

Scott Walker  
Governor

Linda Seemeyer  
Secretary



**State of Wisconsin**  
Department of Health Services

**DIVISION OF MEDICAID SERVICES**

1 WEST WILSON STREET  
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MADISON WI 53701-0309

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**PUBLIC NOTICE**  
**Wisconsin Department of Health Services**  
**Section 1115 SeniorCare Prescription Drug Assistance Program Waiver Extension**

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

This notice serves to meet those federal requirements and to notify the public that DHS intends to submit a request for an extension of the SeniorCare demonstration project to CMS. You can review the official extension request and provide written comments starting May 7 through June 7, 2018 (below) as well as through written or verbal statements made at the following public hearings:

Thursday, May 10, 2018  
2-4 p.m.  
Wilson Park Auditorium  
Wilson Park Senior Center  
2601 West Howard Avenue  
Milwaukee, WI 53221-1941

Monday, May 14, 2018\*  
9 a.m. to 12 p.m.  
Public comments at 11 a.m.  
SeniorCare Advisory Committee  
Department of Health Services  
1 West Wilson Street  
Room 751  
Madison, WI 53703

\*Join remotely by viewing the webcast at:  
<https://livestream.com/accounts/14059632/events/8188702>  
or by dialing 877-820-7831 (passcode 846290)

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Comments will be considered as the extension request is finalized but will not affect proposed or enacted state and federal law. In addition, all public comments will be communicated to HHS as part of the final waiver extension 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 Al Matano at 608-267-6848. Please make your request at least 3 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 Al Matano al número 608-267-6848. Debe someter su petición por lo menos 3 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 Al Matano ntawm 608-267-6848. Koj yuav tsum thov qhov kev pab yam tsawg kawg 3 hnuv ua ntej qhov hauj lwm ntawd.

## **BACKGROUND**

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 Wisconsin Statutes. DHS administers Wisconsin's medical assistance program, which is known as Medicaid. In addition, Wisconsin has expanded Medicaid to create SeniorCare, a prescription drug program for seniors under the authority of Title XIX of the Social Security Act and Chapter 49 of Wisconsin state 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 currently in effect.

Section 1115 of the Social Security Act provides the secretary of federal Department of

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Health and Human Services (HHS) broad authority to authorize experimental or pilot research and demonstration projects, or demonstration projects that are likely to assist in promoting the objectives of the Medicaid program. Flexibility under section 1115 is sufficiently broad to allow states to test substantially new ideas of policy merit.

On July 1, 2002, DHS requested and received the necessary waiver approvals from CMS to operate SeniorCare, as a five-year demonstration project. Effective September 1, 2002, Wisconsin was authorized to extend Medicaid eligibility through Title XIX of the Social Security Act to cover prescription drugs as a necessary primary health care benefit for seniors who are age 65 or older.

Since its implementation on September 1, 2002, the SeniorCare waiver program has successfully delivered a comprehensive outpatient drug benefit to more than 290,000 seniors in the state. The target population for services under the SeniorCare waiver program is seniors who are age 65 or older with income at or below 200 percent of the federal poverty level (FPL), which is \$24,280 for an individual and \$32,920 for a two-person family in 2018.

The current SeniorCare waiver is set to expire on December 31, 2018.

### **PROJECT GOALS**

- Keep Wisconsin seniors healthy by continuing to provide a necessary primary health care benefit.
- Help control overall costs for the aged Medicaid population by preventing seniors from becoming eligible for Medicaid due to deteriorating health and spending down to Medicaid eligibility levels.
- Promote cost-effective and therapeutically appropriate services.
- Maintain budget neutrality. Medicaid costs with SeniorCare can be no more than what estimated Medicaid costs would have been without SeniorCare.

### **PROJECT DESCRIPTION**

In response to the critical need for prescription drug coverage for the elderly, the Wisconsin legislature, as part of 2001 Wisconsin Act 16, established a prescription drug assistance program called SeniorCare. DHS was required to submit a request to the federal government that SeniorCare be covered under a Medicaid 1115 research and demonstration project. This request was approved in in 2002.

Under the SeniorCare program, Wisconsin residents who are ages 65 or older, who are not currently eligible for Medicaid benefits, and whose income does not exceed 200 percent of the FPL are eligible for coverage of prescription drugs and over-the-counter insulin through the Wisconsin Medicaid state plan. Seniors with prescription drug coverage under other plans are

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also eligible to enroll in SeniorCare and SeniorCare will cover eligible costs that are not covered by the other plans.

The successful and popular SeniorCare program has historically received strong support from the Wisconsin Legislature, which has provided funding for SeniorCare since its inception in 2002. These state funds cover approximately 10 percent of the SeniorCare program.

