



NATIONAL ASSOCIATION OF
CHRONIC DISEASE DIRECTORS

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Impact of the Changing Healthcare Policy Environment on State Cancer Programs

Medicaid 1115 Waivers and the Implications for Cancer Prevention and Screening

What Should You Know?

Section 1115 waivers provide an opportunity for states to create innovative approaches to providing Medicaid coverage. The implementation of these waivers may impact the population eligible for state cancer screening programs.

What are 1115 Waivers?

Section 1115 demonstrations and waiver authorities are allowed as a part of section 1915 of the Social Security Act. States can use these opportunities to test ways to deliver and pay for healthcare services through Medicaid and the State Children's Health Insurance Program. Section 1115 waivers allow for research and demonstration projects designed to temporarily test expanded eligibility or coverage options as well as methods for financing and delivering Medicaid. They essentially allow pilot or demonstration programs that are expected to enhance or promote coverage and efficiency. With the expansion of Medicaid under the Affordable Care Act, 1115 waivers have become increasingly popular as states look for unique ways to implement Medicaid expansion and utilize the additional federal funding that has flowed to the states to expand access to coverage. Section 1115 demonstration projects present an opportunity for states to institute reforms that go beyond just routine medical care and focus on evidence-based interventions that drive better health outcomes and quality of life improvements.

To be approved, a Section 1115 waiver proposal has to be budget neutral for the federal government (i.e., the federal government can't spend more with the waiver in place than they would spend without it). [Section 1115 waivers are approved by The Centers for Medicare and Medicaid Services \(CMS\) for up to five years initially, with three-year renewals.](#)



The CMS Guidance indicates:

“States are invited to propose reforms that build upon the lessons of past demonstrations as well as novel approaches designed to promote Medicaid’s objectives, such as reforms that would:

1. Improve access to high-quality, person-centered services that produce positive health outcomes for individuals;
2. Promote efficiencies that ensure Medicaid’s sustainability for beneficiaries for the long term;
3. Support coordinated strategies to address certain health determinants that promote upward mobility, greater independence, and improved quality of life among individuals;
4. Strengthen beneficiary engagement in their personal healthcare plan, including incentive structures that promote responsible decision-making;
5. Enhance alignment between Medicaid policies and commercial health insurance products to facilitate smoother beneficiary transition; and
6. Advance innovative delivery systems and payment models to strengthen provider network capacity and drive greater value for Medicaid.”
 - [Medicaid.gov: About Section 1115 Demonstrations.](https://www.medicaid.gov/medicaid/section-1115-demo/about-1115/index.html)

What are Current 1115 Waiver Trends, and How Do They Impact Cancer Programs?

In January 2018, CMS issued new guidance for states interested in pursuing demonstration projects under section 1115(a) of the Act that have the goal of creating incentives for Medicaid beneficiaries to participate in work and community engagement activities. Using the new guidance for Section 1115 waiver proposals, interested states can seek to condition Medicaid eligibility on meeting a work requirement or other community engagement.

For the first time since the creation of the Medicaid program, waivers requesting the implementation of community engagement and work requirements for eligible adults have been approved. These waivers generally require up to 20 hours per week or 80 hours per month of employment, education, job training, or community service for those enrolled in the Medicaid program who are not otherwise exempted. State agencies believe that this requirement may facilitate the transition of Medicaid members to commercial insurance coverage and ultimately decrease overall costs incurred by the state for the program (MACPAC, 2018).

As of April 18, 2019, 10 states have had their requests approved. Four states (Arkansas, Indiana, Kentucky, and New Hampshire) have begun implementation of their new community



engagement requirements and five states (Arizona, Michigan, Ohio, Utah, and Wisconsin) have had their waiver requests approved, but have not begun implementation. Six additional states (Alabama, Mississippi, Oklahoma, South Dakota, Tennessee, and Virginia) have waiver requests pending.

On March 26, 2019, two states that have begun implementation of their 1115 Waivers, Arkansas and Kentucky, had their approvals set aside (struck down) by the U.S. District Court. Further legal action intended to preserve states' ability to implement work requirements is expected and changes to individual state's status regarding Medicaid Work Requirements is updated quarterly by the Kaiser Family Foundation at their [Medicaid Waiver Tracker](#).

What Are the Implications for Cancer Prevention and Control?

The uncertainty of how Medicaid work requirements might impact Medicaid beneficiaries has been debated by federal policymakers, state leaders, and health policy analysts long before the first such waiver was considered. Some predict that Medicaid recipients likely will lose coverage due to the onerous reporting requirements; others predict that the policy will assist recipients in achieving more independence through working and qualifying for private or employer-sponsored health insurance. Arkansas was the first state to receive approval and implement a Section 1115 waiver that adds community engagement requirements to Medicaid recipients. Kentucky was the first state to receive approval from CMS to implement work requirements for Medicaid recipients as part of a 1115 waiver.

