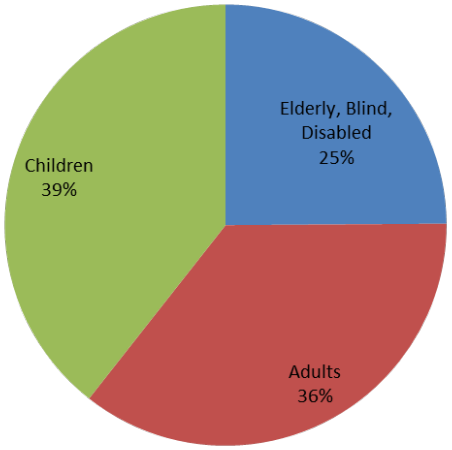
Entitlement Reform & Medicaid

Evidence-Based Health Policy Project

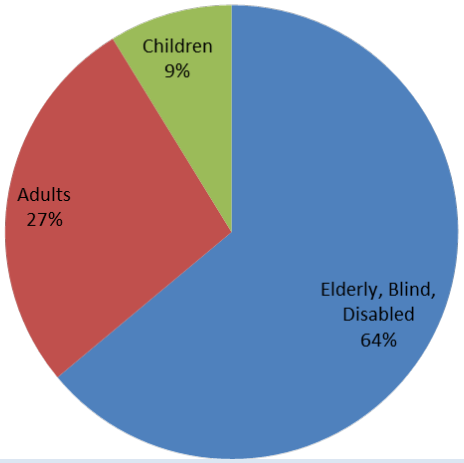
Wisconsin Department of Health Services

Wisconsin Medicaid: Current State

Caseload by Eligibility Groups



GPR Costs By Eligibility Groups



	Caseload		GPR Costs		All Funds
	Count	% of total	$	% of total	PMPM
EBD	234,094	25%	$2,008M	64%	$1,787
Adults	335,729	36%	$856M	27%	$531
Children*	370,391	39%	$276M	9%	$155
**excluding CHIP funded children*					
Total	940,214		$3,139M		$696

Wisconsin Medicaid: Current State

FY 17 Projected Expenditures (All Funds)		
Category	**Amount**	**% of Total**
Family Care and IRIS	$2,213M	27%
Nursing Homes, Waivers, Long Term Care Card Services	$1,288M	16%
BadgerCare Plus and SSI HMOs	$2,110M	25%
Fee for Service Hospital	$804M	10%
Prescription Drugs	$1084M	13%
Drug Rebates	($673M)	(8%)
Part D Clawback Payments	$198M	2%
Medicare Premiums /Cost Share for Dual Eligibles	$316M	4%
Community Mental Health	$150M	2%
Federally Qualified Health Centers	$164M	2%
Other Fee for Service Providers + Other Payments	$649M	8%
Total	**$8,302M**	**100%**
Administrative Costs	**$325M**	

Medicaid Membership & Costs

	Expenditures ($ in Millions)	Average Monthly Enrollment
2004-05	$4,453.9	741,000
2005-06	4,421.4	761,300
2006-07	4,703.2	765,500
2007-08	4,950.7	801,100
2008-09	5,944.9	894,500
2009-10	6,696.1	1,042,500
2010-11	7,181.7	1,098,000
2011-12	6,597.2	1,112,700
2012-13	7,187.7	1,104,100
2013-14	8,070.1	1,098,700
2014-15	8,526.2	1,130,100
2015-16	9,197.1 (budgeted)	1,129,200

Major Eligibility Groups

Elderly, Blind, Disabled					BadgerCare			
SSI	SSI Related	MAPP	Institutional Eligibility	HCB Waivers	Childless Adults	Parents	Children	Pregnant Women
114,712	19,172	28,231	16,098	41,885	142,906	168,917	481,820	19,722

Cost Pressures

- Pharmaceutical Costs
  - Specialty Drugs (Hepatitis C, etc)
- Caseload growth (elderly and disabled)
- Federal mandates (Medicare Part-D claw-back provision phase-down, Medicare Part B premium payments fluctuations)
- Demographics

