



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

**Utah Department of Health
Division of Medicaid and Health Financing**

Richard G. Saunders
Executive Director, Department of Health

Nate Checketts
Director, Division of Medicaid and Health Financing

March 12, 2021

Elizabeth Richter
Acting Administrator
Department of Health and Human Services
Centers for Medicare and Medicaid
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Administrator Richter:

I am writing in response to your letter dated February 12, 2021. In your letter you state that the Centers for Medicare and Medicaid Services (CMS) has serious concerns about testing policies that create a risk of a substantial loss of health care coverage in the near term. You further state that CMS has preliminarily determined that allowing work and other community engagement requirements to take effect in Utah would not promote the objectives of the Medicaid program. We appreciate the opportunity to submit additional information that supports continuing the authorities that CMS has already approved for Utah's community engagement initiative.

The Social Security Act authorizes the appropriation of funds to "enable each State, as far as practicable under the conditions in such State, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care." Act § 1901.

In addition, for decades courts and state and federal Medicaid officials have understood that Section 1115 affords the Secretary broad discretion in evaluating the "objectives" of the Social Security Act and determining whether a waiver program "is likely to assist in promoting" those objectives. Demonstration authority under section 1115(a)(2) of the Act allows CMS to offer federal matching funds to states in ways that provide flexibility to experiment with different means of achieving the program's objectives. Demonstration projects that give states expenditure authority to provide additional benefits or services, or cover new populations, can advance multiple objectives of the Medicaid program, including providing coverage for medical services and allowing states to maintain the long-term fiscal sustainability of their Medicaid programs.

These demonstration projects will necessarily mean a change to the status quo. They may have associated costs, particularly at the initial stage, and Section 1115 acknowledges that demonstrations may “result in an impact on eligibility, enrollment, benefits, cost-sharing, or financing.” Act § 1115(d)(1). But in the long term, they may create incentives and opportunities that help states provide coverage while maintaining financial feasibility for the program and the state.

These demonstration projects present an opportunity for states to experiment with reforms that go beyond routine medical care. They can focus on interventions that drive better health outcomes and quality of life improvements, and may increase beneficiaries’ financial independence all while providing coverage in a financially feasible manner. Such policies may include those designed to address certain health determinants and those that encourage beneficiaries to engage in health-promoting behaviors and to strengthen engagement by beneficiaries in their personal health care and overall well-being.

Utah’s community engagement initiative seeks to help certain Medicaid members find employment. This initiative advances the program’s objectives by improving the health and wellness of these individuals and by reducing their long-term reliance on the program. Many studies have concluded that employed individuals have better physical and mental health. Recognizing the connection between employment and health, Utah believes that community engagement through employment increases an individual’s health and well-being, increases an individual’s sense of purpose, helps to build a healthy lifestyle, and increases the financial stability of Medicaid beneficiaries who are able to seek and find employment.

Encouraging community engagement under a Section 1115 demonstration project also provides an opportunity for Utah to test policies that ensure the fiscal sustainability of the Medicaid program. An initiative that reduces long term reliance on the program meets the purpose of the program by “enabling each state, as far as practicable under the conditions in such state” to furnish medical assistance, Act § 1901, while making it more practicable for Utah to furnish medical assistance to a broader range of persons in need.

Initiatives that have the effect of helping individuals secure employer-sponsored insurance and transition from Medicaid eligibility may decrease the number of individuals who need financial assistance, including medical assistance, from the state. These initiatives enable Utah to stretch its resources further and enhance its ability to provide medical assistance to a broader range of persons in need, including by expanding the services and populations covered. By the same token, such initiatives also help preserve Utah’s ability to continue to provide the optional services and coverage it already has in place.

Again, we appreciate the opportunity to share our position on this issue. We strongly encourage CMS to continue supporting its prior approval of Utah's community engagement initiative as a key component of Utah's overall Medicaid coverage expansion, which seeks to have a positive impact on the lives of those who obtain coverage while protecting the overall feasibility of the Medicaid expansion in Utah.

Respectfully,



Nate Checketts, Director
Division of Medicaid and Health Financing
Utah Department of Health