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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: September 19, 2019

Re: 14-Day Passive Review Approval – DHS

Pursuant to s. 20.940(3)(c)1, Stats., attached is a 14-day passive review request from the Department of Health Services, received on September 19, 2019.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Tuesday, October 8, 2019**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN;jm



State of Wisconsin
Department of Health Services

Tony Evers, Governor
Andrea Palm, Secretary-designee

September 19, 2019

The Honorable Alberta Darling, Senate Co-Chair
Joint Committee on Finance
Room 317 East
State Capitol
P.O. Box 7882
Madison, WI 53707

The Honorable John Nygren, Assembly Co-Chair
Joint Committee on Finance
Room 309 East
State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Senator Darling and Representative Nygren:

I appreciate the opportunity Department staff had to brief you this week on progress toward implementing the BadgerCare Reform Demonstration Project.

Per guidance provided to the Department by the Committee Co-Chair offices on September 18, 2019, I submit to you for 14-day passive review by the committee:

1. Per s. 20.940(3)(c)1., created by 2017 Act 370, a final implementation plan for three components of the Demonstration Project: monthly premiums, healthy behavior incentives, and a copayment for non-emergent use of an emergency department. The federal Centers for Medicare and Medicaid Services (CMS) have given final approval for these items. The final implementation plan is attached.
2. Per section 44(3) of 2017 Act 370, I am requesting an extension of the implementation deadline for two components of the BadgerCare Reform Demonstration Project, pertaining to the community engagement plan for childless adults and the availability of residential substance use disorder (SUD) treatment services for all BadgerCare Plus and Medicaid members. CMS has not granted the Department final approval to implement the community engagement plan or the SUD benefit. Because CMS has not provided final approval to implement these policies, the Department cannot move forward with member notification and complete other implementation tasks in time for a November 1, 2019 effective date. I am requesting that the deadline be extended to January 30, 2020 for these two components.

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Per s. 20.940(3)(c)2, this letter also provides a monthly progress report on the Department's progress toward implementing the community engagement plan for childless adult members and the availability of residential SUD treatment services for all BadgerCare Plus and Medicaid members.

As indicated in the August progress report to the Committee, DHS submitted a draft community engagement implementation plan to CMS on July 8, 2019. The proposal was discussed with CMS during a phone conference on August 23, 2019. CMS staff cancelled a second conference call scheduled for September 9th and have not rescheduled.

The SUD benefit would make available residential substance use treatment level of care, including coverage of treatment in institutions for mental disease (IMDs), to all BadgerCare Plus and Medicaid members. These services are otherwise ineligible for reimbursement under the Medicaid program. DHS submitted a revised draft of the SUD implementation plan to CMS on July 26, 2019, after incorporating the agency's initial feedback. DHS received additional comments from CMS in August, and resubmitted the proposed SUD implementation plan to CMS on September 12th. CMS staff indicated they will share feedback on the updated implementation plan in the coming weeks. Additionally, CMS provided the Department an updated technical specification document, an updated monitoring protocol workbook, and reporting templates for SUD monitoring. DHS also continued efforts to actively communicate with all certified providers and work with our partners to identify additional programs that may be interested in seeking certification.

September activities also included project steering committee meetings, project status meetings with the Division of Medicaid Services (DMS) administrative team and project team, project workgroup meetings, and numerous meetings with vendor staff to discuss systems development.

Additionally, as required by the Demonstration Project Special Terms and Conditions, DHS continues to work on a methodology to assess areas of the state that experience high rates of unemployment, areas with limited economic and/or educational opportunities, and areas that lack public transportation to determine whether exemptions from the community engagement requirement and/or additional mitigation strategies are necessary, so that the community engagement requirement will not be unreasonably burdensome for members to meet.

Because CMS has not provided final approval to implement the community engagement and SUD components, the Department cannot move forward with implementation in time for a November 1 effective date. Therefore, I request the Committee grant an extension to January 30, 2020.

Sincerely,



Andrea Palm
Secretary-designee

**DHS Final Implementation Plan
BadgerCare Reform 1115 Demonstration Project**

Per s. 20.940(3)(c)(1), this document describes the Wisconsin Department of Health Services' plan to implement major portions of the federally approved waiver amendment for the BadgerCare Reform 1115 Demonstration Project. DHS is submitting the plan for approval.

As described below, DHS has begun pre-implementation outreach and communication activities and plans to implement these components of the amendment on November 1, 2019 if final approval is given.

1. Overview of the BadgerCare Reform Demonstration Project

Under the BadgerCare Reform 1115 Demonstration Project, Wisconsin is eligible for federal Medicaid matching funds to provide health care coverage for childless adults between the ages of 19 and 64 years old who have income at or below 100 percent of the federal poverty level (FPL).

