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Governor

# Alabama Medicaid Agency

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STEPHANIE MCGEE AZAR  
Commissioner

## PUBLIC NOTICE

SUBJECT: NOTICE OF INTENT TO SUBMIT SECTION 1115 DEMONSTRATION PROPOSAL

Pursuant to 42 C.F.R. § 431.408, the Alabama Medicaid Agency (Alabama Medicaid) notifies the public that it intends to submit a revised Section 1115 Demonstration proposal to the Centers for Medicare and Medicaid Services (CMS). A copy of the Demonstration proposal is available at: [http://www.medicaid.alabama.gov/content/2.0 Newsroom/2.7 Special Initiatives/2.7.5 Work Requirements.aspx](http://www.medicaid.alabama.gov/content/2.0%20Newsroom/2.7%20Special%20Initiatives/2.7.5%20Work%20Requirements.aspx). It is also available upon request for public review at each county office of the Department of Human Resources and the State Office of the Alabama Medicaid Agency. Alabama is providing a second public comment period on the proposal that has been updated to include more information on the evaluation parameters and methodology for testing the proposal's hypotheses.

Written comments concerning the 1115 Demonstration proposal should be submitted on or before August 30, 2018, to the following e-mail address: [PublicComment@medicaid.alabama.gov](mailto:PublicComment@medicaid.alabama.gov) or by mail to: Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, P.O. Box 5624, Montgomery, Alabama 36103-5624

### DEMONSTRATION DESCRIPTION, GOALS, AND OBJECTIVES

Along with education and infrastructure, job creation is one of the top three policy priorities in the State of Alabama. As of December 2017, Alabama boasts its lowest unemployment rate in state history at 3.5%. Alabama would like to extend opportunities to participate in this economic upturn to able-bodied Medicaid-eligible parents and caretaker relatives.

Alabama Medicaid is seeking approval of a Section 1115 Demonstration project to require unemployed or underemployed able-bodied Parents or Caretaker Relatives (POCR) to become gainfully employed or participate in employment-related activities. Alabama Medicaid believes that increasing employment among parents and caretakers through employment and job training requirements, will improve health outcomes and economic security among this population and their families.

With a few exceptions, Alabama's proposed Medicaid work component will mirror the State's Temporary Assistance for Needy Families (TANF) work component, the "JOBS Program", which generally requires that individuals participate in 35 hours a week of employment-related activities, except for parents and caretaker relatives with a child under age 6 years, who must participate in 20 hours of employment-related activities.



Medicaid has strong cooperative relationships with the Alabama Department of Human Resources (ADHR), which administers the state's TANF JOBS Program, and the Alabama Department of Labor (ADOL). We plan to build on these linkages to support and encourage specific, able-bodied recipients to obtain and maintain employment or participate in employment-related activities.

Alabama Medicaid plans to work with ADHR and ADOL to develop a process for tracking compliance with work requirements, including through electronic information exchanges that will minimize the burden on recipients. Alabama Medicaid also intends to work with ADHR, ADOL, and other resources to connect recipients to existing community supports (including childcare and transportation) that are available to assist recipients in meeting community engagement requirements.

Throughout the demonstration Alabama Medicaid plans to ensure that Medicaid recipients fully understand their rights and responsibilities, by providing timely and adequate notice of eligibility changes, waiver requirements and exemptions, and providing information about appeal rights and due process.

#### *Employment-Related Activities*

The following will qualify as "employment-related activities":

- Employment
- On the job training
- Job search and job readiness activities
- Attendance in high school, GED certification classes, an institution of higher education, vocational, or other job training program or on the job training
- Volunteer work activities or Community Service
- Technical training

#### *Waiver Exemptions*

The State has included in the Demonstration exceptions to the employment requirements. Specifically, the following individuals will not be subject to the employment requirements:

