



Legislative Fiscal Bureau

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April 18, 2023

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health Services: Passive Review Request for Vaccine Outreach Incentive Funding for Health Maintenance Organizations in the Medical Assistance Program -- Agenda Item IV

REQUEST

On May 17, 2021, the Department of Health Services (DHS) requested approval of the Committee to provide supplemental payments to health maintenance organizations (HMOs) in the Medical Assistance (MA) program of up to \$17,500,000 (\$6,026,300 GPR and \$11,473,700 FED) total, within the existing budget, to incentivize outreach activities to increase uptake of the COVID-19 vaccine. Under s. 49.45(2t) Wis. Stats., Committee approval is required for changes to MA reimbursements with an all-funds fiscal effect of \$7,500,000 or greater, even if no appropriation change is required.

BACKGROUND

The first vaccines against COVID-19 gained federal emergency use authorization in December, 2020, although supply was initially insufficient to meet demand. By mid-April, 2021, phased eligibility to prioritize those at highest risk had been completed and demand for vaccines in Wisconsin had reached its peak and begun to decline, although it still exceeded supply. Many Wisconsinites, and MA members in particular, who remained unvaccinated at this point faced barriers such as transportation needs, language barriers, or lack of information about where and how they could receive a vaccine. Many also were hesitant to seek out vaccination, in some cases due to a lack of accurate information or awareness of vaccine safety and efficacy.

To improve protection against COVID-19 among MA enrollees, DHS proposed to provide incentive payments to HMOs based on the share of their enrollees that completed vaccination by December 31, 2021. DHS requested Committee approval on May 17, 2021, to provide payments to HMOs for reaching each of five tiers of vaccination rates, ranging from 40% to 80% of their non-

pregnant adult enrollees. Proposed payments totaled \$17,500,000 and would qualify for federal matching funds as MA reimbursement. DHS would have funded these payments within existing budgeted amounts for MA benefits in fiscal year 2020-21.

The Committee objected to this proposal. On June 23, 2021, DHS announced a smaller incentive program, below the \$7,500,000 threshold for MA reimbursement changes above which Committee approval is required. As implemented, the incentive program offered payments to HMOs for reaching each of five tiers of vaccination rates by December 31, 2021, ranging from 35% to 55% of eligible enrollees. Total funding of \$7,400,000 was available to be earned, supported by available funds in the 2020-21 MA budget.

ANALYSIS

As of April 5, 2023, 62% of Wisconsin residents have completed the primary vaccine series, including 93% of those age 65 and over, and 21% of residents have received the updated booster that provides bivalent protection against the original and Omicron variants of COVID-19, including 52% of those age 65 and over. As of March, 2023, the weekly rate of vaccine doses administered has fallen to approximately 7,000, as compared to an average of 92,000 doses administered per week since vaccines first became available. These indicators suggest that most of those willing and able to obtain vaccination have done so, especially those in the most vulnerable age groups. However, room for improvement in vaccination rates remains, particularly in delivery of the updated booster. For MA enrollees specifically, at the conclusion of the outreach incentive program on December 31, 2021, 44% of eligible adult HMO enrollees had completed the initial vaccine series.

Given the increase in statewide vaccination rates and corresponding decline in COVID-19 incidence since the HMO outreach incentive was originally proposed, and the completion of a smaller incentive program, the Committee could determine that the requested incentive payments would no longer have an impact commensurate with their cost. On the other hand, room for improvement in vaccination rates remains and MA members still face barriers to access, so the Committee could approve the request to enable DHS to implement a new incentive program at the scale originally proposed. However, the Department is able to provide up to \$7,500,000 without Committee approval.

ALTERNATIVES

1. Approve the Department's request for approval of a change to MA provider reimbursement to provide supplemental payments to HMOs of up to \$17,500,000 (\$6,026,300 GPR and \$11,473,700 FED) to incentivize outreach to HMO members to increase vaccination to protect against COVID-19.

2. Deny the request.

Prepared by: Carl Plant