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**State Demonstrations Group**

March 15, 2023

Stacie Weeks  
Administrator/Medicaid Director  
1100 East William Street, Suite 101  
Carson City, NV 89701

Dear Ms. Weeks:

The Centers for Medicare & Medicaid Services (CMS) has approved the Evaluation Design for Nevada's Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) section 1115 demonstration (Project Number 11-W00384/9). 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), 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 Nevada Managed Care Risk Mitigation COVID-19 PHE Demonstration. If you have any questions, please contact your CMS project officer, Julian Taylor, who may be reached by email at [Julian.Taylor@cms.hhs.gov](mailto:Julian.Taylor@cms.hhs.gov).

Sincerely,

Danielle Daly  
-S

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Danielle Daly -S  
Date: 2023.03.15  
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Danielle Daly  
Director  
Division of Demonstration  
Monitoring and Evaluation

cc: Brian Zolynas, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

# Nevada COVID-19 Section 1115a Demonstration Draft Evaluation Design

**Nevada Department of Health and Human Services  
Division of Health Care Financing & Policy**

August 25, 2022



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## Background:

On November 12, 2021, the Nevada Department of Health and Human Services, Division of Health Care Financing and Policy (“DHCFP”) submitted an application to the Center for Medicare & Medicaid Services (CMS) for a COVID-19 section 1115 Demonstration Waiver: Nevada Managed Care Risk Mitigation COVID-19 Public Health Emergency (PHE) section 1115(a) Medicaid Demonstration (hereafter known as “Demonstration”). The Demonstration approval was obtained from CMS on April 14, 2022. The Demonstration approval was retroactively applied from March 1, 2020, through a date that is sixty (60) days after the PHE ends.

The following expenditure authorities were granted as part of the Demonstration:

- CMS is approving expenditure authority for the state to add or modify a risk sharing arrangement after the start of the rating period to maintain capacity during the COVID-19 PHE. This expenditure authority applies only to contracts and rating periods that begin or end during the COVID-19 PHE, when the contract was signed prior to the last day of the COVID-19 PHE. This expenditure authority exempts the state from compliance with the requirements under 42 CFR § 438.6(b)(1) and allows the state to add or modify the risk sharing mechanism(s) after the start of the rating period as specified in the state’s contracts with its Medicaid managed care plans. The authority would exempt, as necessary, the state from compliance with the current requirements in section 438.6(b)(1) for the specific contracts and rating periods that begin or end during the COVID-19 PHE when the contract was signed prior to the last day of the COVID-19 PHE. The authority would allow one or more retroactive risk mitigation arrangements to remain in place even if the state and the managed care plan had agreed to these arrangements after the requirements in section 438.6(b)(1) became effective. This authority is effective regardless as to whether the state substantially complied with the regulation by, for example, submitting unsigned contracts and rate certification documents for CMS review either before or after the effective date of the new regulation but before the start of the rating period.
- If the contract and rating period begins or ends during the COVID-19 PHE and the contract was signed prior to the last day of the PHE, CMS is hereby granting expenditure authority to permit the state to implement retroactively one or more risk sharing arrangements for the full duration of the rating period. If the rating period ended on or after March 1, 2020, and ended prior to the last day of the PHE, the state can retroactively implement one or more risk sharing arrangements for the full duration of the rating period. If the rating period began after March 1, 2020, and prior to the last day of the PHE, the state can retroactively implement one or more risk sharing arrangements for the full duration of the rating period. A state can only retroactively implement risk sharing arrangements under this Demonstration for multiple rating periods if the contract signature criteria, as well as the rating period beginning and/or ending criteria are met for each rating period.
- Approval of this expenditure authority is conditioned upon continued compliance with the previously approved special terms and conditions, which set forth in detail the nature, character, and extent of anticipated federal involvement in the project.