- Anyone who has a disability, is medically frail, or has a medical condition that would prevent them from complying with the work requirement, as validated by a medical professional, including anyone receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI)
- Anyone who is pregnant or receiving post-partum care
- Anyone age 60 or older
- Anyone required to care for a disabled child or adult
- Anyone participating in an intensive, authorized medical treatment program for alcohol or substance abuse or addiction (including opioid addiction)
- Anyone enrolled in and compliant with the TANF JOBS program
- Anyone who has been determined to be exempt or deferred from the TANF JOBS program participation, including (for example); a single custodial parent of a child age 12 months or younger; or, a single custodial parent caring for a child under the age of 6 for whom appropriate childcare is not available

- Anyone who failed to meet the employment requirements for “good cause”, similar to those in the TANF JOBS Program

For individuals that meet one or more of the above exceptions, Alabama Medicaid shall conduct periodic reviews to verify the continue applicability of the exception. Medicaid eligible individuals who do not meet any of the above exceptions will be required to participate in one of the mandatory work-related activities to remain active on the Medicaid program.

*Key Objectives:*

There are three key objectives of this Demonstration:

- Identify individuals eligible for employment opportunities and assist them with accessing employment training activities.
- Improve the health outcomes and economic security of those eligible by requiring them to engage in employment activities.
- Improve the health outcomes of children enrolled in Medicaid, by assisting their parents in finding and succeeding in employment activities.

**BENEFIT COVERAGE**

The Demonstration will not reduce the Medical benefits currently offered to individuals through the State’s Medicaid program.

**ELIGIBILITY REQUIREMENTS**

The Waiver requirements will be applicable to individuals who are eligible for Alabama Medicaid through the POCR eligibility group.

To become eligible for the POCR eligibility group in Alabama, an individual must be a parent or close relative of a child under age 19 in the home and have family income at or below 13% of the federal poverty level. (If an individual exceeds the 13% FPL, a 5% disregard is applied, and the individual will still be eligible if income is less than or equal to 18% FPL).

Recipients covered by the Demonstration who become ineligible for Alabama Medicaid as a result of an increase in income will receive one eighteen-month period of transitional Medicaid.

**COST SHARING**

Medicaid is not proposing any changes to the current Medicaid State Plan cost sharing requirements through this waiver.



## ANNUAL ENROLLMENT AND ANNUAL EXPENDITURES

Member Months	2018	2019	2020	2021	2022	2023
Without Demonstration	880,297	906,400	933,307	961,016	989,543	1,018,897
With Demonstration	880,297	906,747	886,530	794,843	818,232	842,294
Projected Change	-	347	(46,776)	(166,173)	(171,311)	(176,602)

Members	2018	2019	2020	2021	2022	2023
Without Demonstration	73,358	75,533	77,776	80,085	82,462	84,908
With Demonstration	73,358	75,562	73,878	66,237	68,186	70,191
Projected Change	-	29	(3,898)	(13,848)	(14,276)	(14,717)

Total Expenditures	2018	2019	2020	2021	2022	2023
Without Demonstration	\$ 351,725,624	\$ 369,074,019	\$ 387,299,265	\$ 406,425,165	\$ 426,481,111	\$ 447,517,161
With Demonstration	\$ 351,725,624	\$ 367,239,705	\$ 364,746,837	\$ 338,571,525	\$ 355,260,130	\$ 372,763,449
Projected Change	\$ -	\$ (1,834,314)	\$ (22,552,428)	\$ (67,853,640)	\$ (71,220,981)	\$ (74,753,712)

The expenditures above reflect total expenditures (both Federal and State) for the covered population but exclude the impact of any increased administrative costs

## HYPOTHESES AND EVALUATION PARAMETERS

The overall goal of the demonstration is to improve health outcomes, both of parents and children, by assisting the POCR eligibility group in finding and preparing for full employment.

