

## **Appendix B**

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 are factored into the equation. The tables in Appendix B (Budget Neutrality) and the narrative description below present the data and assumptions used to calculate budget neutrality for the proposed 10-year waiver renewal period.

**Table 1A** establishes the pre-waiver historical trend (state fiscal years (SFY) 1998-2002) of Medicaid expenditures and enrollment. The data in this table is the same data used in the original waiver submission. This table also includes previous projected "without waiver" Medicaid expenditures for SFYs 2003-2009, for calendar years (CY) 2010-2012, and CYs 2013-2015 that were previously accepted by CMS. The waiver trends for these time periods were developed by applying rates approved by CMS in the original 2002 waiver submission and subsequent submissions.

**Table 1B** projects "without waiver" (hypothetical) Medicaid expenditures and enrollment that DHS would have experienced without the waiver for CYs 2016-2018, as well as for the new renewal period of CYs 2019-2028. In order to project CYs 2019-2028 accurately, this table makes adjustments to the "without waiver" (hypothetical) data submitted to CMS in the last waiver renewal application for CYs 2016-2018 by using actual experience for the Wisconsin Medicaid program during this period.

The adjustments to the number of Medicaid member months for CYs 2016-2018 used the actual Aged Medicaid member growth rates that occurred in that period under the waiver with an addition of 0.3 percent to reflect the assumed increase in diversions resulting from SeniorCare and Medicare Part D. It's reasonable to assume that diversion percentages will grow because both programs are relatively young. In addition, statistics show that approximately 15,000 of the 190,600 aged persons who were enrolled in SeniorCare from CY 2002 to CY 2017, are now currently full-benefit Medicaid members. Total member months diverted in CYs 2016-2028 are calculated by subtracting actual Medicaid member months (Table 2B) from the Medicaid "without waiver" member month (Table 1B).

The share of diversions due to Medicare Part D was determined using requested data from the CMS Chronic Condition Data Warehouse (CCW) which supplied data on total Aged Medicare Part D enrollees for CYs 2013-2015 and CY 2017 with a breakout for the aged that were low income subsidy enrollees. The CCW data showed that there were 635,363 aged Part D enrollees in CY 2016. Current Population Survey data was used to determine what percent of aged Medicare Part D eligibles are under 200 percent of the FPL (25.2 percent in CY 2016). This

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benchmark aligns with the FPL for the SeniorCare waiver population. These statistics indicated that in CY 2016 there were approximately 160,000 aged Medicare Part D enrollees below 200 percent of the FPL.

Full-benefit Medicaid members ages 65 or older with Medicare Part D (dual eligibles) were removed using enrollment data from the Wisconsin Medicaid data warehouse which showed average monthly duals of approximately 62,000 for CY 2016. Subtracting the 62,000 aged dual enrollees from the 160,000 provides the number of Wisconsin residents ages 65 or older who are under 200 percent of the FPL, enrolled in Medicare Part D, and not enrolled in full-benefit Medicaid (97,900 in CY 2016).

Approximately 89,100 individuals chose Medicare Part D, 8,800 individuals chose both SeniorCare and Medicare Part D, and 39,400 individuals chose SeniorCare. If the joint enrollees in both Medicare Part D and SeniorCare are split equally between both programs, individuals selected Medicare Part D 68.1 percent of the time, whereas SeniorCare was selected 31.9 percent of the time. Therefore, of the aged individuals below 200 percent of the FPL diverted from Medicaid, 68.1 percent can be attributed to Medicare Part D.

In order to determine the “without waiver” (hypothetical) projection, it is assumed that the per-member, per-month (PMPM) amounts for the aged population in a world without SeniorCare would be higher.

Both the waiver period of CYs 2013-2015 and the renewal period of CYs 2016-2018 used the projected PMPM from the actual and projected Medicaid member expenditures (Table 2B). This PMPM assumes savings from having healthier recipients in Medicaid due to SeniorCare participation in earlier years.

To estimate the magnitude of these savings, a comparison of current Medicaid members to SeniorCare members in previous years was made. There are approximately 15,000 Medicaid members who previously participated in SeniorCare. For these 15,000 previous SeniorCare enrollees, it was assumed the average PMPM was 10 percent lower than other aged Medicaid enrollees ages 65 and older. This amount was used as our baseline to estimate savings from diverting these costs to the Medicaid program.