Arkansas experience:

In the first three months of implementation, the Arkansas Medicaid program reported that up to 4,600 Medicaid beneficiaries have lost coverage for the remainder of 2018 for failing to comply with the state's work requirements. State officials said they attempted to contact the beneficiaries subject to the requirements, who are primarily nondisabled adults in their 30s and 40s without dependent children. In total, the state's work requirements have resulted in 8,462 individuals losing coverage, which experts suspect is related to confusion about the new program and the system of reporting. To assist recipients in meeting the reporting requirements, Arkansas began providing beneficiaries the option to report their work hours via telephone in December 2018, amid concerns that thousands of low-income residents were dropped from coverage because their lack of internet access blocked them from using the online work reporting tool.

On March 27, 2019, the court set aside the Arkansas Works waiver amendment, approved by CMS on March 5, 2018. Implementation of the work requirement and the reduction of retroactive eligibility from three months to 30 days prior to the date of application coverage is stopped unless and until HHS issues a new approval that passes legal muster or prevails on appeal.

Kentucky example:

Hours before work requirements for Medicaid were set to go into effect on July 1, 2017, a federal judge ruled that they were "arbitrary and capricious." The judge stated that the



government did not adequately consider how the plan would impact people who receive coverage. The federal government appealed the decision and proceeded to restart the application process to answer the judge's objection. Nearly five months later, in November 2017, the Kentucky Cabinet for Health and Family Services announced the approval of its revised waiver application, which included minor technical changes.

State officials declared that the new rules could begin as soon as April 1, 2019, and made plans to phase them in regionally over several months. The waiver requires adults ages 19 to 64, with some exceptions, to complete at least 80 hours per month of “community engagement” to keep their health benefits. That includes getting a job, looking for a job, going to school, volunteering for community service, or taking a job training course. Those exempted include pregnant women, full-time students, primary caregivers of a dependent, and beneficiaries who are considered medically frail or have an acute medical condition that would prevent them from complying. (Read [Governing.com](#) and [PBS NewsHour](#) coverage of this issue.)

On March 27, 2019, the court set aside the [reapproved Kentucky HEALTH waiver](#). Unless and until the HHS issues another approval that passes legal muster or prevails on appeal, the impacts of the waivers could include: a failure to implement the work requirement, monthly premiums up to 4% of income, coverage lockouts for failure to timely renew eligibility or a timely report a change in circumstances. Additionally, it is expected that heightened cost sharing for non-emergency ER use and the elimination of retroactive eligibility and non-emergency medical transportation will occur.

What Should State Cancer Program Directors Do?

State cancer programs should stay abreast of their respective state's discussions of policy proposals for their state Medicaid program and anticipate how proposed policy changes may impact the number of women eligible for screening programs. For example, might the proposed policy increase the number eligible for the breast and cervical cancer program or provide opportunities for referral? Could it be used as a vehicle to expand or advance navigator presence among women at risk for not being screened? Providing timely information to decision-makers as they consider state health policy changes is important to assisting them in shaping policy that results in the greatest improvements in health outcomes related to cancer screening. Because the policy changes for these issues are occurring constantly, it is important that state cancer programs keep abreast of the changes by referring frequently to resources that regularly update the constantly changing status of Medicaid Waivers, such as those included in the Resources section on the following page.

Resources

1. The American Cancer Society Cancer Action Network provides comments to CMS on the implications for cancer patients for all 1115 Waiver applications. A repository of these comments can be found on the ACS CAN website at fightcancer.org/policy-resources/access-health-care/medicaid
2. Both the Kaiser Family Foundation (KFF) and the National Academy for State Health Policy (NASHP) provide updated information on state Medicaid waivers and their application for work requirements and offer up-to-date status on individual state actions:
KFF: Medicaid Waiver Tracker: Approved and Pending Section 1115 Waivers by State – kff.org/medicaid/issue-brief/medicaid-waiver-tracker-approved-and-pending-section-1115-waivers-by-state
KFF - Section 1115 Medicaid Demonstration Waivers: The Current Landscape of Approved and Pending Waivers – kff.org/medicaid/issue-brief/section-1115-medicaid-demonstration-waivers-the-current-landscape-of-approved-and-pSetpending-waivers/
3. A Snapshot of State Proposals to Implement Medicaid Work Requirements Nationwide – <https://nashp.org/state-proposals-for-medicaid-work-and-community-engagement-requirements>
4. Commonwealth Fund: “1115 Medicaid Waivers: From Care Delivery Innovations to Work Requirements” commonwealthfund.org/publications/explainer/2018/apr/1115-medicaid-waivers-care-delivery-innovations-work-requirements
5. Governing.com, “Medicaid work Requirements Lose First Court Test “ <https://www.governing.com/topics/health-human-services/tns-kentucky-medicaid-work-ruling.html>
6. PBS Newshour, “Trump administration approves Kentucky’s Medicaid work requirement” <https://www.pbs.org/newshour/health/trump-administration-approves-kentuckys-medicaid-work-requirement-waiver>

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Prepared by: Randy Schwartz, MSPH, and Paula F. Clayton, MS, RDN, LD

The National Association of Chronic Disease Directors

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