

# 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: March 1, 2019

Re: DHS Plan to JFC

Attached is an implementation plan for the BadgerCare Reform Demonstration Project from the Department of Health Services, pursuant to s. 20.940(3)(c)1, Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN;jm



State of Wisconsin  
Department of Health Services

Tony Evers, Governor  
Andrea Palm, Secretary

March 1, 2019

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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)(c)1., created by 2017 Act 370, I am submitting an implementation plan for the BadgerCare Reform Demonstration Project, which was approved by the federal Centers for Medicare and Medicaid Services on October 31, 2018.

The implementation plan is attached. Please contact me if you have any questions about this plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrea Palm".

Andrea Palm  
Secretary

## **DHS 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 the federally approved waiver amendment for the BadgerCare Reform 1115 Demonstration Project.

### **1. Summary of the BadgerCare Demonstration Project**

In 2013, the Centers for Medicare & Medicaid Services (CMS) approved Wisconsin's 1115 Demonstration Project application for a five-year period, permitting the state to provide the Medicaid standard benefit plan to adults without dependent children, also known as the childless adult population. The project began effective January 1, 2014. Under this 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). The childless adult population receives the standard benefit plan, which is the same benefit plan that covers parents, caretakers, and children.

On June 7, 2017, DHS submitted an amendment application for the BadgerCare Reform 1115 Demonstration Project in compliance with the Wisconsin 2015-17 Biennial Budget (2015 Act 55). DHS subsequently submitted an extension application to CMS to continue the BadgerCare Reform 1115 Demonstration Project for five years on January 12, 2018, in compliance with CMS waiver renewal requirements. DHS met regularly with CMS for 17 months to negotiate the Special Terms and Conditions (STCs) of the project amendment and extension. On October 31, 2018, DHS and CMS reached agreement on the STCs and the state received approval for the waiver extension with amendments as negotiated in the STCs.

Five policy changes pertaining to the childless adult population were included in the final approved waiver:

1. **Establishing monthly premiums** based on monthly household income and healthy behaviors.
2. **Establishing emergency department copayments** for non-emergency use of services.
3. **Requiring members to complete a health risk assessment (HRA)** to be eligible for benefits and determine premium amount, if applicable.
4. **Limiting benefit eligibility to 48 months** for noncompliance with community engagement requirements.
5. **Extending coverage** for this population through December 31, 2023, effective with the approval of the waiver.

Two additional policies applying to other populations were included in the approved waiver:

6. **Removing premiums for parents and caretakers enrolled in Transitional Medical Assistance** effective January 1, 2019.
7. **Providing full coverage of residential substance use disorder treatment** for all BadgerCare Plus and Medicaid members.

Implementation of the childless adult components of the BadgerCare Reform 1115 Demonstration Project is required by s. 49.45 (23b).

## 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

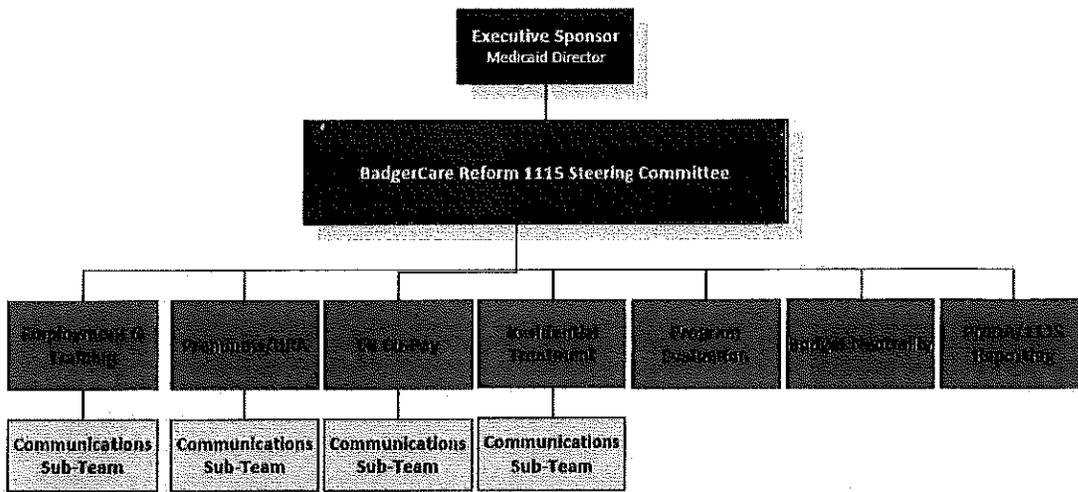
### Implementation Plan

Since submitting the BadgerCare Reform 1115 Demonstration Project amendment in June 2017, DHS has worked closely with CMS to finalize the amendment and receive guidance on implementation. DHS has also had the opportunity to provide input to CMS by:

- Acting as a key contributor to the federal Community Engagement State Monitoring Advisory Group, which has been developing the templates, guidelines, and reporting requirements for the Section 1115 Demonstration for Community Engagement;
- Working with CMS Subject Matter Experts to gain insight and guidance on the development of the Substance Use Disorder Implementation Plan needed to implement the Substance Use Disorder Treatment expansion provision.

CMS has been releasing new and updated guidance to states as it becomes available, incorporating lessons learned from other states implementing similar waivers and changes in the federal legal landscape surrounding waivers of this type. As such, DHS has and continues to take an agile approach to waiver implementation as we await federal guidance and more clearly defined requirements and deliverables, to avoid rework and inefficiencies.

To facilitate this approach, DHS established a governance structure for project implementation. This allows for different provisions of the project to be designed, developed, and implemented independently, and for consistent stakeholder input, program management, waiver evaluation, and administration. Below is a figure outlining this organizational structure, including defined workgroups.



**Figure 1.** BadgerCare Reform 1115 Waiver Organizational Structure

The workgroups were established during the development of the project amendment, have been maintained throughout negotiations with CMS, and are facilitating implementation of the BadgerCare Reform 1115 Project.

DHS uses a standard implementation approach involving the following phases:

- Policy, business process development
- Legal review
- Stakeholder engagement
- Procurement/contracting
- Systems design and implementation
- Member communications and outreach
- Internal and external stakeholder training
- Program evaluation and reporting

***Policy, business process development***

To fully implement the project in accordance with the STCs approved by the federal government, DHS must complete an extensive analysis of each policy<sup>1</sup> to identify considerations used throughout each subsequent stage of the implementation process. At a minimum, this policy analysis includes:

- A review of related state and federal policies or programs that could impact, or be impacted by, implementation of the policy;
- The identification of potential impacts to members, stakeholders, and the state, as well as a review of other states' experiences implementing similar projects, to anticipate any implementation challenges and develop options for leadership consideration;

<sup>1</sup> Refer to Section 1, Summary of Waiver.

- Legal consultation in tandem with policy analysis and development to ensure compliance with all applicable state and federal statutes and rules, as well as the STCs of the approved project (see *Legal review*);
- Consideration of interdependencies between the BadgerCare Reform 1115 Demonstration Project and other priority projects of the agency, including other initiatives that may require sequential deployment of different elements to facilitate proper and efficient implementation;
- A fiscal review of the policy to identify immediate and ongoing resource needs.

Throughout this process, DHS will also work with CMS to submit all deliverables required by the STCs prior to implementation.

Once each policy is finalized, DHS will use this information to develop operational documentation, document business requirements (see *Systems design and implementation*), and create communications and training on the new policy. DHS must also plan for, test, and deploy a series of process changes to be completed by state staff, stakeholders, and members to support effective and efficient implementation of each new policy. At a minimum, this includes:

- Analysis and documentation of all necessary department process and procedure changes, including development of a process to accommodate the full appeal rights as required under 42 CFR, Part 431, Subpart E, prior to any enrollment terminations accompanying each policy;
- Assessment and engagement of impacted stakeholders and the development of processes for external partners to support implementation and assist members in successfully complying with program requirements (see *Stakeholder engagement*);
- Analysis, testing, and documentation of actions to be taken by members to successfully comply with each policy, and identification of any intervening actions by staff or stakeholders necessary to support completion of these actions.

### ***Legal review***

A legal review will be completed in tandem with policy and business process development to ensure implementation of the policy complies with all applicable state and federal statutes and rules, as well as all negotiated STCs of the final approved waiver.

Additionally, legal review will occur during development of member communications and as needed throughout implementation to ensure compliance with all applicable state and federal notice requirements, as well as the STCs of the approved project.