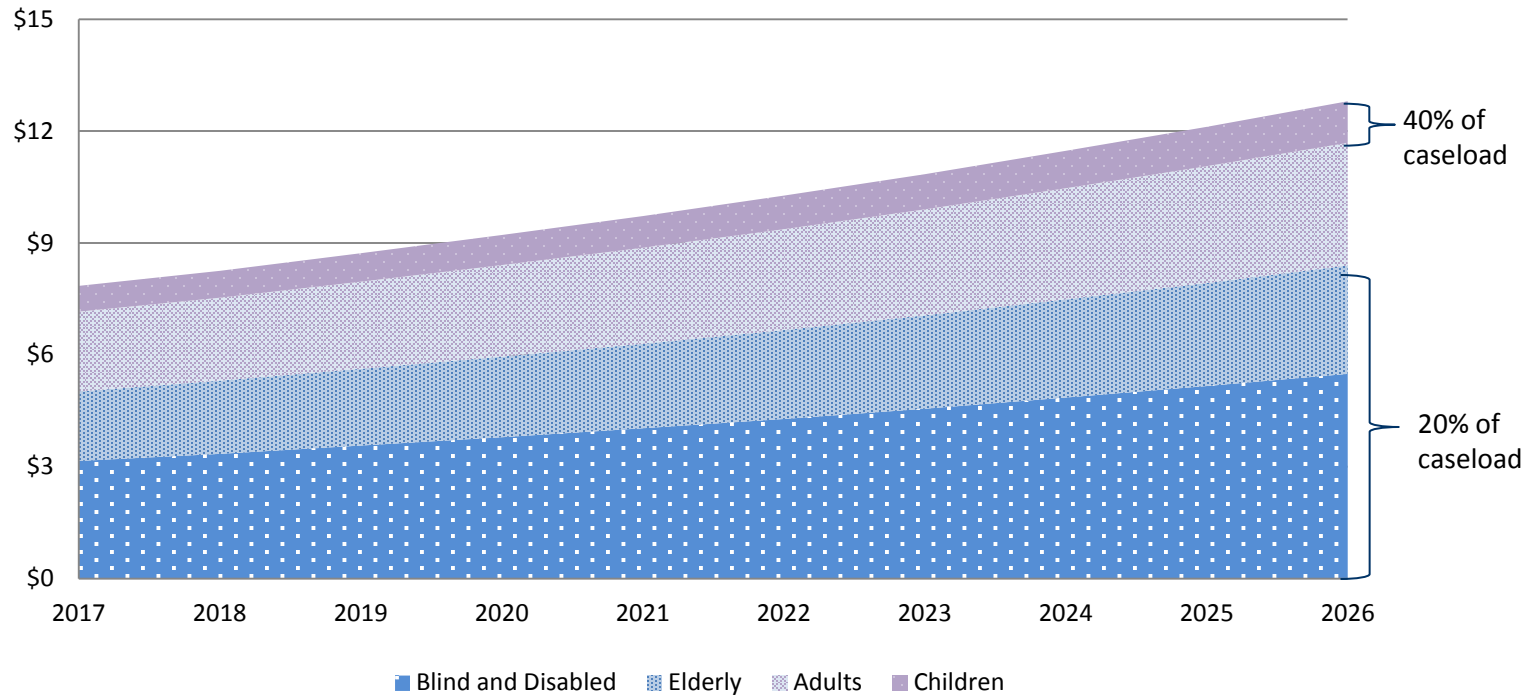
Distribution of Spending

- 1% of the population in the United States accounts for 22% of total healthcare expenditures.
- In Medicaid nationally, spending is even more uneven with:
  - 5% of Medicaid beneficiaries accounting for 54% of total Medicaid expenditures, and
  - 1% of Medicaid account for 25% of total Medicaid expenditures.

How are Medicaid Services Delivered?

- A delivery system refers to the way in which enrollees receive Medicaid coverage.
- Two main delivery systems:
  Fee-for-service (FFS) and managed care.
- States can choose the delivery system(s).
- Benefits are the same in each system.

Wisconsin Medicaid – Projected All Funds Costs under Current Law, by Eligibility Category (in $ Billions)



- This baseline projection assumes 5.3% growth in costs annually (3.1% PMPM and 2.2% Caseload)
- Costs for Elderly, Blind, Disabled members comprise 64% of expenditures in 2017 and represent less than 20% of caseload
- Children comprise less than 10% of costs but almost 40% of caseload

WI 1115 Waiver Amendment – Childless Adults Population

- Policy 1: Imposing Premiums
- Policy 2: Higher Premiums for Enrollees Engaging in Risky Health Behaviors
- Policy 3: HRA Requirement
- Policy 4: Eligibility Time Limit
- Policy 5: Drug Screening & Testing

Policy 1: Imposing Premiums

DHS determined the following parameters:

- ***Income Segments and Premium Amount***

	Household Income	Monthly Premium Amount
Tier 1	**1 to 50 percent of FPL**	**$1.00 per household**
Tier 2	**50 to 100 percent of FPL**	**$5.00 per household**

*In alignment with the current copayment policies, enrollees with incomes at zero percent of FPL will be exempt from paying monthly premiums.