As of March 2018, more than 46,000 seniors were enrolled in SeniorCare.

By extending access to prescription drugs for the elderly, Wisconsin will continue to provide a needed health care benefit to low-income seniors. Continuing to provide pharmacy benefits through SeniorCare will provide the following advantages:

- Offer a prescription drug benefit that provides comprehensive coverage comparable to Medicare Part D prescription drug plans, but has a simple application and enrollment process, a broad network of pharmacy providers, and affordable and predictable cost sharing for costly but essential drugs.
- Help to preserve the health and quality of life of the senior population, resulting in lower utilization and expenditures of other health care services and savings to the Medicare and Medicaid programs.
- Protect the finances of low-income seniors, reducing the rate at which seniors spend down to Medicaid eligibility and become entitled to Medicaid benefits.
- Provide an outpatient pharmacy benefit that offers an excellent value to the federal government by offsetting federal expenditures with a substantial state financial commitment and substantial (approximately 53 percent of expenditures) manufacturer rebates.

### **BUDGET AND COST EFFECTIVENESS ANALYSIS**

The SeniorCare waiver has achieved budget neutrality throughout the original waiver period and in all waiver extension periods.

Under this proposed SeniorCare waiver renewal, DHS projects that it will continue to reduce overall Medicaid expenditures for the senior population by providing primary care benefits for pharmacy along with accompanying medication therapy management services. As in the original waiver period, budget neutrality will be achieved by reducing the rate of increase in the use of non-pharmacy-related Medicaid services provided to low-income seniors including hospital, nursing facility, and other related medical services. Budget neutrality will be supported by having healthier Medicaid enrollees due to the providing pharmacy services under SeniorCare prior to in non-pharmacy-related Medicaid benefits. The savings realized by reducing the rate of

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increase in non-pharmacy-related Medicaid services for this population will offset the costs of continuing the SeniorCare waiver program.

This cost-effectiveness analysis is conducted by projecting Medicaid expenditures for the senior population that would have occurred without the SeniorCare waiver and comparing that to projected Medicaid expenditures for the same population with the continued operation of SeniorCare and the cost of the waiver program under the proposed renewal. Under each analysis the availability and impact of Medicare Part D is factored into the equation.

Refer to the Appendix for historical annual enrollment and expenditure data and for an estimate of the expected increase in annual enrollment and in annual aggregate expenditures.

#### **HYPOTHESIS AND EVALUATION PARAMETERS**

DHS will continue to monitor program effectiveness and outcomes by evaluating the following demonstration questions:

- Does SeniorCare positively influence the market for prescription drug insurance coverage for low-income seniors and promote optimal coverage selection by seniors?
- Will SeniorCare have a positive effect on financial hardship and cost-related non-adherence?
- Will SeniorCare have a positive effect on the health outcomes of Wisconsin seniors?
- Will SeniorCare reduce the likelihood of Medicaid entry and provide cost savings to the Wisconsin Medicaid program?
- Will SeniorCare provide cost savings to the Medicare program?

#### **SPECIFIC WAIVER AND EXPENDITURE AUTHORITIES**

DHS is requesting the same waiver and expenditure authorities as those approved in the current demonstration's special terms and conditions.

The waiver renewal requires continued waivers from Title XIX of the Social Security Act. The Social Security Act § Section 1115(a)(1) permits the Secretary of the Department of Health and Human Services (the Secretary) to waive compliance with any of the requirements of § Section 1902, which specify state Medicaid plan requirements, to the extent and for the period necessary to carry out the waiver program. The Social Security Act § Section 1115(a)(2) permits DHS to regard as expenditures under the state plan costs of the waiver program, which would not otherwise receive a federal match under section 1903 of the Social Security Act. These provisions allow the Secretary to waive existing program restrictions and provide expanded eligibility and/or services to members not otherwise covered by Medicaid. DHS requests that the

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Secretary waive all relevant Medicaid laws and regulations, which would allow DHS to receive federal matching funds, including the following Social Security Act Title XIX provisions.