### ***Stakeholder engagement***

Stakeholder engagement is key to a successful waiver implementation, so much so there are specific engagement requirements outlined in the STCs of the approved project.

As such, DHS will complete an assessment of impacted stakeholders and engage them in policy and business process development. DHS will use the information gathered from stakeholders to develop processes for external partners to support implementation and assist members in successfully complying with program requirements.

A unique stakeholder group in this process are the state's Tribal Nations. Tribal consultation is required by the STCs of the approved project. Tribal consultation began prior to submission of the amendment and will continue throughout the implementation process. This process is outlined in the Tribal Consultation Plan submitted to CMS on December 21, 2018 and is considered Attachment I of the approved project amendment.

DHS plans to engage stakeholders directly, throughout implementation planning, via regional forums. DHS will also host a public forum to gather input on post-implementation progress, within 6 months of the initial implementation date, as required by the STCs.

### ***Procurement/contracting***

Certain components of the project may require coordination between multiple vendors, or new procurements, to develop the state's capacity to fully implement the changes. During the policy and business process development phase, DHS will assess the current systems, staff, and vendor capacity, to determine if adjustments to current contracts or new procurements are needed.

### ***Systems design and implementation***

Full implementation of the project will require significant updates to multiple technology systems to incorporate all policy and process changes and allow for appropriate data collection, storage, and conversion into a usable format for reporting. DHS follows a standard systems development lifecycle (SDLC) process to update systems. DHS' SDLC includes defining use cases and documenting business and system requirements, followed by design, development, and testing to confirm the system meets business needs prior to implementation.

DHS will complete the SDLC to update all impacted systems, which may include the Medicaid Management Information System (MMIS) and eligibility and enrollment system, as well as client-facing systems including ACCESS Web, and the MyACCESS mobile app. If new systems are needed to implement the program changes, DHS will coordinate with the Department of Administration (DOA) to determine Division of Enterprise Technology (DET) staff availability.

### ***Member communications and outreach***

DHS must develop a robust member communications and outreach plan to ensure members are aware of and understand each policy change and how to comply. In addition, certain member notices are required by the approved waiver. At a minimum, this communication strategy includes:

- An overall assessment of the communication needs of members to determine the appropriate communication channels and key messages to deliver at what time;
- Legal consultation to ensure compliance with all applicable state and federal notice requirements, as well as the STCs of the approved project amendment (see *Legal review*);
- Design, development, and delivery of communications;
- A process to evaluate and update communications to reflect policy or process changes occurring post-implementation.

### ***Internal and external stakeholder training***

All state staff, community partners, and vendors must understand each policy change, their responsibilities, and the steps necessary to fulfill those responsibilities. To accomplish this, DHS must develop clear and consistent training. At a minimum, this training strategy includes:

- An overall assessment of the training needs of all stakeholders—including state staff, community partners, vendors, and Tribal Nations;
- Design, development, and delivery of training, including any necessary systems changes;
- A process to evaluate and update training to reflect policy or process changes occurring post-implementation.

### ***Program evaluation and reporting***

Program evaluation is a federally required element of all Section 1115 Demonstration Projects, including BadgerCare Reform. As required by the approved STCs, DHS will draft an evaluation design and contract with an independent party to:

- Evaluate the implementation and effectiveness of the project,
- Ensure DHS and relevant systems are collecting and able to extract all necessary data to evaluate the success of the waiver in meeting its stated goals, and
- Ensure the evaluation is conducted following an approved methodology.

### **Expected Timeline**

In accordance with 2017 Wisconsin Act 370 (Act 370), DHS is working towards implementing the BadgerCare Reform 1115 Demonstration Project by November 1, 2019. If DHS anticipates being unable to meet this implementation date, an extension request will be submitted in writing, per 2017 Act 370, Section 44(3). Additionally, DHS looks forward to reporting to the Joint Committee on Finance on the progress made towards full implementation via the monthly progress reports, per s. 20.940(3)(c).

DHS anticipates completing policy and business process development for the waiver by June 1, 2019. Other implementation activities are dependent upon the considerations identified and decisions made during this phase. As timelines for subsequent phases are further refined, we will communicate updates in our progress reports.