Comments on BadgerCare Reform Draft 1115 Demonstration Waiver Amendment

May 19, 2017

These comments are submitted in response to the Department of Health Services' invitation to comment on the Wisconsin's Medicaid's application to amend its BadgerCare 1115 Demonstration Waiver.

WAFCA is a statewide association that represents over fifty child and family serving agencies and leaders in the field and advocates for the more than 250,000 individuals and families that they serve each year. Our members' services include family, group and individual counseling; chemical dependency treatment; crisis intervention; outpatient mental health therapy; and foster care programs, among others.

Our comments are organized by the six proposed program changes. First, however, we would like to offer comments that apply generally to the overall proposal. The specificity and quality of our input on the proposed changes is compromised by a lack of information on whether DHS has analyzed or developed any conclusions on:

- Drug use in this childless adult population,
- Effectiveness of health incentives already implemented by the BadgerCare program or its participating HMOs,
- BadgerCare program administrative costs related to these proposals,
- Administrative costs for participating providers, and
- Availability of evidence-based practice/treatment for the population and health risks being targeted.

Some of these issues will be referenced again below under the six program change items.

1. **Monthly Premiums:** Establishing monthly premiums to help to increase the sustainability and value of health care in the state. Monthly premiums will range from $1 to $10 per household according to household income. Members with household incomes of 0 to 20 percent of the federal poverty level will not have a monthly premium.

   WAFCA Comments:

   - The mechanics of monthly premium payments for members in poverty are extremely problematic. They are unlikely to have bank accounts or credit cards for making payments.
   - People who drop their BadgerCare coverage will be more likely to rely on hospital emergency rooms, thus increasing uncompensated care costs, which increase health care costs for everyone in Wisconsin.
   - Medicaid and earlier BadgerCare experience demonstrate that even modest premium requirements depress program enrollment.
   - Providing immediate incentive payments after a member engages in a preferred activity is more likely to work than a delayed reduced monthly premium payment based on evidence from Wisconsin Medicaid's previous experience with incentive programs.[i]

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- Third party premium contributors (nonprofit organizations, hospitals, provider groups, and employers) offering to pay premiums for individuals sounds interesting, but how will the payment process work? If employers are making these payments, does this create an alternative to employer-sponsored health insurance? Will this option encourage more employers to shift employee health care to BadgerCare?

2. **Healthy Behavior Incentives:** Members will have the opportunity to have their monthly premiums reduced by 50 percent if they engage in healthy behaviors. Those engaged in behaviors that increase their health risk will owe the full standard premium. Additionally, to promote appropriate use of health care services and behavior that is mindful of health care value, members who utilize the emergency room (ER) will be responsible for an $8 copay for the first visit and a $25 copay for subsequent visits over a 12-month period.

   WAFCA Comments:
   - Copays are actually provider rate cuts especially when, as stated in application, a hospital cannot refuse service to a BadgerCare member in need of care.
   - Providing immediate incentive payments after the preferred activity is more likely to achieve the desired behavior than an increasing copay.
   - Several states are proposing incentive points for healthy behaviors that can be used to make copayments or obtain coverage of services not otherwise included in the benefit package.[ii]
   - Incentives to continue healthy behaviors may be more useful in encouraging long-lasting adoption of the desired behaviors.

3. **Health Risk Assessment (HRA):** The HRA is a questionnaire that will be used to identify healthy behavior and health risks for improved understanding of the health needs of members. HRA completion is not a condition of eligibility; however, members will pay the full standard premium until they complete the HRA.

   WAFCA Comments:
   - While completing an assessment may be helpful, the annual timeframe seems too long to wait for those who begin healthy behaviors mid-year and too long a period for re-checking with those who may have begun but been unable to continue the behaviors.
   - How will the program monitor for changing behaviors or for behaviors that change due to changing circumstances that prevent continued work on healthy behaviors? Will there be penalties for those who have benefitted from reduced premiums but have abandoned the healthy behaviors?
   - Will there be penalties for those who make false statements on the form?
   - Health risk assessment forms have not worked well in other states that have tried them.[iii]

4. **Time Limit on Medicaid Eligibility:** This policy is a 48-month eligibility limit for members using a cumulative formula. After 48 months of enrollment, a member will not be eligible for health care benefits for six months. The time in which a member is working or participating in an employment and training program for at least 80 hours a month will not be included in their 48-month eligibility limit. This work component applies to members ages 19-49. Exemptions from the work component and time limit will align with the FoodShare Employment and Training (FSET) program (for example, individuals with mental illness, disabilities, and full-time student). Members over age 49 will not be subject to the 48-month eligibility limit.