**Waiver List**

1. Eligibility – §§ Sections 1902(a)(10)(A) and 1902(a)(17)
  - To the extent necessary to enable Wisconsin to expand eligibility for pharmaceuticals to SeniorCare waiver program members with incomes at or below 200 percent of the FPL.
  - To the extent necessary to enable Wisconsin to apply different methodologies to SeniorCare waiver program members than would be applied to elderly, blind, or disabled individuals under age 65 or to regular Medicaid members.
  - To the extent necessary to enable Wisconsin to apply different standards than those prescribed by the HHS secretary related to eligibility determination. DHS will reassess eligibility and income for waiver program members once every 12 months.
2. Comparability – §§ Sections 1902(a)(17) and 1902(a)(10)(B): To the extent necessary to enable Wisconsin to offer a comprehensive drug benefit to the expanded populations.
3. Cost Sharing – § Section 1902(a)(14)
  - To the extent necessary to enable Wisconsin to collect an enrollment fee of \$30 per person.
  - To the extent necessary to enable Wisconsin to require members to pay the first \$500 of prescription drug costs prior to receiving prescription drugs at the copayment levels.
  - To the extent necessary to enable Wisconsin to establish copayments higher than copayments for the general Medicaid population.
4. Application Processing and Ex Parte Eligibility Redetermination – § Section 1902(a)(19) and 42 C.F.R. §§ 435.902, 435.907, 435.916 and 435.930
  - To the extent necessary to enable Wisconsin to require an applicant who is no longer eligible for Medicaid to apply separately for the SeniorCare waiver program.
  - To the extent necessary to enable Wisconsin to require an applicant to apply for other Medicaid programs with a separate application.
5. Program Integrity - § Section 1902(a)(46) and 42 C.F.R. §§ 435.920 and 435.940-435.965
  - To the extent necessary to enable Wisconsin to validate Social Security numbers at the time of application through the Social Security Administration Numident process. If an individual does not have a Social Security number, the individual will receive assistance to obtain one. If there is a mismatch between the Social Security Administration information and the Social Security number provided by the applicant, the mismatch will

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- be resolved as needed.
- To the extent necessary to enable Wisconsin to automatically test Social Security Administration benefits against tolerance levels established by DHS at application and review. Case situations that exceed tolerance levels will be verified and discrepancies will be resolved. In addition, periodic random samples of all cases will be conducted to ensure that SeniorCare eligibility is based upon the correct Social Security benefit information, regardless of whether there is a discrepancy that exceeds the threshold.
  - To the extent necessary to enable Wisconsin to verify Social Security Administration benefits, earnings from wages, earnings from self-employment, other unearned income, and unemployment compensation. In particular, a random sample of all members will be taken. If a failure to report information results in an incorrect eligibility determination, program costs will be recovered.
6. Retrospective Benefits – § Section 1902(a)(34) and 42 C.F.R. § 435.915: To the extent necessary to enable Wisconsin to establish the effective date for waiver program members as the date of enrollment.
7. Enrollment – § Section 1902(a)(10)
- To the extent necessary to enable Wisconsin to reserve the right to not pay pharmacies or pharmacists for prescription drugs or over-the-counter insulin sold to program members.
  - To the extent necessary to enable Wisconsin to exempt pharmacies and pharmacists required to sell drugs to eligible program members at the program payment rate.
  - To the extent necessary to enable Wisconsin eligible program members to be entitled to obtain prescription drugs or over-the-counter insulin for the copayment amounts or at the program payment rate.
  - To the extent necessary to enable Wisconsin to not collect rebates from manufacturers for prescription drugs purchased by program members.
  - To the extent necessary to enable Wisconsin to not pay pharmacies and pharmacists for medication therapy management services received by program members.
  - To the extent necessary to enable Wisconsin to continue to accept applications and determine eligibility for the program, and must indicate to applicants that the eligibility of program members to purchase prescription drugs under the requirements of the program is conditioned on the availability of funding.
8. Hearing and Appeals – § Section 1902(a)(3) and 42 C.F.R. §§ 431.211 and 431.213: To the extent necessary to enable Wisconsin to forgo the required notification by DHS for an adverse action in cases where the member has clearly indicated that he or she no longer

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wishes to receive services.

**Expenditure Authorities**

*Demonstration Projects – § Section 1115(a)(2)*

- Wisconsin requests that expenditures for providing comprehensive pharmacy benefits to seniors age 65 or older whose income is at or below 200 percent of the FPL be regarded as expenditures under the state plan.
- Wisconsin requests that administrative expenditures for SeniorCare program members be regarded as expenditures under the state's Medicaid state plan. This includes but is not limited to collecting program members fees, enrolling pharmacies, producing and distributing identification cards to program members, responding to member inquires, developing and processing applications, determining eligibility, collecting third-party insurance information, and evaluating and monitoring this waiver,.

