

PUBLIC NOTICE
Wisconsin Department of Health Services
Section 1115 BadgerCare Reform Demonstration Project Waiver Amendment
Medicaid Health Savings Account

I. Overview

In accordance with federal law, the State of Wisconsin, Department of Health Services (DHS) must notify the public of its intent to submit to the Centers for Medicare & Medicaid Services (CMS) any new 1115 demonstration waiver project, extension or amendment of any previously approved demonstration waiver project, or ending of any previously approved expiring demonstration waiver project and must provide an appropriate public comment period prior to submitting to CMS the new, extended, or amended 1115 demonstration waiver application.

This notice serves to meet these federal requirements and to notify the public that the State of Wisconsin intends to submit a request for a Medicaid Health Savings Account (HSA) amendment to the BadgerCare Reform Demonstration Project Waiver to CMS on December 21, 2020. You can review the official waiver amendment request and provide comments for the next 30 days (see below), as well as provide written or verbal statements at the required public hearings.

Due to the public health emergency related to the COVID-19 pandemic, the state will not be conducting in-person meetings as part of the public notice process for this waiver amendment application. CMS has discretion to exempt the state from completing any aspect of the public notice process, including exemption from conducting any public notice when the state demonstrates to CMS the existence of unforeseen circumstances, such as the COVID-19 public health emergency that directly threatens human lives that warrant an exception to the normal public notice process. Accordingly, the state will use two webinars in lieu of in-person hearings.

- **November 5, 2020, 9:30–11:30 a.m.**
 - Join online at <https://dhs.wi.zoom.us/j/97333792716?pwd=R09lcUJnK3hMUVEvcmhqMVdGVExSdz09>, and use passcode 110520.
 - Join by phone using one of the following numbers:
 - US:
 - 301-715-8592
 - 312-626-6799
 - 646-558-8656
 - 253-215-8782
 - 346-248-7799
 - 669-900-9128
 - Toll-free: 844-708-2568
 - Webinar ID: 973 3379 2716
 - International numbers: <https://dhs.wi.zoom.us/j/97333792716?pwd=R09lcUJnK3hMUVEvcmhqMVdGVExSdz09>
- **November 12, 2020, 9:30–11:30 a.m.**

- Join online at <https://dhswi.zoom.us/j/98225524316?pwd=Mk5zMUt4bWh1MTBBTFIwS0d0K0dvZz09>, and use passcode 111220.
- Join by phone:
 - US:
 - 312-626-6799
 - 646-558-8656
 - 301-715-8592
 - 346-248-7799
 - 669-900-9128
 - 253-215-8782
 - Toll-free: 844-708-2568
 - Webinar ID: 982 2552 4316
 - International numbers: <https://dhswi.zoom.us/j/98225524316?pwd=Mk5zMUt4bWh1MTBBTFIwS0d0K0dvZz09>

Comments will be considered to determine if changes should be made to the waiver request but will not impact proposed or enacted state and federal law. In addition, all public comments will be communicated to HHS as part of the final waiver amendment application.

Accessibility

English

DHS is an equal opportunity employer and service provider. If you need accommodations because of a disability or need an interpreter or translator, or if you need this material in another language or in an alternate format, you may request assistance to participate by contacting Laura Brauer at 608-266-5368. You must make your request at least 7 days before the activity.

Spanish

DHS es una agencia que ofrece igualdad en las oportunidades de empleo y servicios. Si necesita algún tipo de acomodaciones debido a incapacidad o si necesita un interprete, traductor o esta información en su propio idioma o en un formato alterno, usted puede pedir asistencia para participar en los programas comunicándose con Kim Reniero al número 608-267-7939. Debe someter su petición por lo menos 7 días de antes de la actividad.

Hmong

DHS yog ib tus tswv hauj lwm thiab yog ib qhov chaw pab cuam uas muab vaj huam sib luag rau sawv daws. Yog koj xav tau kev pab vim muaj mob xiam oob qhab los yog xav tau ib tus neeg pab txhais lus los yog txhais ntaub ntawv, los yog koj xav tau cov ntaub ntawv no ua lwm hom lus los yog lwm hom ntawv, koj yuav tau thov kev pab uas yog hu rau Laura Brauer ntawm 608-266-5368 608-267-6848. Koj yuav tsum thov qhov kev pab yam tsawg kawg 7 hnuv ua ntej qhov hauj lwm ntawd.

