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November 14, 2024

Amir Bassiri  
Medicaid Director, Deputy Commissioner  
New York Department of Health  
Empire State Plaza, Corning Tower, Room 1466  
Albany, NY 12237

Dear Amir Bassiri,

The Centers for Medicare & Medicaid Services (CMS) is approving New York's request for an amendment to the "Medicaid Redesign Team" (MRT) section 1115 demonstration (Project Numbers 11-W-00114/2 and 21-W-00078/2), in accordance with section 1115(a) of the Social Security Act (the "Act"). Approval of this request will provide expenditure authority to allow the state to provide continuous eligibility to all children (including children in the state's separate CHIP program) up to age six, from birth through the end of the month in which their sixth birthday falls. New York has assured that it will provide continuous eligibility through a manual process to all Medicaid and separate CHIP children up to age six whose continuous eligibility period cannot be provided systematically. The authority is effective from the date of this approval and will remain in effect through the rest of the demonstration approval period, which is set to expire March 31, 2027.

CMS's approval of this section 1115(a) demonstration amendment is subject to the limitations specified in the attached expenditure authority, special terms and conditions (STCs), and any supplemental attachments defining the nature, character, and extent of federal involvement in this project. The STCs in Attachment R of this letter should be considered as part of the broader set of STCs that were approved on January 9, 2024 for the MRT demonstration and will be incorporated into the full STCs at the next approval action for this demonstration. All continuous eligibility requirements in statute and regulations, as well as CMS guidance explaining continuous eligibility apply to this demonstration, unless the governing expenditure authorities and STCs state that a particular rule or policy does not apply.

### **Extent and Scope of Demonstration Amendment**

New York will provide continuous eligibility to these populations for the specified length of time:

- Continuous eligibility for all children, including separate CHIP recipients, up to age six, through the end of the month of their sixth birthday, regardless of changes in circumstances that would otherwise cause a loss of eligibility.

Continuous eligibility is intended to support consistent coverage and continuity of care by keeping children under age six enrolled, regardless of changes in circumstances that would otherwise cause a loss of eligibility or other changes that would affect eligibility, such as a change in income. Expanding continuous eligibility beyond what is allowable in the Medicaid state plan is likely to assist in promoting the objectives of Medicaid and CHIP by minimizing coverage gaps and helping to maintain continuity of access to program benefits for these populations, thereby improving health outcomes, and reducing churn. In 2018, one in ten Medicaid/CHIP enrollees disenrolled and reenrolled in Medicaid/CHIP in under one year.<sup>1</sup> Continuous eligibility also supports reducing administrative costs resulting from churn; estimates from 2015 show that the administrative cost of one instance of churn (disenrolling and reenrolling) for one individual ranges from \$400-\$600.<sup>2</sup> Continuous coverage is also likely to be an important driver of reducing the rate of uninsured and underinsured individuals.<sup>3</sup> To facilitate access to and continuity of care, and recognizing that beneficiaries may not be aware of their continued coverage<sup>4</sup>, the amendment requires that the state have procedures and processes in place to provide individuals who qualify for a continuous eligibility period that exceeds 12 months an annual reminder of continued eligibility.

### **Budget Neutrality<sup>5</sup> / CHIP Allotment Neutrality**

CMS has long required, as a condition of demonstration approval, that demonstrations be “budget neutral,” meaning the federal costs of the state’s Medicaid program with the demonstration cannot exceed what the federal government’s Medicaid costs in that state likely would have been without the demonstration. The demonstration amendment is projected to be budget neutral to the federal government. The state will be held to the budget neutrality monitoring and reporting requirements as outlined in the attachment and current STCs. In requiring demonstrations to be budget neutral, CMS is constantly striving to achieve a balance between its interest in preserving the fiscal integrity of the Medicaid program and its interest in facilitating state innovation through section 1115 demonstration approvals.

Under this approval, projected demonstration expenditures associated with the new continuous eligibility population will be treated as hypothetical for the purposes of budget neutrality, and the WOW baselines have been trended forward to determine the maximum expenditure authority for the approval period.

