

SEP 18 2018

Emsé Grant Grewal, Esq.
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Dear Ms. Grewal:

Thank you for your letter to Secretary Azar expressing your concern about the policy released by the Centers for Medicare & Medicaid Services (CMS) through a letter sent to State Medicaid Directors (SMD) on January 11, 2018. The Secretary has asked me to respond to you on his behalf.

This SMD letter announced a new opportunity for states that choose to support Medicaid beneficiary health and well-being by incentivizing work and community engagement among adult Medicaid beneficiaries who are not elderly, pregnant, or eligible for Medicaid due to a disability. Additionally, you expressed concern about the impact of conditioning eligibility on the payment of premiums and ending coverage for beneficiaries who do not complete the redetermination process or report a change in circumstance timely.

We recognize your concern about the potential impact of these policies on vulnerable populations, and we assure you that we review each section 1115 demonstration request on a case-by-case basis. As you know, section 1115 of the Social Security Act authorizes the Secretary of Health & Human Services to approve state requests for demonstration projects to test certain changes to a state's Medicaid program that are likely to help promote the objectives of the Medicaid program. The Secretary, through CMS, will fully review state requests to test and evaluate incentives that promote work and other forms of community engagement, such as making participation in those activities a requirement for continued Medicaid eligibility. Such requests may promote better mental, physical, and emotional health in furtherance of Medicaid program objectives. In addition, they may help individuals and families rise out of poverty and attain independence, also in furtherance of Medicaid program objectives. CMS will approve them when appropriate.

It is important to note that the policy announced in the SMD letter was specific to adult Medicaid beneficiaries who are not elderly, pregnant, or eligible for Medicaid due to a disability. Additionally, the letter makes it clear that states must create exemptions for medically frail beneficiaries and beneficiaries with acute medical conditions validated by a medical professional that would prevent them from obtaining employment or undertaking community engagement activities. We also encourage states to consider other exemptions related to age, responsibility

for a dependent, participation in a substance use treatment and rehabilitation, as well as other good cause exemptions states may find appropriate for their Medicaid populations.

As you point out in your letter, some beneficiaries who are eligible for Medicaid on a basis other than disability may have an illness or disability (as defined by other federal statutes) that may interfere with their ability to meet work and community engagement requirements as well as make the completion of paperwork or reporting in a timely manner difficult. States must comply with federal civil rights laws, ensure that beneficiaries with disabilities are not denied Medicaid for inability to meet these requirements and have mechanisms in place to ensure that reasonable modifications are provided to people who need them. States should include, in their proposals to CMS, information regarding their plans for compliance with these requirements. The reasonable modifications must include exemptions from participation where a beneficiary is unable to participate for disability-related reasons, modification in the number of hours of participation required where a beneficiary is unable to participate for the required number of hours, and provision of support services necessary to participate, where participation is possible with supports.

Thank you again for your letter. Should you have any additional concerns or questions, please contact Judith Cash, Director, State Demonstrations Group at 410-786-4473.

Sincerely,



Timothy B. Hill
Acting Director