II. Background

The State of Wisconsin reimburses providers for services provided to Medical Assistance recipients under the authority of Title XIX of the Social Security Act and Chapter 49 of the

Wisconsin Statutes. This program, administered by the State's Department of Health Services, is called Medical Assistance (MA) or Medicaid. In addition, Wisconsin has expanded this program to create the BadgerCare Plus program under the authority of Title XIX and Title XXI of the Social Security Act and Chapter 49 of the Wisconsin Statutes. Federal statutes and regulations require that a state plan be developed that provides the methods and standards for reimbursement of covered services. A plan that describes the reimbursement system for the services (methods and standards for reimbursement) is now in effect.

Section 1115 of the Social Security Act provides the Secretary of HHS broad authority to authorize Research & Demonstration Projects, which are experimental, pilot, or demonstration projects likely to assist in promoting the objectives of the Medicaid statute. Flexibility under section 1115 is sufficiently broad to allow states to test substantially new ideas of policy merit. In 2013, Wisconsin requested and received approval of the BadgerCare Reform Demonstration Project Waiver from the HHS Secretary. Effective January 1, 2014, Wisconsin was authorized to provide coverage to adults without dependent children who have attained the age of 19 and have not yet attained the age of 65 years with Medicaid coverage so long as their family income does not exceed 100% of the federal poverty level (FPL). Additionally, Wisconsin began requiring a monthly premium for parents and caretakers' relatives who qualify for transitional medical assistance.

The approved demonstration's Special Terms and Conditions (STC) permits Wisconsin to submit a waiver amendment request. Accordingly, under the direction of Wis. Stat. § 49.45(60), created by 2017 Wisconsin Act 271, DHS is required to submit to the federal HHS an amendment to the existing demonstration waiver that authorizes DHS to establish and implement a savings account program within the Medicaid and BadgerCare Plus programs that is similar in function and operation to HSAs.

III. Project Goals

Wisconsin is committed to the implementation of policies that result in high quality health coverage for our citizens and leverages the state's tradition of strong health outcomes, innovation, and provision of high quality health care to do so. Specifically, Wisconsin's overall goals for the Medicaid program are to:

- Ensure that those Wisconsin residents with limited financial resources have access to health coverage.
- Provide financial support for those BadgerCare Plus childless adult members as they leave the Medicaid program and transition to health coverage in the private marketplace.
- Smooth the financial "cliff" that exists when an individual leaves the BadgerCare Plus program and needs to pay premiums, cost sharing, or other health care costs that are substantially higher than those imposed by the public program.

IV. Project Description

This amendment is prompted by the Wisconsin 2017-2019 Biennial Budget (Act 271), which

requires DHS to submit an amendment to the BadgerCare Reform Demonstration Project in order to establish and implement a savings account program within the Medicaid/BadgerCare Plus program that is similar in function and operation to HSAs. Wisconsin seeks to demonstrate that building on private sector healthcare models and implementing innovative initiatives will lead to better quality care at a sustainable cost for the childless adult population while promoting individual responsibility.

V. Childless Adults Eligibility and Coverage

Outlined below are the current Medicaid eligibility and coverage standards for childless adults that describe the specific proposed changes sought for this demonstration population through this waiver amendment request.

Current Program: Under the authority of an 1115(a) demonstration waiver, Wisconsin's BadgerCare Reform Demonstration Project covers the non-pregnant childless adults between ages 19 and 64 with an effective income that does not exceed 100 percent of FPL. These individuals are not pregnant or do not qualify for any other Medicaid or Medicare program or the Children's Health Insurance Program.

The waiver demonstration allows Wisconsin to provide state plan benefits other than family planning services and tuberculosis-related services to childless adults who have household incomes up to 100% of the FPL. Cost sharing for the childless adult population is the same as that indicated in the Medicaid state plan. The focus for this population is to improve health outcomes, reduce unnecessary services, and improve the cost-effectiveness of Medicaid services.

