



Administrator
Washington, DC 20201

APR 27 2012

Mr. Brett Davis
Medicaid Director
Wisconsin Department of Health Services
1 West Wilson Street
P.O. Box 309
Madison, Wisconsin 53701-0309

Dear Mr. Davis:

This letter responds to your request to amend Wisconsin's section 1115 Demonstrations, entitled "BadgerCare" (Project #11-W-00125/5) and "BadgerCare Plus for Childless Adults" (Project 11-W-00242/5), to limit Medicaid eligibility for certain non-pregnant, nondisabled adults with incomes above 133 percent of the Federal poverty level (FPL). The Centers for Medicare & Medicaid Services (CMS) is approving Wisconsin's request to apply more restrictive eligibility standards consistent with section 1902(gg)(3) of the Social Security Act, which specifies that the maintenance of effort provision shall not apply to non-pregnant, nondisabled adults with incomes above 133 percent of the FPL if a State has certified to CMS that it has a budget deficit. On January 20, 2012, CMS acknowledged Wisconsin's budget deficit certification for State fiscal years 2012 and 2013. This certification grants the State a time-limited non-application of the maintenance of effort provision, and expires on June 30, 2013. Accordingly, CMS is granting your request to amend Wisconsin's BadgerCare and BadgerCare Plus for Childless Adults section 1115 Demonstrations effective July 1, 2012, through June 30, 2013.

The amended Demonstrations will provide new authorities enabling the State to implement the following changes as applied to both parent/caretaker relatives covered through the BadgerCare Demonstration, including those eligible for Medicaid under Transitional Medical Assistance (TMA), and childless adults with income above 133 percent of the FPL covered through the BadgerCare Plus for Childless Adults Demonstration:

- A sliding scale monthly premium for the affected non-pregnant, nondisabled adult population ranging from 3 percent for adults with income at 134 percent of the FPL up to 9.5 percent for those with income exceeding 300 percent of the FPL; and
- A 12-month eligibility restriction on re-enrollment under the Medicaid State plan or Demonstration for adults who fail to make a premium payment.

Under the amended BadgerCare Demonstration, the State will have the authority to apply a 9.5 percent affordability test with respect to employer sponsored insurance that meets minimum benefit standards. This authority, however, will not apply to those parent and caretaker relatives that are eligible for TMA. Finally, the amended BadgerCare Demonstration expands the State's current authority to waive retroactive eligibility to parent and caretaker relatives with income between 134 and 150 percent of the FPL, as well as to those eligible for TMA.

Under the BadgerCare Plus for Childless Adults Demonstration, as amended, coverage will continue to be provided to some childless adults who would not otherwise receive coverage under the State plan. The Demonstrations will test the use of measures in Medicaid to prevent the substitution of public coverage for affordable private coverage. The State has maintained that the use of the 9.5 percent affordability test (specifically applied under the BadgerCare Demonstration) and the sliding scale premiums enforced through the use of a 12-month restriction on re-enrollment are both necessary to ensure maximum coverage for this population given the State's certified budget deficit. These policies will enable the State to test the effects on enrollment, utilization, and health outcomes of imposing an affordability test relative to the availability of employer sponsored insurance and a sliding scale premium for nondisabled, non-pregnant adults whose incomes will, in 2014, make them potentially eligible to purchase insurance with a premium tax credit on the Affordable Insurance Exchange.

The CMS approval of the BadgerCare and BadgerCare Plus for Childless Adults Demonstrations amendments is conditioned upon continued compliance with the enclosed set of both Special Terms and Conditions (STCs) defining the nature, character, and extent of anticipated Federal involvement in the projects. The award is subject to our receiving your written acknowledgement of the award and acceptance of both sets of STCs within 30 days of the date of this letter.

Additionally, the State must, by May 31, 2012, complete the required steps to validate budget neutrality for the BadgerCare Plus for Childless Adults Demonstration as outlined in the Demonstration's STCs. If these conditions are not met, CMS will withhold Federal match for administrative costs attributable to the Demonstration.

A copy of the revised BadgerCare STCs and waiver authorities is enclosed, as well as the revised BadgerCare Plus for Childless Adults STCs and expenditure authorities.

