

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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December 20, 2013

Mr. Brett Davis  
Medicaid Director  
Wisconsin Department of Health Services  
1 West Wilson Street, Room 350  
PO Box 309  
Madison, WI 53701-0309

Dear Brett:

I am writing to confirm our agreement regarding Wisconsin's plans for effectuating the transition of the BadgerCare and BadgerCare Plus Core Plan section 1115 demonstrations in light of the changes to the Medicaid program resulting from the Affordable Care Act. This agreement reflects a series of discussions over the past several months, including the exchange of written documents outlining the state's proposed mitigation strategies for transitioning the source of health coverage for 77,500 Wisconsin residents from Medicaid to the new health insurance Marketplace.

### **Eligibility and Waiver Authority**

The state has proposed to delay the expiration date for two Wisconsin section 1115 demonstrations – BadgerCare and BadgerCare Plus – from December 31, 2013 until March 31, 2014 for parents and caretaker relatives and adults without dependent children.

The temporary extension of these demonstrations allows Wisconsin to continue to cover childless adults currently enrolled in the program up to 200% FPL through March 31, 2014; and to continue to cover parents and caretaker adults consistent with authorities currently provided under the waivers.

The state has indicated that it will not scale back eligibility levels as proposed, from 200 percent of the federal poverty level (FPL) to 100 percent of the FPL for adults without children as well as parents and caretaker relatives on December 31<sup>st</sup>, instead putting into place a temporary extension of coverage through the demonstrations and current state plan authority. Based on our agreement, the coverage levels and effective dates for the following populations will be as follows:

- **Parents and Caretaker Relatives.** Existing beneficiaries will remain eligible up to 200% of the FPL through March 31, 2014, at which point the Medicaid eligibility level will reduce to

100% of the FPL. New applicants will be enrolled based on 2013 (non-MAGI) rules until February 1<sup>st</sup>, at which point MAGI-based rules will be applied, along with the reduction in eligibility. Individuals who apply on or after February 1<sup>st</sup> will receive a MAGI-based eligibility determination and either be enrolled in Medicaid or be sent to the Marketplace via an account transfer for consideration for an advance premium tax credit (APTC). CMS will work with Wisconsin to provide the necessary 1115 waiver extensions and Medicaid state plan authorities.

The accounts for the parents/caretaker relatives who have applied at the FFM since October 1<sup>st</sup>, but have incomes up to 95% of the FPL (effectively 100% of the FPL including the 5% disregard), will be transferred to the state in the very near future. Wisconsin will promptly contact these individuals upon receipt of the accounts to inform them that their coverage will begin on January 1, 2014.

Currently enrolled parents/caretakers will receive a form by mail from the state within the next few weeks asking them to provide information needed to complete a MAGI-based redetermination of eligibility before having their accounts either retained in Medicaid or transferred to the FFM. Beginning on February 17<sup>th</sup> the state will conduct redeterminations under the new eligibility levels and initiate account transfers to the Marketplace for consideration for APTC eligibility for individuals determined to have income above 100% of the FPL.

- **Adults without dependent children.** Pursuant to Wisconsin's direction to the FFM, individuals who are newly applying for coverage through the Marketplace are being screened and determined eligible for Medicaid if their income is up to 95% of the FPL (effectively 100% of the FPL including the 5% disregard). If they have income above 100% of the FPL, these individuals have the opportunity to enroll in coverage in the Marketplace and receive an APTC to subsidize their premium costs. The accounts for the individuals who have applied at the FFM since October 1, but have incomes below 100% of the FPL, will be transferred to the state in the very near future. Wisconsin will promptly contact these individuals upon receipt of the accounts to inform them that their coverage will begin on April 1, 2014.

Adults without dependent children who apply for coverage in Wisconsin will receive a MAGI-based eligibility determination once the MAGI-based rules are in place in February 2014. New applicants whose income is up to 95% of the FPL (effectively 100% of the FPL including the 5% disregard) will be informed that their eligibility for BadgerCare coverage will take effect on April 1, 2014. Individuals whose income is over 100% of the FPL will have their accounts promptly transferred to the Marketplace for consideration for APTC eligibility.

