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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: July 2, 2019

Re: DHS Report to JFC

Attached is a implementation progress report for the BadgerCare Reform Demonstration Project from the Department of Health Services, pursuant to s. 20.940(3)(c)2, 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

July 1, 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:

Per s. 20.940(3)(c)2., created by 2017 Act 370, I am submitting an implementation progress report for the BadgerCare Reform Demonstration Project, which was approved by the federal Centers for Medicare and Medicaid Services on October 31, 2018.

The progress report is attached. Please contact me if you have any questions about this report.

Sincerely,


Andrea Palm
Secretary-designee

JUL 02 2019
J.F. FINANCE

DHS Implementation Progress Report BadgerCare Reform 1115 Demonstration Project

Per s. 20.940(3)(c)2., this document provides a monthly report of the Wisconsin Department of Health Services' (DHS) progress toward implementing the federally approved waiver for the BadgerCare Reform 1115 Demonstration Project.

Reporting Period: June 1, 2019 – June 30, 2019

1. Overview of the 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 (STCs) 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 behaviors, and for which non-payment may result in a period of ineligibility.
- A healthy behavior incentive applied as a reduction in the monthly premium amount.
- An \$8 copayment for non-emergent use of an emergency department.
- Full coverage of residential substance use disorder treatment for all BadgerCare Plus and Medicaid members.

2. Activity During the Current Reporting Period (June 1, 2019 – June 30, 2019)

During the month of June 2019, DHS continued to engage in activities designed to coordinate implementation of the approved changes in the most effective and efficient way for our members, staff, stakeholders, and the state. Activities during the month of June included: project steering committee meetings, project status meetings with Division of Medicaid Services (DMS) administrative team and project team, project workgroup meetings to discuss policy and process development, communication strategy meetings focusing on stakeholder and member engagement, and numerous meetings with vendor staff to discuss systems development.

In the month of June, DHS also engaged in project implementation discussions with the Centers for Medicare & Medicaid Services (CMS). These discussions opened further dialogue regarding the deliverables required by the Section 1115 Demonstration Project STCs, including feedback

on planned implementation of the substance use disorder (SUD) treatment program. DHS also participated in an all-state call with CMS staff discussing new monitoring guidance and resources. The Department will continue coordinating with CMS to ensure a successful implementation of the BadgerCare Reform amendment. Any delay in CMS' approval of, or modifications required to, the deliverables required by the STCs could delay the Department's ability to implement the project according to the proposed timeline.

3. Updated Implementation Plan and Expected Timeline

The intermediate implementation plan submitted by DHS on March 1, 2019 projected the completion of all policy and business process development by June 2019. Although DHS has completed a large majority of the required work to develop policy and business processes, this work continued during the month of June. Major policy and process decisions that have been finalized for implementation of this project are described below.

Community Engagement

The BadgerCare Reform 1115 Demonstration Project was amended to add a community engagement requirement for childless adults, tied to a benefit time limit for members who are noncompliant with the requirements for 48-months in aggregate. Under the demonstration, all childless adults ages 19 through 49 who are not otherwise exempt are required to complete at least 80 hours per month of qualifying activities, and report these activities to the state.

To ensure members' ability to comply with community engagement reporting requirements, DHS will offer members multiple options for reporting community engagement activities, including through a mobile phone and tablet application, the ACCESS application and benefits management online portal, by phone, and by mail. Many childless adults enrolled in BadgerCare are dually enrolled in FoodShare and must meet both a community engagement requirement and a FoodShare work requirement. To ensure streamlined participation, BadgerCare community engagement and FoodShare work reporting requirements will be aligned to avoid confusion among and minimize burdens on members.

DHS is in the process of evaluating contracting options for delivery of employment and training services for BadgerCare members participating in community engagement, to ensure that program participation results in successful long-term employment outcomes. Despite the fact that the Demonstration Project STCs require DHS to provide these supports to BadgerCare childless adult members who are subject to the community engagement requirement, no federal funding is available for any administrative costs associated with these supports, per State Medicaid Director letter 18-002¹. The version of the 2019-2021 Biennial Budget Bill passed by the Legislature does not appropriate sufficient funds for these federally-required activities.

¹ State Medicaid Director Letter 18-002: <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>

As part of the policy research process, DHS determined that in Arkansas, although the state invested in additional staffing and significant outreach by state workers, health plans, and partners, participant surveys of the program indicated that most enrollees were unaware of the need to comply with community engagement requirements². Learning from this outcome and approaches in other states, including Indiana, DHS is pursuing implementation options designed to ensure ease of participation and member continuity of care. To achieve this goal, DHS is developing a comprehensive outreach and engagement strategy for members, as well as a strong system of stakeholder support for members as they seek to comply with community engagement requirements and other components of the waiver. Additionally, the STCs include very specific client notice requirements related to community engagement. As such, DHS is developing a robust communications plan to provide members and advocates with ample notification and understanding of the requirements, and anticipates rolling out this strategy over the course of several months.

