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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: August 1, 2019

Re: DHS Report to JFC

Attached is a 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 31, 2019

AUG 01 2019
St. 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)(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

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' progress toward implementing the federally approved waiver for the BadgerCare Reform 1115 Demonstration Project.

Reporting Period: July 1, 2019 – July 31, 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 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 (ED).
- Full coverage of residential substance use disorder (SUD) treatment for all BadgerCare Plus and Medicaid members.

2. Activity During the Current Reporting Period (July 1, 2019 – July 31, 2019)

During the month of July 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 July included: project steering committee meetings, project status meetings with Division of Medicaid Services (DMS) administrative team and project team, project workgroup meetings to finalize policy and process development, and numerous meetings with vendor staff to discuss systems development.

DHS attended a meeting with tribal health directors to discuss the impact of the amended Demonstration Project policies on tribal members, and discuss options for addressing tribal member concerns with current demonstration project policies. Tribal members are exempt from the premium and ED copay requirements under the amended Demonstration. DHS also engaged in conversations with CMS this month to determine the best approach to address tribal concerns

related to the impact of the community engagement requirement, and to begin the process of updating the tribal consultation plan previously submitted to CMS, as required by the amendment's Special Terms and Conditions.

DHS also continued implementation discussions with the Centers for Medicare and Medicaid Services (CMS) and development of the deliverables required by the Section 1115 Demonstration Project Special Terms and Conditions throughout the month of July. DHS submitted a draft evaluation design and a draft community engagement implementation plan to CMS for initial feedback as scheduled, and will continue to engage in a dialogue with CMS to address any questions or concerns as needed prior to final approval. Prior to submission of the evaluation design, DHS worked closely with the contracted independent evaluator for the project to develop a robust draft plan aligned with CMS guidance and the stated goals of the Demonstration. This included several informal meetings with program staff during development of the design and a presentation to the steering committee where the evaluator shared the draft design with DHS for initial feedback prior to submission. Finally, DHS resubmitted a draft of the SUD treatment program implementation plan to CMS after incorporating the agency's initial feedback. Should CMS require further modifications to the deliverables required by the Special Terms and Conditions, or should CMS otherwise delay approval of the drafts currently under review, the project implementation timeline could be impacted.

DHS continued to finalize policy and business processes throughout the month of July. This month, DHS also made significant progress in developing an outreach and communications strategy to prepare members, stakeholders, and staff for the policy changes. Additional decisions finalized for implementation of the 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.

DHS will grant exemptions from the requirement, including temporary exemptions for good cause, as outlined in the waiver Special Terms and Conditions and WI Act 370. As required by the Special Terms and Conditions, DHS is also in the process of developing 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 there should be further exemptions from the community engagement requirement and/or additional mitigation strategies, so that the community engagement requirement will not be unreasonably burdensome to meet.

Members will be allowed to report monthly participation in community engagement activities on a monthly basis or at renewal for all prior months of the certification period. DHS will accept self-attestation of member reported hours, unless determined questionable. Members will be able to report their work and training activities via a mobile app, ACCESS (our self-service portal), the mail, phone or in-person. DHS will accept any combination of the qualifying activities listed in the approved Special Terms and Conditions, including:

- Working in exchange for money;
- Working in exchange for goods or services (“in-kind”);
- Unpaid work (e.g., volunteer work, community service);
- Self-employment at any wage;
- Taking part in an allowable work, job training, or job search program, such as:
 - FoodShare Employment and Training (FSET), including the FSET Workfare component;
 - Wisconsin Works (W-2);
 - Workforce Innovation and Opportunity Act (WIOA) programs;
 - Refugee Employment and Training;
 - Trial Employment Match Program (TEMP);
 - Children First;
 - Programs under section 236 of the Trade Act;
 - Tribal work programs; or
 - Other state-approved workforce programs.