**Table 2A** shows Medicaid expenditure trends from previous waiver submission with the SeniorCare waiver in place for the period prior to the waiver requested period. In addition to the original waiver request, which had the trend period of SFYs 1998-2002, this table shows the prior trend period for the three subsequent waiver requests that include trend data through CY 2015. This table tracks trends actual expenditures, eligible member months, and cost per eligible member for Medicaid members age 65 or older.

**Table 2B** shows the “with waiver” Medicaid actual member months, expenditures, and cost per member for CYs 2014-2017, the estimated CY 2018 member enrollment and costs, and projected

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member enrollment and costs for the waiver renewal period of CYs 2019-2028. The Medicaid costs included in this waiver request are more comprehensive than prior waiver requests because they incorporate Medicaid payments for Medicare Part A and Part B premiums. Since the PMPM for the waiver case builds off of actual or projected PMPM for the with waiver case, this has minimal impact on the budget neutrality amounts. The member month trend for the waiver projection period of CYs 2016-2028 is slightly higher than the member growth rate for CYs 2014-2018 since the aging baby boom generation is expected to increase the population over 65 years of age. The PMPM calculation for Medicaid members includes all Medicaid expenditures tied to individual fee-for-service claims, capitation payments for an individual, and services under home and community based waivers.

**Table 3A** shows SeniorCare expenditure data for the previous three waiver submissions which encompasses the periods SFYs 2003-2008 and CYs 2009-2015. This table tracks trends in actual expenditures, manufacturer rebates, eligible member months, and cost per eligible member.

**Table 3B** shows actual SeniorCare expenditure data for the base period of CYs 2014-2017 and estimated CY 2018 member enrollment and costs, by using trends in this base period. It also projects member months and expenditures for the renewal period of CYs 2019-2028. Although the trend for member months has been declining slightly during the base period, it is assumed that enrollment will begin to grow starting in CY 2020 due to baby boomers reaching age 65. During the base period (CY's 2014-2017), PMPM spending for SeniorCare increased from 5 percent to 11 percent annually. For the waiver request period of CYs 2019-2028, it is assumed that the PMPM will increase 6 percent annually, which is only slightly higher than the assumption from Medicare 2-17 Trustee Report for Part D PMPM spending in CYs 2019 and later.

**Table 4** summarizes the SeniorCare budget neutrality calculation for CYs 2014-2018 and the projected CYs 2019-2028 waiver renewal period. It compares the total projected Medicaid expenditures with waiver plus SeniorCare waiver expenditures to projected Medicaid expenditures without the waiver. The “without waiver Medicaid expenditures” projected in this table are based on the new expenditures estimated from Table 1B.

As shown in Table 4, it is projected that total Medicaid and SeniorCare costs for the aged population with the continued renewal of the SeniorCare waiver will be less than total Medicaid aged costs for this population without the waiver renewal. This expenditure offset is accomplished by:

- Reducing the rate of growth in the number of individuals who otherwise would have become Medicaid eligible during the waiver period as a result of the improved health of this population.
- Reducing the number of individuals in this population who spend down to Medicaid eligibility.

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- Reducing the cost per eligible member for a subgroup of Medicaid members who entered Medicaid healthier as a result of participating in SeniorCare, which allowed lower care costs.

The federal government will also benefit from the renewal of the SeniorCare waiver because it will reduce Medicare expenditures by lowering utilization of acute care services for this population group.

Our analysis shows that not only will continuing the SeniorCare waiver be budget neutral; it will produce savings over what would have been spent without the waiver.

Budget neutrality and cost effectiveness will be reported using the Wisconsin's Decision Support System instead of the CMS 64 report. On March 1, 2013, CMS approved this method of reporting for budget neutrality for the CYs 2013-2015 waiver period. DHS will continue to use this method of reporting for the new waiver period.

### **Historical and Projected Enrollment and Expenditure Data**

The table attached shows the historical and projected enrollment and expenditure data.

- [Historical and projected enrollment and expenditure data](#)