

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-25-26  
Baltimore, Maryland 21244-1850



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## State Demonstrations Group

May 24, 2023

Jennifer Strohecker  
State Medicaid Director  
Division of Integrated Healthcare  
Utah Department of Health  
P.O. Box 143101  
Salt Lake City, UT 84114-3101

Dear Ms. Strohecker:

The Centers for Medicare & Medicaid Services (CMS) has approved the Evaluation Design for Utah Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) amendment to the section 1115 demonstration entitled, "Utah Medicaid Reform 1115 Demonstration" (Project Number 11-W-00145/8 and 21-W-00054/8). We sincerely appreciate the state's commitment to efficiently meeting the requirement for an Evaluation Design stated in the demonstration's Special Terms and Conditions (STCs) for this amendment, especially under these extraordinary circumstances.

The approved Evaluation Design may now be posted to the state's Medicaid website within thirty days, per 42 CFR 431.424(c). CMS will also post the approved Evaluation Design on Medicaid.gov.

Please note that, consistent with the approved Evaluation Design, the draft Final Report will be due to CMS 18 months after either the expiration of the demonstration approval period or the end of the latest rating period covered under the state's approved expenditure authority, whichever comes later.

We look forward to our continued partnership with you and your staff on the “Utah Medicaid Reform 1115 Demonstration.”. If you have any questions, please contact your CMS project officer, Julia Buschmann, who may be reached by email at [Julia.Buschmann@cms.hhs.gov](mailto:Julia.Buschmann@cms.hhs.gov).

Sincerely,

Danielle Daly  Digitally signed by  
Danielle Daly -S  
Date: 2023.05.24  
05:22:56 -04'00'

Danielle Daly  
Director  
Division of Demonstration Monitoring and Evaluation

cc: Mandy Strom, State Monitoring Lead, Medicaid and CHIP Operations Group



Utah Department of  
**Health & Human**  
Services

Utah Section 1115 Managed Care Risk Mitigation  
COVID-19 Public Health Emergency (PHE)  
Evaluation Design

Revised Submission: March 24, 2023

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## Brief Background

On January 18, 2022, the Utah Department of Health received approval from the Centers for Medicare & Medicaid Services (CMS) of the state's Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) section 1115 demonstration **application, as an amendment under the "Utah Primary Care Network" section 1115(a) demonstration** (Project Numbers 11-W-00145/8 and 21-W-00054/8). The PHE Demonstration approval was retroactively applied from March 1, 2020, through a date that is sixty (60) days after the end of the PHE.

CMS approved expenditure authority for Utah to add or modify a risk mitigation arrangement after the start of the rating period to maintain capacity during the emergency. The application of section 438.6(b)(1) without the waiver authority would have resulted in non-approval of contracts and rates for those contracts that did not meet the timeliness requirements stipulated in section 438.6(b)(1). This would have had significant impacts to the delivery of Medicaid services to Medicaid **members receiving services through the state's managed care delivery system.** The contracts that would have been negatively impacted by section 438.6(b)(1) included physical health and behavioral health, both of which are linchpins of healthcare to Medicaid members. This could have resulted in access to care issues, significant challenges with affected managed care plans, and significant reimbursement issues.

It is important to note that the state did not negotiate or implement any retroactive risk mitigation arrangements with the managed care plans. The risk mitigation arrangements contained in the contracts that would have been non-compliant for timeliness with section 438.6(b)(1) were arrangements that were already in existence. The state did not negotiate or implement retroactive risk mitigation arrangements due to the COVID-19 PHE. This waiver authority provided a pathway **for approval of the state's contracts and rates that included risk mitigation** arrangements that did not meet the timely submission requirements stipulated in section 438.6(b)(1).