## Objectives

- The Nevada Managed Care Risk Mitigation COVID-19 PHE Demonstration is approved in recognition of the PHE as a result of the COVID-19 pandemic. The Demonstration will help the state to furnish medical assistance in a manner intended to protect, to the greatest extent possible, the health, safety, and welfare of individuals and providers who may be affected by COVID-19.
- The state’s title XIX state plan and title XXI state plan, as approved, will continue to operate concurrently with this section 1115 Demonstration.



### **Managed Care Risk Mitigation COVID-19 PHE Benefits:**

- Nevada's Managed Care Risk Mitigation COVID-19 PHE section 1115(a) Demonstration is necessary to assist the state in delivering the most effective care to its beneficiaries in light of the COVID-19 PHE. The expenditure authority provided via this Demonstration assists the state in promoting the objectives of Medicaid. This Demonstration would 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. To that end, the expenditure authority is expected to support states with making appropriate, equitable payments during the PHE to help maintain beneficiary access to care. This exemption allows states to enter into or modify a risk mitigation arrangement with a Medicaid managed care plan after the applicable rating period has begun.

### **Delivery System:**

- The health care delivery system for the provision of services under this Demonstration will be implemented in the same manner as currently authorized prior to March 1, 2020.

### **Evaluation Questions:**

The following evaluation questions based on the specific STCs, waivers and expenditure authorities in the Demonstration will be investigated:

- What retroactive risk sharing agreements did the state ultimately negotiate with the managed care plans under the Demonstration authority?
- To what extent did the retroactive risk sharing implemented under the Demonstration authority result in more accurate payments to the managed care plans?
- In what ways during the PHE did the Demonstration support adding or modifying one or more risk sharing mechanisms after the start of the rating period?
- 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?
  - What were the principal challenges associated with implementing the retroactive DHCFP from the perspectives of the state Medicaid agency and Medicaid managed care plans?
  - What actions did the state take to address challenges presented by the implementation of retroactive DHCFP? To what extent were those actions successful in the context of the PHE?
- What were the principal lessons learned for any future PHEs in implementing the Demonstration flexibilities?

Per CMS guidance, DHCFP will ensure the focus of the final report is to respond to the qualitative evaluation questions as listed above, aimed at understanding the successes, challenges, and lessons learned in implementing the Managed Care Risk Mitigation COVID-19 PHE Demonstration. To answer such qualitative evaluation questions the state will leverage information in managed care contracts and

opinions gathered from financial management staff about challenges and lessons learned in implementing retroactive risk sharing arrangements. Furthermore, the state will review 42 CFR § 431.428 to ensure that the final report captures all applicable requirements stipulated for an annual report (e.g., incidence and results of any audits, investigations or lawsuits, or any state legislative developments that may impact the Demonstration).

### **Methodology**

A document review will initially be conducted to evaluate implementation of the Demonstration flexibilities by DHCFP and its contracted entities who implement the Demonstration on DHCFP's behalf. Documents reviewed may include:

- Memorandums issued by DHCFP to contracted entities covering the implementation of the Demonstration
- Emails, meeting minutes, or other documentation as available from DHCFP that provide further clarification related to implementation of the Demonstration to contracted entities
- Procedures, policies, or protocols developed by DHCFP or its contracted entities for internal implementation of the Demonstration
- Procedures, policies, or protocols distributed by DHCFP or its contracted entities to providers pertaining to implementation of the Demonstration
- Procedures, policies, or protocols distributed by DHCFP or its contracted entities to beneficiaries pertaining to implementation of the Demonstration
- Additional key documents relating to the implementation of the Demonstration not quantified above.

### **Evaluation Report**

This evaluation will be conducted internally by DHCFP staff. Data will be gathered as part of standard DHCFP operations. DHCFP will draw upon the findings from the cost/utilization assessment, and the mixed-methods qualitative analysis described above, to describe the extent to which the administrative and program costs related to this Demonstration were effective at achieving the objectives of the Demonstration.

The final evaluation 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 one year following the end of the Demonstration authority. Per 42 CFR § 431.428, the final report will capture all the requirements stipulated for 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 means, or if needed, request an extension of the deadline to meet this deliverable.