   WAFCA Comments:
   - Excluding employment training periods from the 48-month eligibility limit makes sense.
   - Since the clock can be stopped on the counting of months toward the eligibility, there could be situations in which a person is on BadgerCare for some months, drops out of the program to maintain future eligibility and returns again later. When that person returns, especially if they have a chronic

condition, they may be sicker and cost more due to interruption of treatment that was working for them, for example, blood pressure medication to control hypertension. BadgerCare's early implementation phases showed that the first year people were on the program they were more expensive because they were catching up on health care they had been unable to receive prior to enrollment.
- People who are less healthy are less likely to find or sustain employment.
- If members know that they are going to reach an eligibility limit, they may rush to have operations and more elective care before they lose coverage. One might argue that this would be a good instructional aspect of the program, because many health insurers already experience their enrollees increasing health services after their deductibles have been paid and before the end of the coverage year.

5. **Substance Abuse Identification and Treatment:** Substance Use Disorder (SUD) is a significant public health risk and a barrier to health, welfare, and economic achievement of residents. The policy requires individuals to complete a drug screening assessment and, if indicated, a drug test, but individuals will not be ineligible for benefits for testing positive. Individuals who do test positive for a drug will be referred to a SUD treatment program. Members who fail to complete a drug screening assessment or drug test will be ineligible for benefits until the requirement is completed. Refusal to participate in a SUD treatment program will result in ineligibility for benefits for six months.

   WAFCA Comments:
   - Immediate availability of a suitable program for the individual in need is critical to engagement in treatment. Assuming HRAs lead to even more people seeking treatment from a system that is already overwhelmed, how will the BadgerCare program increase the number of treatment providers and programs? The waiver plan does not address the inadequate payment for mental health and substance abuse services as identified in the Department's Medicaid plan for monitoring access to services.[iv]
   - What is the evidence that substance abuse disorders are more prevalent among childless adults than others on BadgerCare?
   - Since there are inadequate treatment services currently available, how will service for childless adults be prioritized?
   - Incentives to recommit to treatment after relapse are more likely to re-engage individuals in treatment. How will the punitive and incentive portions of the plan address relapse?
   - The waiver plan identified circumstances under which a person would be exempt from work or employment training. In this section the definition of mental illness, mentally unable to work, and taking part in an AODA treatment program require further explanation before we can comment on the appropriateness of this list.

6. **Residential Treatment Coverage:** Expanding treatment for SUD is critical to combating a statewide drug abuse epidemic. Under current policy, WI Medicaid does not provide full coverage of residential SUD treatment. DHS recognizes the barrier this presents for individuals who require SUD treatment and is designing a benefit to provide full coverage of residential treatment. In order to effectively implement this benefit, however, federal Medicaid funding must be made available to reimburse residential SUD treatment for individuals in facilities that qualify as institutions for mental diseases (IMD). As such, DHS is requesting a residential SUD treatment waiver of the federal exclusion for IMD reimbursement. Additionally, DHS is requesting a waiver of the 15-day limit for IMD coverage found in Medicaid managed care regulations.

   WAFCA Comments:
   - Modification of the 15-day limit for IMD coverage would be very helpful.

- The waiver application does not address the need for increased post-residential treatment services to maintain sobriety. Without investment in stepdown or community-based services in amounts adequate to address individuals exiting residential treatment, the expenditures on residential treatment may be wasted.
- Individuals who will benefit from residential treatment are those who can access care immediately upon indicating a desire to begin treatment. The waiver application indicates that these stays will require prior authorization. If so, access to treatment will be delayed two weeks to three months based on providers' experience with Medicaid prior authorization of other mental health services for those with intense needs. Something other than prior authorization must be developed to monitor appropriateness of inpatient treatment.

Increasing improved access to quality treatment should be a priority of the BadgerCare program. Unfortunately, most of the provisions identified in this application will not sufficiently address the lack of system capacity and will create more barriers to accessing treatment than currently exist. In addition, the administrative costs of this program are likely to be substantial.

WAFCA would be interested in working with the Department on improving the proposal to increase access while reducing long-term costs of serving those with substance abuse to reach a cost-neutral waiver program.

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[i] The Use of Healthy Behavior Incentives in Medicaid, Medicaid and CHIP Payment and Access Commission, August, 2016.
[ii] Ibid.
[iii] Ibid.
[iv] Medicaid Plan for Monitoring Access to Fee-for-Service Health Care, Wisconsin Department of Health Services, September 30, 2016.