
CMCS Informational Bulletin

DATE: July 24, 2015

FROM: Vikki Wachino
Director

SUBJECT: Implementation of a “Fast Track” Federal Review Process for Section 1115 Medicaid and CHIP Demonstration Extensions

The Centers for Medicare & Medicaid Services (CMS) is establishing a new “fast track” process for reviewing proposals from states to extend established Medicaid and Children’s Health Insurance Program (CHIP) section 1115 demonstrations that reauthorize longstanding policies with proven program outcomes. This process is designed to facilitate faster review of and federal decisions regarding state requests to extend established 1115 demonstrations, reducing administrative burden on states and the federal government.

This approach streamlines the extension process for those states with established demonstrations that are working successfully and who are not proposing to make major or complex policy changes to the demonstration. Timeframes for these reviews will be comparable to those CMS uses to make decisions on Medicaid section 1915 waivers or state plan amendments. This new approach provides for a more efficient federal review process, as well as a more effective assessment of demonstrations’ progress in promoting high quality, accessible, and affordable health care coverage to beneficiaries.

The Social Security Act establishes three pathways through which states can propose to extend 1115 demonstrations: 1115(a), 1115(e) and 1115(f). This Informational Bulletin describes a streamlined approach for 1115(a) extensions and simplifications to the other two pathways.

Which State Demonstration Programs Qualify for the “Fast Track” Review Process?

The fast track extension process is available for states that meet the following four criteria:

- 1) have established demonstration programs, meaning that they have had at least one full extension cycle without substantial program changes;
- 2) have demonstrations in compliance with reporting deliverables and that have positive monitoring and evaluation results that indicate that the objectives of the demonstration and of the Medicaid/CHIP program have been achieved;
- 3) are not proposing major or complex changes (as discussed further below); and
- 4) use the streamlined extension application templates.

What is the “Fast Track” Review Process?

Section 1115(a) extensions

Section 1115(a) extensions are available to states with targeted or comprehensive demonstrations, and at the state’s discretion, include requests to make program changes. With the new fast track process states would submit a state attestation, a streamlined extension template (that includes the information required for an extension application to be considered complete) and, if the state chooses, a redline version of the approved Special Terms and Conditions (STCs) to outline how the STCs would have to change to effectuate the requested program changes. CMS will review monitoring and evaluation information to assess progress with meeting Medicaid/CHIP program objectives and any specific program components the state has proposed to change as identified in the extension template.

CMS will offer states eligible for an 1115(a) fast track review a 5-year extension period. Currently, a minority of demonstrations, such as those that include dual eligible beneficiaries, are extended for more than three years at a time. There are no statutory timeframes for which CMS is required to render a decision on 1115(a) extensions; however, under this initiative, we are aligning the review timeframes with those CMS uses to make decisions on Medicaid Section 1915 waivers or State plan amendments.

CMS successfully piloted this fast track process with the extension of a section 1115(a) demonstration in Colorado. The demonstration has been operating since 2002 and maintains federal funding for uninsured pregnant women with family incomes from 141 percent to 195 percent of the federal poverty level. Colorado submitted an extension application with no changes requested and showed positive outcomes in meeting the objectives of the demonstration. CMS’ review focused on whether the demonstration had been operating successfully and that the demonstration would meet its future goals. CMS approved the demonstration extension for a 5-year period on July 24, 2015; completing federal review in 98 days.

Complex Policy Areas

There are certain policy areas that are inherently complex to review, and demonstration programs that involve these “complex policy areas” will not be eligible for the fast track process. Below, we identify an initial list of current demonstration policies considered to be complex policy areas not subject to fast track review.

Demonstration policies that CMS considers to be complex policy areas not eligible for the fast track review process to date are as follows:

- Medicaid Expansion Programs tied to enhanced Federal Medical Assistance Percentage (FMAP);

- Delivery system reform, financing, and payments arrangements that cannot be authorized under state plan authority, including delivery system reform incentive pools;
- Designated State Health Programs;
- Demonstrations with dual eligible Medicare and Medicaid populations;
- Establishing Home and Community-Based Services (HCBS), including those discussed in the 2014 HCBS final rule;
- Enrollment caps and eligibility limitations; and
- Uncompensated care pools.

CMS maintains the right to determine that a policy area, not previously identified as a complex policy area, will be considered as such and therefore not subject to fast track review. In these instances, CMS will issue an Informational Bulletin update to identify the new list of policy areas excluded from fast track review because of particular complexity or whose impact has not yet been evaluated to determine whether they meet the objectives of the Medicaid program, which is the statutory standard for 1115 approvals.