This amendment builds on the previously approved BadgerCare Reform 1115 Demonstration Project waiver, which allowed DHS to include, as a condition of eligibility and enrollment, the payment of a monthly premium for those BadgerCare Plus childless adults with incomes that exceed 50%, but are not greater than 100% of the FPL. BadgerCare Plus childless adults pay a monthly premium of \$8 per month. The waiver also allows DHS to reduce the monthly premium when the individual completes a health survey indicating that they engage in a healthy behavior or are managing an unhealthy behavior. The waiver also requires as a condition of eligibility and enrollment that all childless adults answer a health risk assessment targeted at identifying those suffering from substance use disorder and interested in getting treatment for that condition. Those members who are either engaging in a healthy behavior, managing an unhealthy behavior, or answer "Yes" to the health risk assessment question, allow BadgerCare Plus childless adults who are required to pay a premium of \$4 per month for an individual or \$6 per month for a couple. These changes were all implemented on February 1, 2020.

Amendment Proposal: Through a waiver amendment, Wisconsin proposes having the DHS deposit the full amount paid by individuals as premiums into an HSA. That HSA could then be used by the individual or couple upon their disenrollment from the Medicaid/BadgerCare Plus program to pay for qualifying health expenses. Qualifying health expenses would include:

- Health insurance premiums available through the commercial market, the Federally Facilitated Marketplace, or employer health plans.
- Cost sharing associated with those health insurance plans.
- Out-of-pocket expenses for those health-related items not covered by the health plan.
- Any health-related expense that is not covered by a health plan, including those where the individual has not enrolled in a health plan.

Under the existing demonstration project waiver as outlined in the STCs, the Federal Medicaid Assistance Percentages (FMAP) portion of each premium is returned to CMS through an offset to Wisconsin's Medicaid federal claim. In order to include enough funding to make the HSA viable and meaningful, we propose that CMS forgo the returned FMAP portion of the premium and Wisconsin forgo the nonfederal share of the premium collected being returned to the State's General Fund.

This amendment includes the following policy changes:

1. Establish a Medicaid HSA for any BadgerCare Plus childless adult who has paid a monthly premium as a condition of their eligibility.
2. Allow the individual or couple to use the Medicaid HSA to pay for qualifying health expenses after they disenroll from the program.
3. Use the state and federal share of the premium collected to fund the Medicaid HSA.
4. For those members who have lowered their premium because of their engagement in healthy behaviors (as described in the approved waiver), the federal agency will match the amount contributed to make sure that the amount in the Medicaid HSA upon disenrollment is equivalent to the amount that they would receive if they had not engaged in those healthy behaviors.
5. The Medicaid HSA can only be used when the individual is not enrolled in the Wisconsin Medicaid or BadgerCare Plus programs.
6. Amounts remaining in a Medicaid HSA that has not been used for 24 consecutive months will be returned to CMS and to Wisconsin's General Fund.
7. No amount will be contributed for those BadgerCare Plus childless adults who are exempted from the premium requirement or for those months that the individual or couple are not subject to the premium requirement.
8. Allow DHS to receive FMAP for the administration of the Medicaid HSA.

The benefit package and delivery system for the demonstration population would remain the same.

VI. Budget and Cost Effectiveness Analysis

Approach to Ensuring Federal Budget Neutrality

Federal policy requires section 1115 waiver demonstrations be budget neutral to the federal government. This means that a demonstration should not cost the federal government more than what would have otherwise been spent absent the demonstration. Particulars, including

methodologies, are subject to negotiation between DHS submitting the demonstration application and CMS.

To ensure budget neutrality for each federal fiscal year of this amendment to the current five-year BadgerCare demonstration, Wisconsin will continue to use a per-member per-month (PMPM) methodology specific to the Wisconsin childless adult population with income under 100% of the FPL, in the context of current federal and state law and with the appropriate, analytically sound baselines and adjustments. The demonstration will measure the financial impact to the program independent of enrollment fluctuations.

In establishing the baseline PMPM, historic enrollment and expenditure experience related to childless adults (managed care and fee-for-service) will be evaluated. This evaluation will accurately represent the primary baseline costs associated with this population and will include payments made under the actuarially sound, CMS-approved capitation rates.

