



May 17, 2023

**ILLINOIS HEALTH AND HOSPITAL ASSOCIATION
M E M O R A N D U M**

SUBJECT: HFS Healthcare Transformation Section 1115 Demonstration

On May 12, 2023, the Dept. of Healthcare and Family Services (HFS) issued a [Public Notice](#) announcing the Department is seeking a five-year 1115 Demonstration extension to secure additional Medicaid resources and spending flexibilities. The total estimated expenditures to implement all program initiatives for the approximate 400,000 eligible Medicaid individuals who will be enrolled under the proposed five-year Demonstration program is \$7.9 billion.

The proposal is an extension of the 2018 Behavioral Health Transformation 1115 Demonstration and will focus on addressing social determinants of health (SDOH) by implementing health-related social needs (HRSN) benefits. [Click here](#) to view the full proposed draft extension application. [Click here](#) to view other documents related to the application. HFS will hold the following three public hearings on the proposed 1115 Demonstration extension:

- **May 19, 2023 1:00 p.m. – 3:00 p.m. CT**
Illinois Dept. of Transportation
Hanley Building Conference Center – Auditorium
2300 S. Dirksen Parkway, Springfield, IL 62764
- **May 22, 2023 10:00 a.m. – 12:00 p.m. CT**
University of Illinois Chicago - College of Pharmacy
833 South Wood Street - Room 134-1, Chicago, IL 60612
- **May 25, 2023 10:00 a.m. – 12:00 p.m. CT**
Via WebEx. [Click here](#) to register.

Providers may also submit written comments no later than June 12, 2023 by emailing HFS.BBPC@Illinois.gov. For more information on these hearings, such as parking information and instructions on how to provide oral testimony, please [click here](#).

Background

The current 1115 Demonstration, which sunsets on June 30, 2023, was originally approved on May 7, 2018 and then implemented on July 1, 2018. HFS will seek a short-term temporary extension approval period to continue the current 1115 Demonstration as approved while the Department works with the federal Centers for Medicare & Medicaid Services (CMS) to negotiate the formal approval of a five-year extension with the substantially revamped program design.

The Department plans to rename the current “Behavioral Health Transformation Section 1115 Demonstration” to the “Illinois Healthcare Transformation Section 1115 Demonstration” due to an updated program design that broadens the focus of the 1115 Demonstration to address SDOH through HRSN benefits.

Demonstration Pilot Initiatives

The 1115 Demonstration extension will include six new pilot initiatives, continue three current pilot programs and discontinue six pilot programs from the original five-year Demonstration.

The six new initiatives are as follows:

1. **Healthcare Transformation Collaboratives Program:** This pilot initiative would build on the current Healthcare Transformation Collaboratives Program and authorize payments for activities not traditionally included as Medicaid state plan services to advance health equity and build capacity. Under the proposal, priority would be given to collaborations that include safety net hospitals or critical access hospitals, as well as minority-controlled or led organizations.
2. **Supports for Justice-Involved Populations:** This pilot initiative would further a Cook County initiative assisting adults incarcerated at Cook County Jail with completing Medicaid applications and automatically enrolling them in CookCounty Health Plan while providing tailored re-entry case management and transition planning up to 90 days before release.
3. **Violence Prevention and Intervention:** This pilot initiative would expand the Violence Prevention Community Support Teams Program through the Reimagine Public Safety Act and allow expenditure authority for these teams to bring additional programs to local communities as well as allow violence prevention and intervention services through managed care organizations (MCOs).
4. **Outreach and Engagement:** This pilot initiative requests expenditure authority to provide specialized and culturally responsive enhanced care management services in communities not currently served by Healthcare Transformation Collaboratives. This initiative will leverage existing patient navigator models, including those that are part of health systems, MCOs and Community Health Worker networks.
5. **Community Health Worker (CHW) Training:** This pilot initiative seeks authority to support recruitment, training and certification of CHWs, including covering the expenses for Healthcare Transformation Collaborative initiatives to recruit, train and certify individuals from the community as CHWs.
6. **Safety Net Hospital Health Equity and Access Leadership (HEAL) Grant Program:** This pilot initiative seeks to create criteria for eligible safety net hospitals and support projects that reduce health disparities, advance health equity and improve access to services or improve the quality of healthcare services.

The proposed 1115 Demonstration extension includes continuing the following current pilot programs:

1. **Treatment for Individuals with Substance Use Disorder (SUD):** This pilot authorizes individuals to receive inpatient treatment and withdrawal management services who are short-term residents at facilities who meet the definition as an institution for mental diseases (IMD).
2. **Housing Support Services:** This pilot authorizes pre-tenancy supports and tenancy sustaining services to help people experiencing homelessness or at risk of becoming homeless remain in stable and secure housing situations.
3. **Supported Employment Services:** This pilot authorizes supported employment services through person-centered planning to create capacity within healthcare organizations with a workforce skilled to meet the unique needs of the community.

Health Related Social Needs Benefits

The 1115 Demonstration extension will provide or facilitate the provision of HRSN benefits to populations with an identified need to reduce health disparities at the community level. These are additional services not yet permissible for coverage under the State's Medicaid program or the Children's Health Insurance Program (CHIP). The proposed HRSN benefits will be administered through the HealthChoice Illinois Medicaid managed care program. The following benefits are proposed as HRSN benefits:

1. Housing Support
2. Medical Respite
3. Food and Nutrition Services
4. Employment Assistance
5. Violence Prevention and Intervention
6. Non-medical Transportation
7. Justice-Involved Community Reintegration – Transitioning from Incarceration
8. Community Reintegration – Transitioning from Institutions

Other Changes Associated with the 1115 Demonstration Extension

- **Creation of a new Cook County Community Reinvestment Pool:** The proposed demonstration includes repurposing a portion or all of the Cook County Medicaid Disproportionate Share Hospital (DSH) allotment (up to \$331 million) to create a pool to finance HRSN initiatives to Cook County Medicaid patients. The repurposed Cook County DSH allotment will create a pool to finance strategies that tie directly to improving health and health equity in underserved communities. This "pool" approach is expected to complement the goals and outcomes of the nine proposed pilot initiatives. The Department stated all other aspects of the annual DSH allotment and hospital-specific DSH payments made to qualifying Illinois hospitals will remain the same.
- **Potential Provider Rate Increases:** If the state's Medicaid to Medicare provider rate ratio is below 80% for Medicaid fee-for-service provider base payment rates and managed care payment rates in primary care, behavioral health and obstetrics care, the Department will be required to increase rates. This is currently only required with SUD services, per the current 1115 Demonstration.