need and supports</li> <li>• ADL dependencies</li> <li>• Health status – major diagnoses</li> </ul> | <ul style="list-style-type: none"> <li>• MMIS</li> <li>• LTC screening document</li> </ul> | <p>Participants who are eligible for either AC or Elderly Waiver</p> <p>AC compared to all Elderly Waiver participants and to Elderly Waiver sample matched to AC on demographics</p> | <ul style="list-style-type: none"> <li>• Multiple cross-section comparisons for successive years</li> <li>• Descriptive statistics</li> <li>• Chi-square test/Fishers exact test</li> <li>• Regression models with service need as an outcome, controlling for demographics</li> </ul> |

**Hypothesis 2:** AC participants will not experience a change in the types of home and community based services (HCBS) or a decrease in the intensity of services, i.e., number of hours or units of service.



| Research Question  | Outcome Measure Used to Address the Research Question   | Data Sources | Sample or Population   | Analytic Methods   |
|--|---|--------------|--|--|
| 2a. What are the types of services used by AC participants?    | <ul style="list-style-type: none"> <li>Prevalence of HCBS waiver services</li> <li>Prevalence of state-plan LTSS services, e.g., PCA</li> </ul> | MMIS         | <p>Participants who are eligible for either AC or Elderly Waiver</p> <p>AC compared to all Elderly Waiver participants and to Elderly Waiver sample matched to AC on demographics and service need</p> | <ul style="list-style-type: none"> <li>Multiple cross-section comparisons for successive years</li> <li>Descriptive statistics</li> <li>Chi-square test/Fishers exact test</li> <li>Regression models with service use as an outcome, controlling for demographics and service need</li> </ul> |
| 2b. What is the intensity of services used by AC participants? | <ul style="list-style-type: none"> <li>Hours/units of HCBS waiver services</li> <li>Hours/units of state-plan services, e.g., PCA</li> </ul>    | MMIS         | <p>Participants who are eligible for either AC or Elderly Waiver</p> <p>AC compared to all Elderly Waiver participants and to Elderly Waiver sample matched to AC on demographics and service need</p> | <ul style="list-style-type: none"> <li>Multiple cross-section comparisons for successive years</li> <li>Descriptive statistics</li> <li>t-tests</li> <li>Regression models with service intensity as an outcome controlling for demographics and service need</li> </ul>                       |

**Hypothesis 3:** AC participants will experience equal or better access to consumer-directed service options.

| Research Question   | Outcome Measure Used to Address the Research Question  | Data Sources | Sample or Population   | Analytic Methods  |
|---|--|--------------|--|---|
| 3a. What is the utilization of consumer-directed support (CDCS) options for AC waiver participants? | <ul style="list-style-type: none"> <li>Prevalence of authorized CDCS</li> <li>Number of units/hours of CDCS</li> </ul> | MMIS         | <p>Participants who are eligible for either AC or Elderly Waiver</p> <p>AC compared to all Elderly Waiver participants and to Elderly Waiver sample matched to AC on demographics and service need</p> | <ul style="list-style-type: none"> <li>Multiple cross-section comparisons for successive years</li> <li>Descriptive statistics</li> <li>t-tests</li> <li>Regression models with CDCS use as an outcome controlling for demographics and service need</li> </ul> |

**Hypothesis 4:** AC participants will not experience an increase in nursing facility use.

| Research Question  | Outcome Measure Used to Address the Research Question   | Data Sources  | Sample or Population  | Analytic Methods  |
|--|---|---|---|---|
| 4a. What are the utilization trends in nursing facility use? | <ul style="list-style-type: none"> <li>• Time to nursing home use</li> <li>• Proportion of participant days spent in nursing facilities</li> <li>• Frequency of nursing facility admission, by length of stay</li> <li>• Case-mix adjusted nursing facility admission</li> <li>• Number of nursing facility days</li> <li>• Return or new use of AC or Elderly Waiver programs after discharge from nursing facility</li> </ul> | <ul style="list-style-type: none"> <li>• MMIS</li> <li>• MDS</li> </ul> | <p>Participants who are eligible for either AC or Elderly Waiver</p> <p>AC compared to all Elderly Waiver participants and to Elderly Waiver sample matched to AC on demographics and service need</p> <p>AC and Elderly Waiver longitudinal cohorts consisting of current and new participants in 2019, 2020, and 2021 through 2025.</p> | <ul style="list-style-type: none"> <li>• Multiple cross-section comparisons for successive years</li> <li>• Descriptive statistics</li> <li>• Chi-square/Fishers exact test, t-tests</li> <li>• Cross-sectional regression and growth models controlling for demographics and service need</li> <li>• Time-to-event models (e.g., Cox proportional hazard)</li> </ul> |

**Hypothesis 5:** AC participants will not experience an increase in acute events, as indicated by an increase in acute hospitalizations or emergency department (ED) visits.