To evaluate whether this goal is being met, the Alabama Medicaid will test the following hypotheses using these methodologies:

- Providing workforce opportunities will result in transition to other health insurance.
  - Monthly, track the number of individuals enrolled in the POCR or Transitional Medicaid eligibility group who have other health insurance using information from the eligibility system and data matches with insurers.
- Providing workforce opportunities will result in an increase in the number of individuals entering the workforce or participating in workforce activities.
  - Track the POCR and Transitional Medicaid participation rates for employment, new hires and workforce activities using the Department of Labor data.
  - Track the participation rates for employment or other workforce activities self-reported by POCR recipients using eligibility system data.
- Over the five-year demonstration, the number of POCR individuals with earned income will increase for Medicaid parents and caretaker relatives who are or were covered by this Demonstration.
  - Track the number of POCR and transitional Medicaid individuals with earned income for each quarter of the demonstration using Department of Labor data and data within the eligibility system
- More parents and caretaker relatives will receive transitional Medicaid in the short-term, due to increased income and the change in the transition period.



- Track the number of newly enrolled and individuals continuing to receive transitional Medicaid for each month of the demonstration using eligibility data
- Fewer parents and caretaker relatives will need to rely on Medicaid, and thus the POOCR eligibility group will decrease in size, due to increased income.
  - Track the number of individuals enrolled in the POOCR group for each month of the demonstration using eligibility data

A comprehensive evaluation design, consisting of both interim evaluations and a final evaluation, will be developed for CMS's review and approval. This evaluation will measure these hypotheses throughout the demonstration period, using wage and employment records available through the ADOL; internal system records regarding program terminations and transitional Medicaid; and surveys to determine the effect of the changes on individuals who have left the program.

#### **WAIVER AUTHORITY SOUGHT**

- Waiver of Section 1902(a)(8) and 1902(a)(10), to the extent necessary to enable Alabama to suspend eligibility for, and not make medical assistance available to, Medicaid recipients in the parent and other caretaker relative eligibility group, eligible pursuant to 42 C.F.R. §§ 435.110-.115 who fail to comply with the employment requirement, subject to the exceptions and other provisions in the special terms and conditions.
- Waiver of Section 1902(a)(52), to the extent it incorporates the requirement in Section 1925(b) that the State provide an additional 6-month extension of transitional Medicaid, after expiration of the first 6-month period, for individuals who no longer meet Medicaid eligibility requirements due to increased income from employment. The state intends to provide a period of 18 months of transitional Medicaid.

#### **COMMENTS AND PUBLIC INPUT PROCESS**

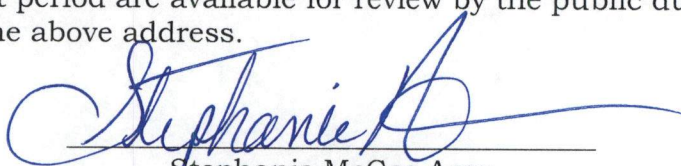
As required by federal regulation, Alabama Medicaid is now opening a formal thirty (30) day comment period and interested parties are directed to [http://www.medicaid.alabama.gov/content/2.0\\_Newsroom/2.7\\_Special\\_Initiatives/2.7.5\\_Work\\_Requirement\\_s.aspx](http://www.medicaid.alabama.gov/content/2.0_Newsroom/2.7_Special_Initiatives/2.7.5_Work_Requirement_s.aspx). A copy of the draft Demonstration proposal will also be available upon request for public review at each county office of the Department of Human Resources and the State Office of the Alabama Medicaid Agency.

Written comments concerning these changes should be submitted on or before August 30, 2018, to the following e-mail address: [PublicComment@medicaid.alabama.gov](mailto:PublicComment@medicaid.alabama.gov) or mailed hardcopy to: Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, P.O. Box 5624, Montgomery, Alabama 36103-5624. All written comments will be available for review by the public during normal business hours at the above address.

During the first public comment period held February 27, 2018 through April 2, 2018, two opportunities for public comment were held at the following locations:

<b>March 5, 2018 at 11:00 a.m.</b>	<b>March 6, 2018 at 11:00 a.m.</b>
Alabama Industrial Development and Training (AIDT) Auditorium	Hoover Public Library
One Technology Court	200 Municipal Drive
Montgomery, AL 36116	Hoover, AL 35216

Medicaid provided teleconference access for the March 5, 2018, meeting at Montgomery, Alabama. A summary of the public comments submitted during the first public comment period are available for review by the public during normal business hours at the above address.



Stephanie McGee Azar  
Commissioner

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