Adults without dependent children with incomes up to 200% of the FPL who are currently enrolled in the BadgerCare Plus Core Plan will continue to be eligible to receive these benefits through March 31, 2014.

Wisconsin residents with incomes above 100% of the FPL who have applied at the FFM during the fall of 2013 for coverage effective January 1<sup>st</sup>, 2014 will remain in Marketplace coverage.

### **Transitioning Populations and Implementation of MAGI-based Eligibility Rules**

The state has adjusted its mitigation planning in order to implement MAGI-based eligibility rules on February 3, 2014 for new parent/family applicants; with full implementation of MAGI rules on February 17<sup>th</sup> to conduct redeterminations and account transfers for transitioning populations and for processing of all new applicants.

In order to minimize the impact of the delay in implementing MAGI rules, Wisconsin will send a letter and questionnaire to existing enrollees asking them to fill in information about their tax filing status and other information needed to complete a MAGI-based redetermination before the state transfers the accounts to the FFM. This document will be referred to as the Verification Check List (VCL). The individuals who return the information and whose incomes are above the reduced eligibility levels that Wisconsin is adopting will have their MAGI-based eligibility information transferred to the FFM beginning on February 17<sup>th</sup>.

CMS will continue to work with the state to establish acceptable mechanisms for tracking the individuals who do and do not successfully make the transition to coverage through the Marketplace, including the strategies discussed below.

### **Communication to Applicants**

Because the FFM, at Wisconsin's instruction, is currently determining Medicaid eligibility for those Wisconsin applicants with incomes below up to 95% of the FPL (effectively 100% of the FPL including the 5% disregard), messaging is needed to explain the delay in coverage until April 1, 2014 for adults without dependent children. It is our understanding (as noted above) that the state will enroll eligible parents/caretaker relatives promptly upon receipt of the account transfers from the FFM to effectuate January 1, 2014 coverage. The state can also conduct post-eligibility checks and, with proper notice and appeal rights, disenroll beneficiaries based on those results and transfer their cases back to the FFM for action. It is important to note that individuals applying at the FFM have already received a notice indicating that they are Medicaid eligible and that their coverage will take effect on January 1<sup>st</sup>.

The state will use the information provided in the enhanced weekly account transfer "flat files" and the formal Account Transfer files to develop telephone and written messages to families informing them of their eligibility determination and coverage start date. As part of the calls, beneficiaries will be asked whether they have completed an application at the FFM, enrolled in a QHP, and paid the initial premium, and these outcomes will be recorded and reported. These messages need to go out as soon as possible.

### **FFM Programming for Wisconsin**

As noted above, as part of its mitigation strategy, Wisconsin agreed to delegate the authority for the FFM to make Medicaid eligibility determinations for individuals who apply through the Marketplace.

The FFM has been making those determinations for applicants with incomes below 100% of the FPL and will be transferring those accounts to the state shortly. As described above, Wisconsin will act on those determinations and enroll individuals for the appropriate coverage effective date depending on the eligibility group.

Wisconsin has indicated interest in changing the delegation of authority to permit the FFM to make assessments, rather than determinations, of eligibility beginning on January 1, 2014. CMS will approve that request provided the other elements of this agreement, in particular the execution of MAGI rules in February 2014, are in place. In addition, the enhanced maintenance and operations funding will become available in February, when all of the critical success factors have been met.

I hope this information is helpful in confirming our mutual understanding of how Wisconsin will proceed with implementation of the Medicaid eligibility changes included in the Affordable Care Act. Please do not hesitate to contact me with any questions or concerns and we look forward to your written confirmation of this agreement.

Sincerely,



Eliot Fishman  
Director  
Children and Adults Health Programs Group

Cc: Cindy Mann, Director, CMCS  
Jennifer Ryan, Director, Intergovernmental and External Affairs Group, CMCS  
Verlon Johnson, ARA for Medicaid, Chicago Regional Office