| Research Question  | Outcome Measure Used to Address the Research Question   | Data Sources  | Sample or Population  | Analytic Methods  |
|--|---|---|---|---|
| 5a. What is the rate of acute events of people participating in AC waiver? | <ul style="list-style-type: none"> <li>• Rate of acute inpatient admissions</li> <li>• Rate of ED visits</li> <li>• Mortality rate</li> </ul> | <ul style="list-style-type: none"> <li>• MMIS</li> <li>• Medicare data</li> </ul> | <p>Multiple cross-sections of people who are eligible for either AC or Elderly Waiver</p> <p>AC compared to all Elderly Waiver participants and to Elderly Waiver sample matched to</p> | <ul style="list-style-type: none"> <li>• Multiple cross-section comparisons for successive years</li> <li>• Descriptive statistics</li> <li>• Chi-square/Fishers exact test, t-tests</li> <li>• Cross-sectional regression and growth models controlling for</li> </ul> |

| Research Question | Outcome Measure Used to Address the Research Question | Data Sources | Sample or Population   | Analytic Methods  |
|-------------------|---|--------------|--|---|
|                   |   |              | AC on demographics and service need<br><br>AC and Elderly Waiver longitudinal cohorts consisting of current and new participants in 2019, 2020, and 2021 through 2025. | demographics and service need<br><ul style="list-style-type: none"> <li>Time-to-event models (e.g., Cox proportional hazard)</li> </ul> |

**Hypothesis 6:** The rate of Medicaid conversion for AC participants through transitions between AC and Elderly Waiver and other waiver programs or nursing home use will not increase.

| Research Question  | Outcome Measure Used to Address the Research Question   | Data Sources  | Sample or Population   | Analytic Methods   |
|--|---|---|--|--|
| 6a. What are the trends of Medicaid conversion for AC participants through transitions to Elderly Waiver, other waiver use, or nursing home use? | <ul style="list-style-type: none"> <li>Time to conversion</li> <li>AC participants converting to Medicaid</li> <li>Transition from AC to Elderly Waiver or other HCBS waiver program</li> <li>AC participant transition to Essential Community Supports</li> <li>Days alive in the community and not on Medicaid</li> </ul> | <ul style="list-style-type: none"> <li>MMIS</li> <li>Medicare data</li> </ul> | Multiple cross-sections of people who are eligible for AC<br><br>AC longitudinal cohorts consisting of current and new AC participants in 2019, 2020, and 2021 - 2025. | <ul style="list-style-type: none"> <li>Multiple cross-section comparisons for successive years</li> <li>Descriptive statistics</li> <li>Cross-sectional regression models</li> <li>Time-to-event models (e.g., Cox proportional hazard)</li> </ul> |

### Waiver and expenditure authorities

This waiver covers expenditures for AC services provided to eligible participants. Under the authority of section 1115(a)(2) of the Act, expenditures made by DHS for AC services, which are not otherwise included as

expenditures under section 1903, will be regarded as expenditures under the state’s Title XIX plan for the period of this waiver extension.

**CMS public comment period**

DHS invites public comment on the waiver extension request. A summary of the waiver extension request, the most recent waiver evaluation, and an electronic version of the full waiver extension request can be found at [Federal health care waivers with public hearings and comments / Minnesota Department of Human Services \(mn.gov\)](https://www.mn.gov). The current Reform waiver documents are also on [CMS’ website](https://www.cms.gov).

Written comments may be submitted by email to [Section1115WaiverComments@state.mn.us](mailto:Section1115WaiverComments@state.mn.us) or by U.S. mail at the following address.

Minnesota Department of Human Services  
Federal Relations – Medicaid Waivers  
P.O. Box 64967  
Saint Paul, MN 55164-0967.

To support making comments available to people who use screen readers, DHS requests comments be submitted in Microsoft Word format or incorporated within the email text. If you would also like to provide a signed copy of a comment letter, you may submit a second copy in Adobe PDF format. All comments must be received by July 3, 2024.

In addition to the opportunity to submit written comments during the 30-day public comment period, two public comment hearings will be held to provide the public with an opportunity to comment directly to DHS staff. The dates and times of the two hearings are:

**First Hearing – In-person**

Date: Tuesday, June 25, 2024  
Time: 1:30 – 2:30 p.m. CST

**Second Hearing – Video conference**

Date: Wednesday, June 26, 2024  
Time: 10:30 – 11:30 a.m. CST

If you would like to attend either hearing, please send an email request to [Section1115WaiverComments@state.mn.us](mailto:Section1115WaiverComments@state.mn.us) for the in-person registration or video conference information. The in-person hearing will be held at the DHS offices located at 540 Cedar Street, St. Paul, MN. Comments and feedback may be audio recorded. A summary of all comments and feedback received and DHS' responses will be shared publicly as part of the waiver extension request.

Following DHS' submission to CMS of a complete Reform waiver extension request, CMS will publish the waiver request for a federal comment period of at least 30 days. During that time, comments will be accepted directly by CMS. For more information, go to [State Waivers List | Medicaid](#) and enter Minnesota in the search box.