DHS continues to work towards implementation of the following changes outlined in the Special Terms and Conditions of the BadgerCare Reform 1115 Demonstration Project amendment approved October 31, 2018:

- Community engagement requirements, including limiting benefit eligibility to 48 months for non-compliance.
- Monthly premiums, modifiable based on household income and healthy behavior incentives, for which non-payment may result in a period of ineligibility.
- Healthy behavior incentives applied as a reduction in the monthly premium amount.
- An \$8 copayment for non-emergent use of an emergency department (ED).
- Full coverage of residential substance use disorder (SUD) treatment for all BadgerCare Plus and Medicaid members.

2. Notification of Implementation Plan Status

Per s. 20.940(3)(c)(1), when DHS submits an implementation plan that it considers its final implementation plan, it may not implement the approved portions of the request until the Joint Committee on Finance approves the final implementation plan.

Indicate below whether this submission represents an intermediate implementation plan or the DHS final implementation plan.

INTERMEDIATE IMPLEMENTATION PLAN

FINAL IMPLEMENTATION PLAN

3. Implementation Plan and Expected Timeline

In accordance with 2017 Wisconsin Act 370, DHS plans to implement the following components of the BadgerCare Reform 1115 Demonstration Project amendment on November 1, 2019.

- Monthly premiums, modifiable based on household income and healthy behavior incentives, for which non-payment may result in a period of ineligibility.
- Healthy behavior incentives applied as a reduction in the monthly premium amount.
- An \$8 copayment for non-emergent use of an emergency department (ED).

Detailed timelines for the rollout by policy area are included within each section of the implementation plan below. The DHS final implementation plan reflects the agency's goal of implementing these policies in a timely manner and in the most effective and efficient way for our members, staff, stakeholders, and the state.

DHS continues to work towards implementation of the remaining components of the BadgerCare Reform 1115 Demonstration Project amendment and will provide an update on implementation planning to the Joint Committee on Finance in our next monthly progress report.

Communications and Outreach

DHS recognizes that effective communication to staff, stakeholders, and our members is key to the ultimate success of the demonstration. As such, DHS is utilizing a broad array of communication mediums and strategies that will be used to reach each audience.

The state will coordinate efforts with community partners, advocates, health plans and providers to educate individuals about the demonstration. Wisconsin Medicaid members typically contact these entities when they have questions, and thus DHS plans to leverage those relationships between members and partners for education purposes. DHS will engage in an education and training campaign targeting these stakeholders, and will adopt a "train the trainer" approach so partners will be able to walk members through the process of complying with each of the new requirements. DHS is creating a partner tool kit comprised of Frequently Asked Questions (FAQs), social media posts, talking points, and other materials for our partners who engage with Medicaid members to train them on the new requirements. DHS will continue to provide regular updates to partner groups including: provider associations, HMO contract administrators, council and advisory groups, and Tribal Health Directors. DHS will also educate and train our agency's front-line staff (e.g. Income Maintenance workers and community partners) and impacted providers through individual communications and updates as well as formal policy documents.

Direct member communications will include letters notifying all impacted members of the policy changes, as well as updates to current member notices to relay more individualized information

as members become impacted by each policy, and updates to the Eligibility and Benefits Handbook mailed to the member at the time of application. DHS digital communications will also be employed to deliver key messages to members and partner organizations, and will include social media, online videos, a new project homepage, and email messages.

A more detailed description of the rollout of communications and outreach by policy area is included throughout the implementation plan.

Monthly Premiums

The BadgerCare Reform 1115 Demonstration Project amendment added an \$8 monthly household premium requirement for childless adults with incomes from 50 percent up to and including 100 percent of the federal poverty level as a condition of eligibility. The monthly premium will be applicable at the time of a member's first application or renewal following the policy implementation date. If an income-exempt member experiences an increase in income above 50 percent of the federal poverty level, the premium requirement will take effect the following month. Likewise, if a member's income falls below 50 percent of the federal poverty level, the premium requirement will no longer apply. As outlined in the Special Terms and Conditions, tribal members are exempt from the premium requirement.

Under the demonstration, premiums are charged at a household level, and DHS must reduce premiums for members who demonstrate they are avoiding or actively managing certain health risk behaviors, are engaging in healthy behaviors, or have a health condition that causes them to engage in a health risk behavior. DHS will reduce a household's premium by up to half based on each adult household member's healthy behavior incentive described below. Premium payments are subject to the 5% cost-sharing cap for each individual.