The following rating periods are applicable to this demonstration:

Rating Period	Program	Risk Mitigation Arrangement
07/01/20-06/30/21	Traditional/Non-Traditional	High-Cost Drug Pool
07/01/21-06/30/22	Expansion PMHP	Risk Corridor

Demonstration Objectives

This amendment will test whether, in the context of the current COVID-19 PHE, an exemption from the regulatory prohibition in 42 CFR § 438.6(b)(1) promotes the objectives of Medicaid. The expenditure authority is expected to support the state with making appropriate, equitable payments during the PHE to help maintain beneficiary access to care. This exemption from the regulatory prohibition in 42 CFR § 438.6(b)(1) provided a pathway for CMS approval of the state’s contracts and rates that included risk mitigation arrangements that did not meet the timely submission requirements stipulated in section 438.6(b)(1).

This exemption will allow the state to enter into or modify a risk mitigation arrangement with a Medicaid managed care plan after the applicable rating period has begun.

Evaluation Questions

The evaluation of the demonstration will test whether the waiver facilitated attaining the objectives of Medicaid, and how the authority supported the state in making appropriate, equitable payments during the COVID-19 PHE to help with maintenance of beneficiary access to care during this period that otherwise would have been challenging due to the prohibitions in section 438.6(b)(1). The evaluation question that will used to evaluate this demonstration is as follows:

- What problems does the state anticipate would have been caused by the application of section 438.6(b)(1) during the PHE that would have undermined the objectives of Medicaid, and how did the exemption address or prevent these problems?

## Evaluation Methodology

The evaluation design will cover all rating periods and risk mitigation arrangements included in the demonstration. The state will use qualitative methods and descriptive statistics to address the evaluation questions that will support understanding the successes, challenges, and lessons learned in implementing the demonstration.

The evaluation of the risk-mitigation arrangement will be based on the process used to conduct the risk-corridor settlements in accordance with the language in applicable managed care contracts. The state will utilize a third party MLR auditor to validate the MLR reports submitted by the managed care plans. Those finalized reports will include MLR percentage information directing either payment to or payment from the managed care plans. Success will be measured as the completion of the risk-corridor settlements with the managed care plans for the specific rating period(s) covered under this demonstration.

Research Question	Outcome Measures	Data Source(s)	Analytic Approach
Was the state fully able to execute and receive approval from CMS for contracts that included risk mitigation arrangements?	Approval of contracts with risk mitigation arrangements that did not meet timeliness compliance in section 438.6(b)(1) for those risk migration arrangements prior to the rating period in which they took effect.	Document Review: Approval letters from CMS for contracts identified in the outcome measure	Qualitative Analysis

## Methodological Limitations

The state does not anticipate limitations to the evaluation methodology because of the nature of the risk-mitigation arrangement, the stipulated contract requirements, and the MLR evaluation process in place.

## Evaluator and Evaluation Report

This evaluation will be conducted internally by Division of Integrated Healthcare (DIH) staff. Data will be gathered as part of standard DIH operations. DIH will use **the evaluation methodology as described in the “Evaluation Methodology” section.** The state will consider this demonstration to have been successfully implemented when the risk corridor settlement process has been finalized with each of the managed care plans with risk-mitigation arrangements for the specific rating period(s) covered under this demonstration.

The final report will be **organized based on the structure outlined in CMS’ section 1115 demonstration evaluation guidance “Preparing the Evaluation Report.”** Per CMS guidance, the focus of the report will be on describing the challenges presented by the COVID-19 public health emergency to the Medicaid program, how the flexibilities of this demonstration assisted in meeting these challenges, and any lessons that may be taken for responding to a similar public health emergency in the future. The final report will be submitted no later than 18 months following the end of the PHE Demonstration authority. Per 42 CFR § 431.428, the final report will capture all the requirements stipulated for an annual report. If the demonstration lasts longer than one year, the annual report information for each demonstration year will be included in the final report and will adhere to the stipulations of 42 CFR § 431.428. In addition, as required by CMS, the state will host a post-award public forum either in person or by webinar to gather comments and feedback using the appropriate modality(ies), or if needed, request an extension of the deadline to meet this deliverable.