**COPIES OF DEMONSTRATION PROJECT WAIVER DOCUMENTS**

A copy of waiver documents, including the waiver application (once it is complete), may be obtained from DHS at no charge by downloading the documents from [www.dhs.wisconsin.gov/seniorcare/input.htm](http://www.dhs.wisconsin.gov/seniorcare/input.htm) or by contacting Al Matano at:

Phone: 608-267-6848  
Fax: 608-266-3205  
Email: [alfred.matano@dhs.wisconsin.gov](mailto:alfred.matano@dhs.wisconsin.gov)  
Mail: Department of Health Services  
Division of Medicaid Services  
Attn: Al Matano  
1 West Wilson Street, P.O. Box 309  
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**WRITTEN COMMENTS**

Written comments on the proposed changes are welcome and will be accepted from May 7 through June 7, 2018. Send written comments to the Division of Medicaid Services at:

Fax: 608-266-1096  
Email: [DHSSeniorCare@dhs.wisconsin.gov](mailto:DHSSeniorCare@dhs.wisconsin.gov)  
Mail: Department of Health Services  
Division of Medicaid Services  
Attn: Tiffany Reilly

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Public comments will be included in the waiver extension submitted to CMS and will be available on DHS's website at [www.dhs.wisconsin.gov/seniorcare/input.htm](http://www.dhs.wisconsin.gov/seniorcare/input.htm).

**Appendix**  
**Historical and Projected Enrollment and Expenditure Data**

<b>Re-estimated Base numbers Using Actuals To Estimate the Current Waiver Period</b>					
	<b>CY14</b>	<b>CY15</b>	<b>CY16</b>	<b>CY17</b>	<b>CY18</b>
Medicaid Aged Enrollment	75,668	77,095	79,157	81,137	83,328
SeniorCare Enrollment	51,090	49,619	48,207	47,237	46,765
Medicaid Aged Net With Waiver Expenditures	\$1,688,228,877	\$1,704,223,341	\$1,744,999,759	\$1,806,718,603	\$1,874,255,240
SeniorCare Net Expenditures	\$28,524,090	\$28,266,162	\$24,326,997	\$24,810,477	\$32,847,004
Total Net With Waiver Expenditures (Aged MA Plus SC)	\$1,716,752,966	\$1,732,489,503	\$1,769,326,757	\$1,831,529,080	\$1,907,102,244
Without Waiver Medicaid Aged Expenditures	\$1,743,776,553	\$1,762,561,704	\$1,806,468,130	\$1,871,745,858	\$1,942,699,025
Savings with Waiver	\$27,023,587	\$30,072,202	\$37,141,373	\$40,216,778	\$35,596,781

<b>Projections for 10-Year Waiver Request</b>					
	<b>CY19</b>	<b>CY20</b>	<b>CY21</b>	<b>CY22</b>	<b>CY23</b>
Medicaid Aged Enrollment	85,661	88,145	90,789	93,513	96,318
SeniorCare Enrollment	46,765	47,232	47,705	48,182	48,663
Medicaid Aged Net With Waiver Expenditures	\$1,946,211,458	\$2,022,897,496	\$2,104,649,490	\$2,189,698,381	\$2,278,177,058
SeniorCare Net Expenditures	\$35,077,953	\$37,886,426	\$40,899,959	\$44,133,304	\$47,602,272
Total Net With Waiver Expenditures (Aged MA Plus SC)	\$1,981,289,411	\$2,060,783,922	\$2,145,549,449	\$2,233,831,686	\$2,325,779,330
Without Waiver Medicaid Aged Expenditures	\$2,018,446,473	\$2,099,365,939	\$2,185,623,614	\$2,275,398,553	\$2,368,833,228
Savings with Waiver	\$37,157,062	\$38,582,017	\$40,074,165	\$41,566,867	\$43,053,898

**Appendix**  
**Historical and Projected Enrollment and Expenditure Data**

	Projections for 10-Year Waiver Request				
	CY24	CY25	CY26	CY27	CY28
Medicaid Aged Enrollment	99,208	102,184	105,250	108,407	111,659
SeniorCare Enrollment	49,150	49,642	50,138	50,639	51,146
Medicaid Aged Net With Waiver Expenditures	\$2,370,223,764	\$2,465,982,314	\$2,565,602,319	\$2,669,239,419	\$2,777,055,527
SeniorCare Net Expenditures	\$51,323,804	\$55,316,054	\$59,598,478	\$64,191,924	\$69,118,730
Total Net With Waiver Expenditures (Aged MA Plus SC)	\$2,421,547,568	\$2,521,298,368	\$2,625,200,797	\$2,733,431,343	\$2,846,174,257
Without Waiver Medicaid Aged Expenditures	\$2,466,075,854	\$2,567,280,616	\$2,672,607,912	\$2,782,224,598	\$2,896,304,254
Savings with Waiver	\$44,528,286	\$45,982,248	\$47,407,115	\$48,793,256	\$50,129,997