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<sup>1</sup> Corallo B, Garfield R, Tolbert J, Rudowitz R. Medicaid enrollment churn and implications for continuous Coverage Policies | KFF. KFF. Published December 15, 2021. <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-churn-and-implications-for-continuous-coverage-policies/>

<sup>2</sup> Swartz K, Short PF, Graefe DR, Uberoi N. Reducing Medicaid churning: Extending eligibility for twelve months or to end of calendar year is most effective. *Health Affairs*. 2015;34(7):1180-1187. doi:10.1377/hlthaff.2014.1204

<sup>3</sup> A [September 2023 State Health Official letter](#) provides background on the importance of continuous eligibility in preventing interruptions that impede access to health coverage to support better short- and long-term health outcomes, and describes policies related to implementing continuous eligibility under the Consolidated Appropriations Act, 2023 (CAA, 2023) amendments.

<sup>4</sup> McIntyre A, Smith RB, Sommers BD. Survey-Reported Coverage in 2019-2022 and Implications for Unwinding Medicaid Continuous Eligibility. *JAMA Health Forum*. 2024;5(4):e240430. doi:10.1001/jamahealthforum.2024.0430; <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2817285>.

<sup>5</sup> For more information on CMS’s current approach to budget neutrality, see <https://www.medicaid.gov/medicaid/section-1115-demonstrations/budget-neutrality/index.html>

Under this amendment, the state will be subject to a limit on the amount of federal title XXI funding that the state may receive on allowable demonstration expenditures during the demonstration period. CMS has long required, as a condition of demonstration approval, that demonstrations be “allotment neutral,” meaning the federal title XXI funds for the state’s CHIP program are restricted to the state’s available allotment and reallocated funds. The state is eligible to receive title XXI funds for the demonstration population as described in attached STC 1.2, up to the amount of its title XXI allotment. Title XXI funds must be first used to fully fund costs associated with CHIP state plan populations. The demonstration expenditures are limited to remaining funds.

### **Monitoring and Evaluation Requirements**

States are required to conduct systematic monitoring and robust evaluation of section 1115 demonstrations in accordance with the STCs. For the continuous eligibility policy, monitoring reporting must provide metrics data for enrollment and ex parte renewals, and narrative updates on the successes and challenges of collecting and providing applicable information as outlined in the STCs. States must also evaluate the impact of the policy on all relevant populations, appropriately tailored for the specific time span of eligibility. Evaluation hypotheses must focus on, but may not be limited to, enrollment continuity, utilization of age-appropriate preventive care, inpatient admissions and avoidable emergency care, and health disparities.

### **Consideration of Public Comments**

The federal comment period was open from June 27, 2024 through July 26, 2024 for the demonstration amendment request submitted June 10, 2024, during which CMS received 21 comments. These comments were submitted by various community and advocacy organizations. The commenters were unanimously in support of this amendment.

After carefully reviewing the proposal and the public comments received during the federal comment period, and all other relevant materials provided by the state, CMS has concluded that the approval of this amendment is likely to assist in promoting the objectives of Medicaid.

### **Other Information**

CMS’s approval of this demonstration project is conditioned upon compliance with the previously approved expenditure authorities and special terms and conditions, which set forth in detail the nature, character and extent of anticipated federal involvement in the project.

In addition, the approval is subject to CMS receiving written acceptance of this award within 30 days of the date of this approval letter. Your project officer is Jonathan Morancy. He is available to answer any questions concerning this amendment. Jonathan’s contact information is as follows:

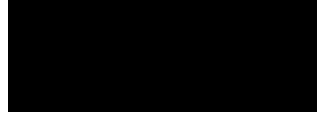
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Center for Medicaid and CHIP Services  
Mail Stop S2-25-26  
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Baltimore, Maryland 21244-1850  
Email: [Jonathan.Morancy@cms.hhs.gov](mailto:Jonathan.Morancy@cms.hhs.gov)

We appreciate your state's commitment to addressing continuous eligibility, and we look forward to our continued partnership on the MRT demonstration. If you have any questions regarding this approval, please contact Ms. Jacey Cooper, Director, State Demonstrations Group, Center for Medicaid and CHIP Services, at (410) 786-9686.

Sincerely,



Daniel Tsai  
Deputy Administrator and Director

Enclosure

cc: Melvina Harrison, Monitoring Lead, Medicaid and CHIP Operations Group