Introduction of Medicaid Health Savings Account

Introducing the Medicaid HSA will not impact the current PMPM but will result in decreased enrollment. Under this proposal, Wisconsin will be generating a net savings for the Medicaid program by providing an avenue for members to save for their health care while simultaneously investing in those who engage in healthy behaviors in an effort to facilitate the transition from public to private health coverage. The expectation is that fewer individuals and couples will return to BadgerCare Plus enrollment, reducing the overall churn between public and private coverage.

The HSA does not introduce any new benefits to the program; it is expected that health care costs for enrolled BadgerCare Plus Reform Adults will remain the same resulting in no change in the current PMPM. DHS estimates an average annual savings of \$472,000, which assumes that 2.0% of BadgerCare Plus Reform Adults, who are subject to a premium, will transition to private health coverage.

VII. Hypothesis and Evaluation Parameters

Wisconsin will accordingly update the BadgerCare Reform Demonstration Project evaluation design to account for the amendment provisions.

The amended demonstration evaluation will include an assessment of the following hypotheses related to members' personal responsibility in their health care:

- Creation of a Medicaid HSA will incentivize current BadgerCare Plus childless adult members to shorten their enrollment in the program.
- Creation of the Medicaid HSA will incentivize those BadgerCare Plus childless adult members who disenroll from the program to remain in the private market and not return to the BadgerCare Plus or Medicaid programs within 24 months.

The evaluation will analyze how the demonstration impacts access, outcomes, and costs. Comparisons will be examined between the covered childless adult population, prior waiver programs, and other BadgerCare Plus populations. As with the existing demonstration, this amendment will consider policy choices related to the alignment of benefits and the equity of cost share provisions for Medicaid and subsidized health insurance offered through the Federally Facilitated Marketplace.

A detailed evaluation design will be developed for review and approval by CMS. The evaluator will use relevant data from the BadgerCare Plus program and its managed care organizations. This may include eligibility, enrollment, claims, payment, encounter/utilization, chart reviews, and other administrative data. The evaluator may also conduct surveys and focus groups of beneficiaries and providers and other original data collection, as appropriate.

Both interim and final evaluations will be conducted to help inform the state, CMS, stakeholders, and the general public about the performance of the demonstration. All evaluation reports will be made public and posted on the DHS website.

VIII. Specific Waiver and Expenditure Authorities

Wisconsin seeks waiver of the following requirements of the Social Security Act:

1. Comparability – Section 1902(a)(17)/Section 1902(a)(10)(B)

- To the extent necessary to enable Wisconsin to establish a Medicaid HSA for childless adults who have paid a monthly premium and is not doing so for any other group currently in our State Plan or eligible via waiver, including those who are exempt from the premium obligation.

2. Costs Not Otherwise Matchable – Section 1905(a)(29)(B)

- Wisconsin requests that the FMAP portion of premiums collected for the demonstration population not be an offset within our federal claiming.
- Wisconsin requests that FMAP be available to match the amount in the Medicaid HSA for the demonstration project in a manner that does not dis-incentivize healthy behaviors.
- Wisconsin requests that FMAP be available for nonfederal funding sources used to design, develop, implement and operate the Medicaid HSA.

IX. Copies of Demonstration Project Waiver Documents

Copies of waiver documents, including the final waiver amendment application once complete, may be obtained from DHS at no charge by downloading the documents at www.dhs.wisconsin.gov/badgercareplus/waiverscla.htm or by contacting Laura Brauer at:

Laura Brauer
Division of Medicaid Services
PO Box 309
Madison, WI 53707-0309

Phone: 608-266-5368
Fax: 608-266-1096, Attn: Laura Brauer
Email: DHSDMSSPAPublicFeedback@dhs.wisconsin.gov

X. Written Comments

Written comments on the proposed changes are welcome and will be accepted from October 26, 2020, through November 27, 2020. Written comments may be sent to:

Department of Health Services, Division of Medicaid Services
Attn: Wisconsin 1115 HSA Waiver Amendment
PO Box 309
Madison, WI 53707-0309
Fax: 608-266-1096
Email: DHSwisconsin1115clawaiver@dhs.wisconsin.gov

Public comments will be included in the waiver request submitted to CMS on December 21, 2020, will be available on the DHS website at www.dhs.wisconsin.gov/badgercareplus/waiverscla.htm.