Your project officer is Ms. Jessica Schubel, and she is available to answer any questions concerning your section 1115 demonstration. Ms. Schubel's contact information is as follows:

Jessica L. Schubel, MPH
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850
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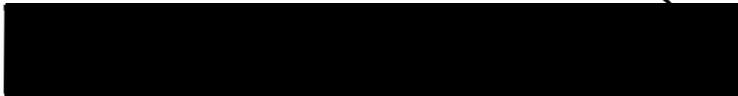
Official communications regarding program matters should be submitted simultaneously to Ms. Schubel and to Ms. Verlon Johnson, Associate Regional Administrator for the Division of Medicaid & Children's Health in the Chicago Regional Office. Ms. Johnson's contact information is as follows:

Ms. Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children Health Operations
233 North Michigan Avenue, Suite 600
Chicago, IL 60601

If you have additional questions, please contact Ms. Victoria Wachino, Director, Children and Adults Health Programs Group, Center for Medicaid and CHIP Services at (410) 786-5647.

We look forward to continuing to work with you and your staff.

Sincerely,



Marilyn Tavenner
Acting Administrator

Enclosures

CENTERS FOR MEDICARE & MEDICAID SERVICES
EXPENDITURE AUTHORITY
Amended July 1, 2012

NUMBER: 11-W-00242/5

TITLE: Wisconsin BadgerCare Plus Health Insurance for Childless Adults Section 1115 Demonstration

AWARDEE: Wisconsin Department of Health Services

Under the authority of section 1115(a)(2) of the Social Security Act (the Act), expenditures made by the State for the items identified below, which are not otherwise included as expenditures under section 1903 of the Act, incurred during the period of this Demonstration, shall be regarded as expenditures under the State's title XIX plan.

The following expenditure authority shall enable the State to operate its section 1115 Medicaid Childless Adults Demonstration.

1. **Childless Adult Demonstration Population.** Expenditures for health care-related costs for childless, non-pregnant, adults ages 19 through 64 years who have family incomes that do not exceed 200 percent of the Federal poverty level (FPL) at the time of application and renewal, who are not otherwise eligible under the Medicaid State plan, other than for family planning services or for the treatment of Tuberculosis, and who do not have other health insurance coverage.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly identified as not applicable in the list below, shall apply to the Demonstration Population beginning January 1, 2009, through December 31, 2013.

Title XIX Requirements Not Applicable to the Demonstration Population:

1. **Reasonable Promptness** **Section 1902(a)(8)**

To the extent necessary to enable the State to cap enrollment for the Demonstration-Eligible Population, and to delay provision of medical assistance until 15 days after the date when the individual is determined eligible for coverage, or the date of enrollment into the Health Maintenance Organization (HMO), whichever is sooner.

To permit the State to prohibit re-enrollment for 12-months for Demonstration-Eligible Population who are disenrolled for failure to make premium payments. This authority will expire on June 30, 2013, in the event the State does not certify, prior to April 1, 2013, that the State projects a budget deficit for State fiscal year 2014.

2. **Application Procedures** **Section 1902(a)(4) as implemented by 42 CFR Part 435, Subpart J**

To the extent necessary to permit the State to limit the application methods to online and telephonic methods, using electronic or audio signatures to comply with applicable signature

CENTERS FOR MEDICARE & MEDICAID SERVICES
EXPENDITURE AUTHORITY
Amended July 1, 2012

requirements.