Section 1115(e) extensions

Section 1115(e) extensions are available to states with comprehensive demonstrations proposing no program changes. By statute, CMS can only consider an extension period of up to three years. With the new fast track process states would submit a state attestation and an abbreviated set of supporting documents required for an extension application to be considered complete. CMS is statutorily required to render a decision within six months of a state's submission; however, under this initiative, we are aligning the review timeframes with those CMS uses to make decisions on Medicaid Section 1915 waivers or State plan amendments.

Section 1115(f) extensions

States with extensions authorized under 1115(e) authority are eligible for three year extensions under 1115(f) authority. States can propose changes under this extension pathway. The 1115(f) pathway already outlines an expedited 120-day review process; however, very few states currently utilize this option. We believe that the new fast track process requiring submission of a state attestation and the streamlined extension template if changes are being requested will assist states with providing the information needed to meet the short target dates outlined in statute, thereby expanding the availability of this option for states.

Fast Track Application Process

As mentioned above, CMS has created a streamlined extension application for each 1115 extension option for states that want to be considered for the fast track process. The streamlined extension application comprises a state certification statement that identifies an abbreviated set of supporting documents to accompany the certification that are required for an extension application to be considered complete. There is also an extension template for the state to outline any proposed program changes. The streamlined application templates can be found on Medicaid.gov at <http://www.medicaid.gov/medicaid-chip-program-information/by-topics/waivers/1115/application.html>.

CMS will notify the state of whether its extension request meets the criteria for expedited review within 15 days of receiving it, as part of our assessment of application completeness. We also reserve discretion to determine that a state's extension application no longer qualifies for fast track review, if during the course of the federal review through work with the state or through public comment, we identify significant program concerns. Examples of such concerns are compliance or program integrity issues, or programmatic issues identified through public comment. We will promptly notify the state of our determination of whether we are reconsidering its extension request through the full 1115(a) process or fast track review. States will have an opportunity to modify their extension request in order to proceed with the fast track review process based on CMS feedback.

Improving 1115 Demonstration Monitoring

CMS' fast track review will coincide with a stronger and streamlined monitoring process for all state demonstrations. This will require renewed collaboration between CMS and states. To this end, CMS is revising some monitoring requirements for section 1115 demonstrations. The goal of this effort is to improve federal capacity to use consistent data to measure the impact that individual 1115 demonstrations have on Medicaid and CHIP beneficiaries and the health system. We intend to rely on state data reported through existing Medicaid and CHIP data systems, such as the Transformed Medicaid Statistical Information System (T-MSIS), and are reviewing the data states are beginning to provide through T-MSIS to revise 1115 monitoring requirements to ensure that states do not provide duplicative information. We are also reviewing monitoring terms and conditions for 1115 demonstrations to revise and strengthen monitoring requirements to focus on core performance-related data. This approach to monitoring will also facilitate a more efficient federal review of established demonstrations eligible for fast track extension. We will reach out to states to discuss potential changes to the monitoring requirements in their demonstration terms and conditions. We invite states to propose monitoring requirement changes to their CMS 1115 project officers. CMS is also developing an automated data collection and reporting tool that will make the submission of 1115 deliverables, such as quarterly reports, more structured and administratively simple.

State Demonstrations Group

CMCS has changed its organizational structure and is increasing staffing to support its work on section 1115 demonstrations and their growing role in delivering care to Medicaid and CHIP beneficiaries. This new group, which was created July 2015, has responsibility for reviewing and making recommendations on 1115 demonstration applications, amendments, and extensions, as well as for monitoring, oversight and evaluation of approved demonstrations. Eliot Fishman [Eliot.Fishman@cms.hhs.gov] is the State Demonstrations Group's (SDG) Director and Julia Hinckley [Julia.Hinckley@cms.hhs.gov] is its Deputy Director. SDG staff will assess state, federal, and stakeholder experience with the fast track review process and use that assessment to inform broader improvements to the 1115 demonstration approval and amendment process. CMCS invites suggestions on these reforms at 1115DemoRequests@cms.hhs.gov.

Next Steps

CMS will reach out to states 18 months prior to the expiration of their current demonstration with a fast track extension packet to assist the state in considering use of the new fast track process.

If you have questions about this bulletin, please contact Angela Garner, State Demonstrations Group, at Angela.Garner@cms.hhs.gov.