

Health Headlines

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CMS Issues Final Rule for Review and Approval Procedures for Medicaid and CHIP Demonstration Projects Under the Affordable Care Act –

On February 22, 2012, the Centers for Medicare & Medicaid Services (CMS) issued the final rule implementing provisions of the Patient Protection and Affordable Care Act that pertain to applications for Medicaid and Children's Health Insurance Program (CHIP) experimental, pilot, and demonstration projects (demonstrations). CMS received 33 comments on the proposed rule that was published on September 17, 2010. The final rule will increase the degree to which information about Medicaid and CHIP demonstration applications and approved demonstration projects is publicly available and promote greater transparency in the review and approval of demonstrations.

Demonstrations are provided for under Section 1115 of the Social Security Act and enable states to test novel approaches to eligibility or improving the scope or quality of benefits of Medicaid and CHIP. The final rule's aim is to promote public involvement with the demonstration approval process, to increase access to information about these experimental projects, and to facilitate a greater understanding of their effectiveness.

The following are some key aspects of CMS's final rule on Medicaid and CHIP demonstration procedures:

- Before submitting a demonstration application to CMS, a state must provide a 30-day public notice and comment period. The notice must describe the project's goals and objectives and, if applicable, provide information about the proposed health care delivery system as well as the eligibility requirements, benefit coverage, and cost-sharing required of impacted individuals. The notice must also provide an estimate of the expected increase or decrease in annual enrollment and in aggregate expenditures. In addition, at least 20 days before submitting the application to CMS, the state must have conducted at least two public hearings, one of which must be via teleconference or web-conference, to seek public input on the demonstration application.
- After CMS receives a state's completed application, CMS will also provide a 30-day public notice and comment period. To seek public input, CMS will publish the demonstration application and relevant status updates on the CMS website.
- CMS may waive the state or federal public notice procedures to expedite a decision on a proposed demonstration that addresses a natural disaster, public health emergency, or other sudden emergency that threatens human life.
- The state must agree to perform periodic reviews of the project's implementation and must hold a public forum to seek comments on the demonstration's progress within six months after implementation. Additionally, the state must evaluate the demonstration and may use a variety of strategies to do so.

- The state must submit an annual report to CMS that discusses, among other things, any difficulties encountered in operating the demonstration, the project's impact in providing insurance coverage, outcomes with respect to quality and cost of and access to care, and information on the results of any audits, investigations, or lawsuits impacting the demonstration.

The final rule on Section 1115 demonstrations is available **here**.

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