- 3. Amount, Duration, and Scope** **Section 1902(a)(10)(B)**
To the extent necessary to enable the State to offer a different benefit package to the Demonstration-Eligible Population that varies in amount, duration, and scope from the benefits offered under the State Plan.
- 4. Freedom of Choice** **Section 1902(a)(23)(A)**
To the extent necessary to enable the State to require enrollment of eligible individuals in managed care organizations.
- 5. Retroactive Eligibility** **Section 1902(a)(34)**
To the extent necessary to enable the State to not provide coverage for the Demonstration-Eligible Population for any time prior to the date of enrollment into an HMO, or within 15 days after the date in which the individual is determined eligible for coverage, whichever is sooner.
- 6. Eligibility Standards** **Section 1902(a)(17)**
To the extent necessary to enable the State to apply different eligibility methodologies and standards to the Demonstration-Eligible Population than are applied under the State plan.
- 7. Cost Sharing** **Section 1902(a)(14)**
To the extent necessary to enable the State to impose an annual non-refundable application fee, premiums and cost sharing that are above the limits that would apply under the State plan. This authority as it pertains to the imposition of monthly premiums will expire on June 30, 2013, in the event the State does not certify, prior to April 1, 2013, that the State projects a budget deficit for State fiscal year 2014.
- 8. Methods of Administration: Transportation** **Section 1902(a)(4), insofar as it incorporates 42 CFR 431.53**
To the extent necessary to enable the State to not assure transportation to and from providers for the Demonstration-Eligible Population.
- 9. Early and Periodic Screening, Diagnostic, and Treatment Services** **Section 1902(a)(43)**
To the extent necessary to enable the State to not provide coverage of early and periodic screening, diagnostic and treatment services to 19- and 20-year-old individuals in the Demonstration-Eligible Population.

**CENTERS FOR MEDICARE & MEDICAID SERVICES
EXPENDITURE AUTHORITY
Amended July 1, 2012**

10. Income and Eligibility Verification

Section 1902(a)(46)

To the extent necessary to enable the State to forgo use of the Internal Revenue Services data exchange for income verification for the Demonstration-Eligible Population.

CENTERS FOR MEDICARE & MEDICAID SERVICES
SPECIAL TERMS AND CONDITIONS
Amended July 1, 2012

NUMBER: 11-W-00242/5

TITLE: Wisconsin BadgerCare Plus Health Insurance for Childless Adults Section 1115 Demonstration

AWARDEE: Wisconsin Department of Health Services

I. PREFACE

The following are the Special Terms and Conditions (STCs) for Wisconsin’s BadgerCare Plus Health Insurance for Childless Adults section 1115(a) Medicaid Demonstration extension (hereinafter referred to as “Demonstration”). The parties to this agreement are the Wisconsin Department of Health Services (“State”) and the Centers for Medicare & Medicaid Services (CMS). The STCs set forth in detail the nature, character, and extent of Federal involvement in the Demonstration and the State’s obligations to CMS during the life of the Demonstration. The STCs are effective July 1, 2012, unless otherwise specified, however, the State’s authority to impose monthly premiums and the 12-month restrictive re-enrollment period to Demonstration participants with income above 133 percent of the Federal poverty level (FPL) will expire on June 30, 2013 in the event the State does not certify, prior to April 1, 2013, that the State projects a budget deficit for State fiscal year 2014. All previously approved STCs and Expenditure Authorities are superseded by the STCs set forth below. This Demonstration is approved through December 31, 2013.

The STCs have been arranged into the following subject areas:

- I. Preface;
- II. Program Description and Objectives;
- III. General Program Requirements;
- IV. Eligibility;
- V. Benefits;
- VI. Cost Sharing;
- VII. Delivery System;
- VIII. General Reporting Requirements;
- IX. General Financial Requirements under Title XIX;
- X. Evaluation of the Demonstration; and
- XI. Schedule of State Deliverables During the Demonstration.

II. PROGRAM DESCRIPTION AND OBJECTIVES

The BadgerCare Plus expansion to low-income childless adults is the second step in a comprehensive strategy to ensure access to affordable health insurance for virtually all Wisconsin residents. Wisconsin is building on the success of the current BadgerCare Plus and is well positioned to lead the Nation both in terms of health insurance access as well as overall health care reform.

The Demonstration population consists of the most chronically uninsured population: adults without dependent children, between the ages of 19 and 64 and with incomes that do not exceed 200 percent of the Federal Poverty Level (FPL) at the time of application and renewal. The program includes new and innovative features including, 1) centralized eligibility and enrollment functions, 2) requirement for participants to complete a health needs assessment that will be used to match enrollees with health maintenance organizations (HMOs) and providers that meet the individual's specific health care needs, 3) the tiering of health plans based on quality of care indicators, and 4) enhanced online and telephone application tools that will empower childless adults to choose from a variety of health insurance options.