- ***Consequences of Nonpayment***
  - o Disenrollment for failure to pay premiums after a 30 day grace period
  - o Once dis-enrolled, individual may be restricted from re-enrollment for up to 3 months
    - Restrictive reenrollment will align with Transitional Medical Assistance (TMA) disenrollment policy

Policy 2: Higher Premiums for Enrollees Engaging in Risky Health Behaviors

DHS determined the following parameters:

- ***Behaviors that Increase Health Risks***

Health Risk Behaviors	Risk Measurement	Identification Method
Alcohol Consumption, Body Weight, Illicit Drug Use, Seatbelt Use, and Tobacco Use	Threshold of when a behavior is determined as posing a health risk will follow national health organizations	HRA (Policy 3) will be the tool used to identify individuals

- ***Healthy Behaviors Incentive Model***
  - If all enrollees in a household are found not to engage in any health risk behaviors, their monthly premium will be reduced by half
  - Enrollees identified as engaging in any health risk behaviors will be charged the standard monthly premium amount

Policy 3: HRA Requirement

DHS determined the following parameters:

- ***Administration of HRA***
  - Health maintenance organizations (HMOs) will be responsible for administering the HRA at the time of member enrollment and annual renewal
- ***Information Collected in the HRA***
  - Current Health Needs Assessment (HNA) will be used as the basis for the HRA. All elements DHS has defined as health risks will also be included
- ***Enforcement of HRA Completion***
  - If an enrollee does not complete the HRA, then the enrollee would be subject to the standard premium

Policy 4: Eligibility Time Limit

DHS determined the following parameters:

- ***Time Limit Calculation***
  - 48-month eligibility will be calculated using a cumulative (lifetime) limit formula
  - 48-month count will begin on the effective date of policy implementation for all childless adults currently enrolled in BadgerCare
  - For enrollees who enroll in BadgerCare after the 48-month limit has been implemented, the time limit count will begin on date of initial program enrollment
  - There will be exemptions to the 48-month count (next slide)

Policy 4: Eligibility Time Limit

DHS determined the following parameters:

- ***Exemptions to Eligibility Time Limit Count***
  - Work Component
    - Enrollees who fulfill a work requirement while receiving Medicaid benefits will not have this enrollment time calculated in their 48-month eligibility time limit
    - Exemptions from work requirement will likely align with the FoodShare Employment and Training (FSET) program
      - Includes: individuals with mental illness, SSDI, full-time student, etc.

Policy 5: Drug Screening & Testing

DHS determined the following parameters:

- ***Drug Screening Assessment***
  - The assessment tool will be the same one currently used in the FoodShare Program
  - The applicant or enrollee will be asked if he/she has been convicted of a drug felony in the past five years
  - The assessment must be completed at the time of application, renewal, and when changes are reported.
- ***Criteria for Submitting to a Drug Test***
  - A positive answer to the drug assessment question will require the applicant or enrollee to submit to a drug test.

Policy 5: Drug Screening & Testing

DHS determined the following parameters:

- ***Drug Testing Components***
  - The drug test will include any drug for which the applicant or enrollee received the felony conviction. This aligns with FoodShare Program policy.
  - Drug testing will be limited to the time individuals are identified as being suspected of substance abuse through the drug screening assessment.
- ***Penalty for Refusal to Submit to a Drug Screening Assessment or Test***
  - Program ineligibility until individual agrees to complete requirements.

Policy 5: Drug Screening & Testing

DHS determined the following parameters:

- ***Substance Abuse Treatment Program***
  - Enrollees who test positive for drug will be referred to a substance abuse treatment program
  - Refusal to participate will result in the enrollee being subject to the standard higher premium payment
- ***Payment for and Access to Treatment***
  - Waiver of the Medicaid Institutions for Mental Diseases (IMD) exclusion to improve access to inpatient behavioral health services
  - Department would pay the cost the individual's room and board at the IMD and pay HMOs a per-member-per month (PMPM) to manage coverage of substance abuse treatment
  - Waiver of the Medicaid certification requirement as "in lieu of services" to allow HMOs to use alternative providers to provide substance abuse treatment

Considerations

- Block Grant, Per Capita or Hybrid
- Baseline
- Inflationary Indexing
- Timing/Phasing
- Duals
- Genuine regulatory relief for states
- Eliminate Federally Imposed Costs