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. Under the demonstration, DHS must reduce premiums for members who demonstrate they are avoiding or actively managing certain health risk behaviors, or have a health condition that causes them to exhibit a health risk behavior (such as weight gain, for example). In addition, members may be disenrolled from BadgerCare for nonpayment of premiums for a period of up to six months. Tribal members are exempt from the premium requirement.

A preliminary evaluation of Indiana's premium component showed low compliance with the state's premium requirement. The most prevalent reason for nonpayment was a lack of understanding about how, when, and where to pay³. DHS is committed to learning from the experiences of other states and is working to implement policies that meet the goals outlined in the approved amendment in a manner most effective for members and for the state. As such, DHS is working to develop an intuitive system and a robust communications and outreach strategy to assist members in fully understanding how premiums are assessed, when their premiums are due, and how to make payments.

To support members in successfully making premium payments, DHS will provide multiple options to pay, including through a mobile phone and tablet application, online through the

² KFF – An Early Look at Implementation of Work Requirements in Arkansas: <https://www.kff.org/report-section/an-early-look-at-implementation-of-medicaid-work-requirements-in-arkansas-key-findings-9243/>

³ 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>

ACCESS application and benefits management portal, by phone, or by mail. DHS is also exploring the feasibility of accepting payments through other smartphone cash transfer applications. Developing a streamlined system to collect premium payments requires DHS to implement complex systems changes involving multiple applications. DHS is collaborating with a vendor to build the systems and establish an efficient process to implement premiums for impacted members.

DHS' communications and outreach strategy will involve coordination with multiple internal and external stakeholders to ensure members are adequately notified of their premium obligation and understand how and when to make payments. DHS will also partner with stakeholders to establish a system of support for members in complying with the premium requirement and to determine the best process for collection of payments from third-party payers, as appropriate.

Healthy Behavior Assessment

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 engagement or readiness to engage in certain behaviors and activities that lead to better health outcomes. The healthy behavior assessment will be implemented through multiple modalities, including through a mobile phone and tablet application, online through the ACCESS application and benefits management portal, by phone, and by mail.

The healthy behavior assessment will be implemented concurrently with the premium requirement, as the amount of a member's premium will be determined based on the responses on the healthy behavior incentive assessment. As such, DHS is coordinating implementation of these two components of the project very closely. DHS is working with a vendor to implement the systems changes needed to deliver the assessment and make appropriate adjustments to the premium amounts, as applicable. We continue to seek advice and guidance from clinical staff regarding the content and format of the assessment. DHS anticipates finalizing the assessment by late summer.

Emergency Department (ED) Copay

The BadgerCare Reform 1115 Demonstration Project was amended to add an \$8 copayment for non-emergent use of the emergency department for childless adults. Tribal members are exempt from the ED copayment requirement.

Implementation of ED copayments requires significant coordination with internal and external stakeholders to collect and track payments, and to provide members with appropriate alternatives to the ED. DHS will be engaging with stakeholders to determine how best to address these co-

payments, and to increase access to non-emergent services to accommodate the potential increase in demand. As required by the approved amendment, the \$8 copayment will be waived if the visit is determined by the provider to be emergent using the prudent person definition.

Substance Use Disorder (SUD) Program

The BadgerCare Reform 1115 Demonstration Project was amended to add a substance use disorder (SUD) program for all Wisconsin Medicaid beneficiaries. The SUD program is intended to be part of Wisconsin's comprehensive statewide strategy for combating opioid use disorders and thus expands the SUD benefit package to cover short-term residential services in facilities previously excluded as institutions for mental disease (IMDs).

DHS will implement a new benefit for the residential treatment level of care, including coverage of treatment within IMD facilities not otherwise eligible for reimbursement. DHS will expand Medicaid state plan coverage for inpatient services and medically supervised withdrawal management levels of care to include previously excluded IMD providers. Providing full coverage of residential SUD treatment requires significant coordination with internal and external stakeholders to appropriately define and implement the new benefit, and to appropriately connect members in need to services to providers.

In accordance with 2017 Wisconsin Act 370, DHS continues to work towards implementation of the BadgerCare Reform 1115 Demonstration Project amendment by November 1, 2019. DHS continues its goal to implement these policies in a timely manner and in the most effective and efficient way for our members, staff, stakeholders, and the state. DHS will communicate updates regarding progress toward this goal, including any potential issues that may arise impacting the project timeline, in future monthly progress reports.