The Clinical Advisory Committee on Health and Emerging Technology (CACHET) advises the State on how best to structure the health insurance benefit so as to meet the needs of the population as well as control costs. The CACHET will consist of health care professionals from across Wisconsin and across health care disciplines.

The key program goals include:

- Expanding BadgerCare Plus to childless adults and together with Medicaid, the Children's Health Insurance Program (CHIP), Medicare, and employer-sponsored insurance, Wisconsin will be able to provide access to insurance to 98 percent of residents in the most cost-effective manner;
- Effectiveness in meeting the health care needs of the uninsured childless adults population through flexible benefit package using evidence-based medicine and advice from the medical community via the CACHET;
- Encouraging quality health care outcomes from private health plans utilized by the BadgerCare Plus for Childless Adults population through the use of a new health plan selection tool and the tiering of the health plans (and differing enrollment fee amount) based upon quality measures;
- Reduction in emergency room usage and uncompensated care by encouraging use of preventative primary care for this population; and
- Improved health outcomes for this population in the areas of prevention and successful management of chronic diseases such as diabetes and asthma.

As part of Wisconsin's November 10, 2011, amendment request, the State has expanded the hypotheses that it intends to test with the BadgerCare Plus for Childless Adults Demonstration. Specifically, the Demonstration will enable the State to test the effects of assessing an annual application fee as well as monthly premiums on enrollment, utilization and health outcomes on the Demonstration population by permitting a restrictive re-enrollment policy, sliding scale premiums in excess of 5 percent of household income on Demonstration participants with income above 133 percent of the Federal poverty level (FPL), and a non-refundable annual application fee on Demonstration participants with income at or below 133 percent of the FPL.

In order to evaluate these hypotheses, as part of the Demonstration, the State will review statistics on disenrollment for nonpayment of premiums, utilization and cost data, and quality measures related to the childless adults above 133 percent of the FPL and compare the same statistics associated with the childless adults at or below 133 percent of the FPL that are enrolled under the Demonstration as specified in paragraph 50.

III. GENERAL PROGRAM REQUIREMENTS

1. **Compliance with Federal Non-Discrimination Statutes.** The State must comply with all applicable Federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.
2. **Compliance with Medicaid Law, Regulation, and Policy.** All requirements of the Medicaid program, or the Children's Health Insurance Program (CHIP) for the separate CHIP population, expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in the waiver and expenditure authority documents (of which these terms and conditions are part), apply to the Demonstration.
3. **Changes in Medicaid Law, Regulation, and Policy.** The State must, within the timeframes specified in law, regulation, or policy statement, come into compliance with any changes in Federal law, regulation, or policy affecting the Medicaid program that occur during this Demonstration approval period, unless the provision being changed is expressly waived or identified as not applicable.
4. **Impact on Demonstration of Changes in Federal Law, Regulation, and Policy.**
 - a) To the extent that a change in Federal law, regulation, or policy requires either a reduction or an increase in Federal financial participation (FFP) for expenditures made under this Demonstration, the State must adopt, subject to CMS approval, a modified budget neutrality agreement for the Demonstration as necessary to comply with such change. The modified agreement will be effective upon the implementation of the change. The trend rates for the budget neutrality agreement are not subject to change under this subparagraph.
 - b) If mandated changes in the Federal law require State legislation, the changes must take effect on the earlier of the day such State legislation becomes effective, or on the last day such legislation was required to be in effect under the law.
5. **State Plan Amendments.** The State will not be required to submit title XIX State plan amendments for changes affecting any populations made eligible solely through the Demonstration. If a population eligible through the Medicaid State plan is affected by a change to the Demonstration, a conforming amendment to the State Plan is required, except as otherwise noted in these STCs.

