

State of Wisconsin

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: November 27, 2019

Re: 14-Day Passive Review Approval – DHS

Pursuant to s. 20.940(3)(a)1 Stats., attached is a 14-day passive review request from the Department of Health Services, received on November 27, 2019.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Monday, December 16, 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

November 26, 2019

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J. FINANCE

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:

Per s. 20.940(3)(a)1., created by 2017 Act 370, I am requesting to extend the timeline for submitting a federal demonstration project request for the Medicaid Health Savings Account (MHSA) program by 90 days, to February 24, 2020.

Following procedures under Act 370, I have provided the Committee with an initial implementation plan for the program, and the Committee has granted additional time for the Department to consult with the federal Centers for Medicare and Medicaid Services (CMS) about how to develop a proposal that would be federally permissible and also beneficial to Medicaid members.

On August 16, 2019, the Department sent a letter to CMS seeking guidance on whether MHSA implementation would require a waiver, and if so, what type of waiver authority would be needed to operationalize the MHSA program. Department staff discussed the issue with CMS staff in a conference call on September 4th; CMS staff indicated they would research the issue and respond. At a meeting on November 12th, the Department reminded CMS that we are still waiting for a response.

In my August 28th letter, I indicated that DHS was considering a MHSA program for BadgerCare childless adults with incomes between 50% and 100% of the federal poverty level through a public-private partnership, which would allow private sources to contribute to MHSAs. Under this model, MHSA enrollees would then be allowed to use this funding to pay for program premiums and copayments. DHS would explore allowable options for establishing conditions of participation in order to access MHSA funds. The Department continues to examine this

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approach. As we await further CMS guidance, the Department has continued to stay up to date on all possible MHSA options.

Potential models in addition to privately-funded HSAs include:

Premium-Funded MESA: Under this option, premiums paid by BadgerCare Plus childless adults would be placed into an individual MESA for each member. Once the member meets certain qualifications, the member could use the funds for copayments, purchasing wellness activities or products, or other possible uses.

Medicaid-Funded MESA: The state could fund each member's MESA using GPR and federal matching funds. The member could use the funds for copayments, purchasing wellness activities or products, or other possible uses.

Member-Funded MESA: This model would give a member the option to contribute up to a certain dollar amount or portion of his or her income toward the MESA. The member could then use the MESA for the same purposes as under a premium-funded or Medicaid funded model.

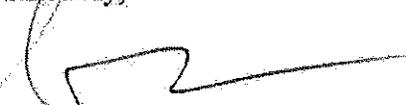
Based on our research, four states have experimented with HSAs for their Medicaid populations. Arkansas (a member-funded model) and Indiana (a Medicaid-funded model) have discontinued them. Michigan and Arizona began premium-funded accounts in 2014 and 2016, respectively.

Earlier this month, the Department reached out to the National Association of Medicaid Directors seeking additional information about whether other states are considering MESA implementation.

CMS guidance is crucial to the Department designing a successful MESA program. I ask that the Committee grant a further 90-day extension to allow time to receive a response from CMS.

Thank you for considering this request. Please contact me with any questions.

Sincerely,



Andrea Palm
Secretary-designee