Members will be allowed to pay premiums monthly or as a lump sum at the time of renewal. DHS will accept payments through multiple modalities including by credit card or debit card, through a mobile application, online through the ACCESS application and benefits management portal, by check or money order by mail, and in-person. Third parties, including providers and non-profit organizations, will be allowed to pay premiums on behalf of members. If a member has unpaid premiums at their annual renewal, and they are still subject to premiums, the member may be disenrolled for a period of up to six months for nonpayment. Members will receive adequate notice of their obligation to pay and all current good cause reasons for lack of timely payment of premiums will apply to this population. To regain coverage, members may pay all owed premiums, or wait six months and reapply. Members could gain coverage under a different eligibility category during this six-month period.

Expected Timeline for Monthly Premiums

Preliminary evaluation of Medicaid premiums in other states showed low compliance with the premium requirement, primarily as a result of a lack of understanding of how, when, and where to pay¹. Therefore, DHS is committed to providing members with sufficient notice of the requirement and clearly communicating how premiums are assessed; when premiums are due, and how to make payments. DHS will also be working with stakeholders to establish a system of support for members in complying with the premium requirement and to ensure third-parties understand the process to make payments, if applicable.

Outreach to internal and external stakeholder groups began this month and includes in-person presentations, release of the partner toolkit, and updates to DHS websites. In November 2019, DHS will notify all current members of the requirement and the potential impact on their health care benefits via formal letters. To allow for adequate notice, current members will become subject to the premium requirement at their renewal after February 1, 2020. Similarly, new applicants will become subject to the requirement at their initial application after this date.

Healthy Behavior Incentives

The BadgerCare Reform 1115 Demonstration Project amendment includes completion of a health risk assessment (HRA) as a condition of eligibility for all childless adults, and allows DHS to incentivize healthy behaviors by reducing premium amounts for members who report behaviors that lead to better health outcomes. Healthy behaviors are assessed on an individual level, but premiums are calculated at a household level.

As a result:

- For a one-person household, the reduced premium would be \$4.
- For a two-person household in which both individuals have a reduction, the household premium would be \$4.
- For a two-person household in which only one individual has a reduction, the household premium would be \$6.

Under this healthy behavior provision, DHS will establish a two-stage process. The first stage, which is mandatory for all childless adults, will include a health risk assessment focused on substance use disorders. Members' completion of this assessment will be a condition of eligibility and may result in a premium reduction. The second stage, which is voluntary, will include a more comprehensive survey addressing healthy behaviors, alcohol use, and tobacco use. Completion of this second survey may also result in a premium reduction for childless

¹ KFF – Digging into the Data: What Can We Learn from the State Evaluation of Healthy Indiana (HIP 2.0) Premiums: <http://files.kff.org/attachment/Issue-Brief-Digging-Into-the-Data-What-Can-We-Learn-from-the-State-Evaluation-of-Healthy-Indiana-HIP-20-Premiums>

adults. Members will be able to complete both stages of the healthy behaviors provision through multiple modalities, including through a mobile application, online through the ACCESS application and benefits management portal, by phone, or by mail.

Expected Timeline for Healthy Behavior Incentives

DHS will align the rollout of the healthy behavior incentives with the premium requirement, as the amount of a member's premium must be determined based on the incentives. As such, outreach to internal and external stakeholder groups on this topic also began this month and includes in-person presentations, release of the partner toolkit, and updates to DHS websites. In November 2019, the formal letters members receive will also inform them of the incentive and the impact on premiums. Finally, members will complete the healthy behavior incentives at their application or renewal after February 1, 2020, when they become subject to the premium requirement.

Emergency Department (ED) Copay

The BadgerCare Reform 1115 Demonstration Project was amended to require an \$8 copayment for non-emergent use of the ED for childless adults. The copay will be waived if the visit is determined by the provider to be emergent using the prudent person standard. ED copayments are subject to a 5% cost-sharing cap for each individual. DHS will identify and implement other ED diversion strategies for those members who use the ED to receive non-emergent care. As outlined in the Special Terms and Conditions, tribal members are exempt from the ED copayment requirement.

Consistent with the current DHS process for enforcing copayments, providers will be responsible for collecting the copayment and DHS will deduct the \$8 copayment amount from the allowable Medicaid paid amount for claims flagged as non-emergent.

Expected Timeline for ED Copay

Outreach to internal and external stakeholder groups has begun and consistent with other policies will include in-person presentations, release of the partner toolkit, and updates to DHS websites. In November 2019, DHS will notify all current members of the new ED copayment via formal letters. Provider communications will begin in December and will include a written policy update and updates to provider-facing handbooks and webpages. DHS will coordinate with internal and external stakeholders to ensure readiness to implement the copayment and provide members with appropriate alternatives to the ED. To allow for adequate notice of all members and sufficient readiness of providers, DHS will begin collecting copayments for non-emergency use of the ED on February 1, 2020.