6. **Changes Subject to the Amendment Process.** Changes related to eligibility, enrollment, benefits, delivery systems, cost sharing, evaluation design, sources of non-Federal share of funding, budget neutrality, and other comparable program elements must be submitted to CMS as amendments to the Demonstration. All amendment requests are subject to approval at the discretion of the Secretary in accordance with section 1115 of the Act. The State must not implement changes to these elements without prior approval by CMS. Amendments to the Demonstration are not retroactive and FFP will not be available for changes to the Demonstration that have not been approved through the amendment process set forth in paragraph 7 below.
7. **Amendment Process.** Requests to amend the Demonstration must be submitted to CMS for approval no later than 120 days prior to the planned date of implementation of the change and may not be implemented until approved. Amendment requests must include, but are not limited to, the following:
 - a) An explanation of the public process used by the State, consistent with the requirements of paragraph 14 to reach a decision regarding the requested amendment;
 - b) A data analysis which identifies the specific “with waiver” impact of the proposed amendment on the current budget neutrality agreement. Such analysis shall include current total computable “with waiver” and “without waiver” status on both a summary and detailed level through the current approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the “with waiver” expenditure total as a result of the proposed amendment, which isolates (by Eligibility Group) the impact of the amendment;
 - c) A detailed description of the amendment, including impact on beneficiaries, with sufficient supporting documentation; and
 - d) If applicable, a description of how the evaluation designs will be modified to incorporate the amendment provisions.
8. **Extension of the Demonstration.** States that intend to request demonstration extensions under sections 1115(e) or 1115(f) are advised to observe the timelines contained in those statutes. Otherwise, no later than 12 months prior to the expiration date of the Demonstration, the chief executive officer of the State must submit to CMS either a Demonstration extension request or a phase-out plan consistent with the requirements of paragraph 9.

As part of the Demonstration extension request, the state must provide documentation of compliance with the public notice requirements outlined in paragraph 14 as well as include the following supporting documentation:

- a) **Demonstration Summary and Objectives:** The State must provide a summary of the demonstration project, reiterate the objectives set forth at the time the demonstration was

proposed and provide evidence of how these objectives have been met.

- b) **Special Terms and Conditions (STCs):** The State must provide documentation of its compliance with each of the STCs. Where appropriate, a brief explanation may be accompanied by an attachment containing more detailed information. Where the STCs address any of the following areas, they need not be documented a second time.
- c) **Quality:** The State must provide summaries of External Quality Review Organization (EQRO) reports, managed care organization (MCO) and State quality assurance monitoring, and any other documentation of the quality of care provided under the demonstration.
- d) **Compliance with the Budget Neutrality Cap:** The State must provide financial data (as set forth in the current STCs) demonstrating that the State has maintained and will maintain budget neutrality for the requested period of extension. CMS will work with the State to ensure that Federal expenditures under the extension of this project do not exceed the Federal expenditures that would otherwise have been made. In doing so, CMS will take into account the best estimate of current trend rates at the time of the extension.
- e) **Interim Evaluation Report:** The State must provide an evaluation report reflecting the hypotheses being tested and results of this testing.

9. **Demonstration Phase-Out.** The State may only suspend or terminate this Demonstration in whole, or in part, consistent with the following requirements.

- a) **Notification of Suspension or Termination:** The State must promptly notify CMS in writing of the reason(s) for the suspension or termination, together with the effective date and a phase-out plan. The State must submit its notification letter and a draft phase-out plan to CMS no less than 5 months before the effective date of the Demonstration's suspension or termination. Prior to submitting the draft phase-out plan to CMS, the State must publish on its website the draft phase-out plan for a 30-day public comment period. In addition, the State must conduct tribal consultation in accordance with its approved tribal consultation State Plan Amendment. Once the 30-day public comment period has ended, the State must provide a summary of each public comment received, the State's response to the comment and how the State incorporated the received comment into the revised phase-out plan.

The State must obtain CMS approval of the phase-out plan prior to the implementation of the phase-out activities. Implementation of phase-out activities must be no sooner than 14 days after CMS approval of the phase-out plan.

- b) **Phase-out Plan Requirements:** The State must include, at a minimum, in its phase-out plan the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary's appeal rights), the process by which the State will conduct administrative reviews of Medicaid eligibility for the affected beneficiaries, and ensure ongoing coverage for eligible individuals, as well as any community outreach

activities.