Any month of eligibility in which a member has not met the community engagement requirement or been granted an exemption will be considered to count against the 48-month time limit. Each month for which the community engagement requirement is considered met (including an exemption from the requirement) will not count towards the 48-month limit. If a member reaches the 48-month limit, they will be subject to a 6-month period of ineligibility before they can re-enroll. Termination of eligibility due to exhausting 48 months of benefits will not occur mid-certification period. After the six-month period of ineligibility, members may reapply for benefits and the 48-month clock will reset.

DHS is currently evaluating options for implementation of the community engagement component of the Demonstration Project given the funding levels enacted in the Biennial Budget for the provision of required employment and training supports.

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.

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, 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 responses on the healthy behavior assessment 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, through multiple modalities including a mobile application, online through the ACCESS application and benefits management portal, by phone, or by mail. Third parties, including providers and non-profit organizations, will be allowed to pay premiums on behalf of members. At the end of their certification period and after receiving adequate notice of their obligation to pay, members may be disenrolled from BadgerCare for a period of up to six months for nonpayment. All current good cause reasons for lack of timely payment of premiums will apply to this population.

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 behaviors 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, but may result in a premium reduction. The second stage, which is voluntary, will include a more comprehensive survey of healthy behaviors. Completion of this second survey may also result in a premium reduction for childless adults.

DHS provided an update on implementation of the healthy behavior incentives to health maintenance organization (HMO) contract administrators this month, and requested clinical guidance and feedback from the HMOs on the content and format of the survey.

Emergency Department (ED) Copay

The BadgerCare Reform 1115 Demonstration Project was amended to add an \$8 copayment for non-emergent use of the ED for childless adults. DHS will waive this copay 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 is in the process of identifying 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.

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 from reimbursement as institutions for mental disease (IMDs).

Currently, Wisconsin Medicaid's largest coverage gap is for the provision of residential treatment. As such, 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 is in the process of finalizing the clinical vision and design of this new benefit, including specific covered services, with input from stakeholders. Last month, DHS surveyed all certified residential SUD treatment providers in the state for information regarding their program operations, relationship with the Medicaid program, billing processes, and clinical design. This information is currently under review by policy staff. This month, DHS met with HMO contract administrators to discuss coverage policies for residential SUD treatment. HMO contract administrators recommended continued discussion with the medical directors from their respective organizations to refine clinical considerations for residential SUD coverage. Finally, DHS met with the Planning and Funding Committee of the State Council on Alcohol and Other Drug Abuse (SCAODA) to review initial policy design decisions and respond to questions regarding the benefit.

Following implementation of the new residential benefit, DHS will reassess coverage for each level of care to identify any additional gaps or barriers to treatment. Initiatives to remove

treatment barriers will be prioritized so that members can access SUD treatment at the appropriate level of care.

Stakeholder Engagement

DHS made significant progress this month in finalizing a comprehensive outreach and engagement strategy for members and internal and external stakeholders. DHS has completed an assessment of impacted stakeholders and identified several specific communications tactics 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 Community Engagement requirement. Wisconsin Medicaid members typically contact these entities when they have questions, and therefore leveraging those relationships between members and partners for education purposes is an effective strategy. DHS will engage in an education and training campaign targeting these stakeholders, and will adopt a "train the trainer" approach so they will be able to walk members through the process of complying with each of the new requirements.

DHS is also creating a tool kit for our partners who engage with Medicaid members to train them on the new requirements. DHS will also continue to provide regular updates at provider association meetings, HMO contract administrator meetings, council and advisory group meetings, and partner and advocacy group meetings. DHS will also educate and train our agency's front-line staff (e.g. Income Maintenance workers and community partners) through individual communications and updates as well as formal policy documents. Direct member communications will include one-time letters notifying all impacted members of the policy changes, as well as updates to current member notices to relay more individualized information, and updates to the Eligibility and Benefits Handbook mailed to the member at the time of application.

In accordance with 2017 Wisconsin Act 370, DHS continues to work towards implementing 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 towards this goal, including any potential issues that may arise that affect the project timeline, in future monthly progress reports.