- c) **Phase-out Procedures:** The State must comply with all notice requirements found in 42 CFR §431.206, 431.210 and 431.213. In addition, the State must assure all appeal and hearing rights afforded to Demonstration participants as outlined in 42 CFR §431.220 and 431.221. If a Demonstration participant requests a hearing before the date of action, the State must maintain benefits as required in 42 CFR §431.230. In addition, the State must conduct either an ex parte review or administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category as discussed in the October 1, 2010, State Health Official Letter #10-008.
 - d) **Federal Financial Participation (FFP):** If the project is terminated or any relevant waivers suspended by the State, FFP shall be limited to normal closeout costs associated with terminating the Demonstration including services and administrative costs of disenrolling participants.
10. **CMS Right to Terminate or Suspend.** CMS may suspend or terminate, subject to adequate public notice, the Demonstration in whole or in part at any time before the date of expiration, whenever it determines, following a hearing that the State has materially failed to comply with the terms of the project. CMS will promptly notify the State in writing of the determination and the reasons for the suspension or termination, together with the effective date.
11. **Finding of Non-Compliance.** The State does not relinquish its rights to challenge CMS' finding that the State materially failed to comply.
12. **Withdrawal of Waiver Authority.** CMS reserves the right to withdraw waivers or expenditure authorities at any time it determines that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of title XIX. CMS will promptly notify the State in writing of the determination and the reasons for the withdrawal, together with the effective date, and afford the State an opportunity to request a hearing to challenge CMS' determination prior to the effective date. If a waiver or expenditure authority is withdrawn, FFP is limited to normal closeout costs associated with terminating the waiver or expenditure authority, including services and administrative costs of disenrolling participants.
13. **Adequacy of Infrastructure.** The State will ensure the availability of adequate resources for implementation and monitoring of the Demonstration, including education, outreach, and enrollment; maintaining eligibility systems; compliance with cost sharing requirements; and reporting on financial and other Demonstration components.
14. **Public Notice, Tribal Consultation, and Consultation with Interested Parties.** The State must comply with the State Notice Procedures set forth in 59 Fed. Reg. 49249 (September 27, 1994). The State must also comply with the tribal consultation requirements in section 1902(a)(73) of the Act as amended by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009 and the tribal consultation requirements contained in the State's approved Medicaid State plan, when any program changes to the Demonstration,

including (but not limited to) those referenced in paragraph 6, are proposed by the State.

In States with Federally recognized Indian tribes, consultation must be conducted in accordance with the consultation process outlined in the July 17, 2001 letter or the consultation process in the State's approved Medicaid State plan if that process is specifically applicable to consulting with tribal governments on waivers (42 C.F.R. §431.408(b)(2)).

In States with Federally recognized Indian tribes, Indian health programs, and/or Urban Indian organizations, the State is required to submit evidence to CMS regarding the solicitation of advice from these entities prior to submission of any Demonstration proposal and/or renewal of this Demonstration (42 C.F.R. §431.408(b)(3)). The State must also comply with the Public Notice Procedures set forth in 42 C.F.R. 447.205 for changes in statewide methods and standards for setting payment rates.

15. **FFP.** No Federal matching funds will be available for expenditures incurred for this Demonstration prior to the effective date identified in the Demonstration approval letter.

IV. ELIGIBILITY DETERMINATION, ENROLLMENT AND DISENROLLMENT

16. **Eligibility.** Childless adults eligible for this coverage under this demonstration are defined as individuals between the ages of 19 and 64 years with income that does not exceed 200 percent of the FPL at the time of application or annual renewal. They are individuals who are not pregnant, disabled, or qualified for any other Medicaid, Medicare, or CHIP program. Childless adults may have children, but either the minor children are not currently living with them or those children living with them are 19 years of age or older.

An applicant must meet the following eligibility requirements in order to enroll in for coverage under this demonstration:

- a) Must be at least 19 but no more than 64 years of age;
- b) Must not have any children under age 19 under his/her care;
- c) Must not be pregnant;
- d) Must not be eligible for the Medicaid and/or CHIP benefits under the State Plan, other than eligible for benefits limited to coverage for treatment of Tuberculosis or for family planning services;
- e) Must not be eligible for Medicare under any part;
- f) Must have monthly income that does not exceed 200 percent of the FPL, at time of application or renewal, based upon the average prospective gross income without any deductions or disregards, with verification required;

- g) Must not be covered by health insurance currently, and must not have had health insurance in the previous 12 month.; “Health Insurance coverage” is defined according to 45 CFR 146.145 and means benefits consisting of medical care (provided directly, through insurance or reimbursement, or otherwise) under any hospital or medical service policy or certificate, hospital or medical service plan contract, or HMO contract offered by a health insurance issuer. Health insurance coverage includes group health insurance coverage, individual health insurance coverage, and short-term, limited-duration insurance;
- h) Must not have had access to employer subsidized insurance in the previous 12 months, cannot have access to employer subsidized insurance during the month of application, or cannot have a potential offer to enroll in employer subsidized insurance in any of the 3 months following the month of application;
- i) Must provide verification, including documentation, of U.S. citizenship and social security number (or proof of application for an SSN) in accordance with Section 1903(x) of the Act;
- j) Must be a Wisconsin resident;
- k) Must complete a Health Needs Questionnaire, or accept an opportunity to assist an eligibility worker in completing at application and annual renewal;
- l) Must obtain a comprehensive physical exam within the first certification period (generally within 1 year after enrollment) or have good cause for not obtaining the required exam, with admissible good cause reasons including (at a minimum) those listed in items (i) through (v) below:
 - i. The HMO or health care provider certifies that they were unable to schedule a physical exam appointment within the required time frame;
 - ii. The individual is a migrant worker;
 - iii. The individual completed a physical exam within a specified time period prior to enrollment in the demonstration;
 - iv. The enrollee was unable to complete the physical exam due to a lack of transportation; or
 - v. Other good cause reasons as determined by the State.
- m) Must pay a non-refundable, annual application fee If required under paragraph 20(c).

17. Effective Date of Coverage -- No Retroactive Eligibility. Enrollees who qualify as for coverage under this Demonstration will not receive retroactive coverage. The beginning effective date of coverage under the demonstration (for at least the Core Benefit Package) must

be no later than 15 days after the individual is determined to be eligible for coverage, or the date of enrollment into the HMO, whichever is sooner.

18. **Continuous Eligibility.** Enrollees who are eligible for coverage under this Demonstration remain eligible during the 12-month certification period, regardless of income changes, unless they:

- a) Become eligible for Medicare, Medicaid, or CHIP coverage;
- b) No longer reside in the State of Wisconsin;
- c) Become incarcerated or are institutionalized in an Institution for Mental Disease (IMD);
- d) Obtain other health insurance coverage;
- e) Fail to pay their premium under paragraph 26(b) when due.
- f) Attain age 65; or
- g) Are no longer living.

19. **Good Cause Exemptions to the 12-Month Waiting Period.** The State must allow individuals to enroll for coverage under this demonstration who otherwise are eligible but who do not meet the 12-month waiting period requirements in subparagraphs 16(g) and 16(h), if they qualify for a good cause exemption as discussed below.

- a) Good cause reasons recognize that there are circumstances beyond the applicant's control that affect their ability to access health insurance. Applicants must be exempt from the 12-month waiting period if:
 - b) They experienced a life-changing event, such as the death or change of marital status of the policy holder;
 - c) Their eligibility or enrollment in health insurance during the prior 12 months consisted only of enrollment in the Health Insurance Risk Sharing Pool, Federal High Risk Pool (Pre-existing Condition Insurance Plan), Medicaid, BadgerCare Plus, or other public health care programs for the uninsured (or a combination of these);
 - d) Expiration of a Consolidated Omnibus Budget Reconciliation Act (COBRA) health insurance continuation period occurred during the 12-month period;
 - e) Health insurance was lost during the 12-month period for employment-related reasons, including involuntary termination of employment (or voluntary termination due to incapacitation or health condition of immediate family member), and employer's discontinuation of health plan coverage for all employees; or

- f) Coverage was denied because of pre-existing conditions; or
- g) For other case-specific good cause reasons as determined by the State that are consistent with good cause reasons a) through f), with notification to CMS in the quarterly demonstration progress report.

20. Application Processing and Enrollment Procedures. The State may require applicants for this Demonstration to adhere to the following application and enrollment procedures:

- a) Electronic or Telephonic Applications- Applicants for the Childless Adults Population may be required to submit applications *either online or by telephone*. The State must implement safe guards to ensure that only those persons who qualify are allowed to participate in the childless adults' demonstration. The State must verify the full legal name, date of birth, and social security number of all applicants; retain audio recordings of the summary of information provided in the application process; ensure that applicants receive a full explanation of program rights and responsibilities; and obtain an applicant/member attestation to the accuracy of the information provided. The State will ensure that audio-recordings are stored electronically and retrievable on a case-by-case basis as needed. To the extent that the State maintains those audio-recordings, the State may allow applicants to provide an audio signature over the phone.
- b) Screening of Eligibility for Medicaid and/or CHIP -All applicants must receive a pre-screening in order to determine possible eligibility for either the Medicaid or CHIP programs before eligibility determination for the Demonstration.

In addition, all applicants will receive a pre-screening to determine potential eligibility for the Demonstration. If an applicant appears to meet all eligibility requirements for the Demonstration, the non-refundable application fee will be collected. If an applicant does not appear to meet all eligibility requirements for the Demonstration, s/he will be notified of that fact and discouraged from paying the application processing fee.

- c) Non-Refundable Application Fee- Applicants with income at or below 133 percent of the FPL and who appear to be eligible for the Core Plan (based on the prescreening process described above) will be required to pay a non-refundable application fee at the initial enrollment and at recertification for the program. Applicants with income above 133 percent of the FPL who are required to pay premiums under STC 26 are exempt from the non-refundable application fee. In addition, the application fee must be waived for homeless individuals and tribal members. The State will use the Federal HUD definition of homelessness.
- d) Mandatory Health Needs Questionnaire – All applicants will be required to complete a health needs assessment questionnaire as a condition of enrollment under the Demonstration.
- e) Selection of HMO or HealthCare Provider - All applicants must be assisted in selecting an HMO (in the service areas where HMOs are available). Individual residing in service

areas with no HMOs must be provided assistance in locating a primary care physician, and be given the means to access the State's Medicaid qualified providers on a fee-for-service basis. Tribal members are exempt from mandatory enrollment into HMOs, but may choose to participate in HMOs on a voluntary basis. Migrant workers are not allowed to enroll in an HMO.

21. **Redetermination of Eligibility.** Redetermination of eligibility for the Childless Adults Population must occur at least once every 12 months. An enrollee may request a redetermination of eligibility for the demonstration due to a change in family size (e.g., death, divorce, birth, marriage, adoption) at any time, and the State must perform such redeterminations upon request. Each redetermination must include a reassessment of the individual's eligibility for Medicaid and the BadgerCare Plus programs to ensure that enrollees are not eligible for coverage under the Medicaid State plan prior to re-enrollment into the Childless Adults Demonstration.
22. **Imposing Enrollment Cap and Lifting Enrollment Cap.** The State may impose an enrollment cap upon the Childless Adults Population in order to remain under the budget neutrality limit/ceiling for expenditures under the Demonstration. The State will be required to provide written notice to CMS at least 90 days prior to instituting any enrollment cap or opening enrollment that at a minimum must include the following outlined in a) through c):
 - a) Data on current enrollment levels in the program;
 - b) An analysis of the current budget neutrality agreement; and
 - c) The projected timeframe for the enrollment cap to be in effect or enrollment to remain open for the demonstration.
 - d) Notwithstanding the foregoing, the State shall cap enrollment for this group on October 1, 2009. The State may maintain a waiting list for enrollment into to the Core Plan based upon the chronological order of adding names to the waitlist. In addition, the State may exempt certain persons who are participating in the BadgerCare Plus Basic Plan from the Core Plan waiting list based upon the severity of medical need/condition. The State is required to maintain budget neutrality with regard to the opening and closing of enrollment for the demonstration.
23. **Disenrollment.** Enrollees in the Childless Adults Population may be disenrolled if they:
 - a) Become eligible for Medicare, Medicaid, or CHIP coverage;
 - b) No longer reside in the State of Wisconsin;
 - c) Become incarcerated or are institutionalized in an IMD;
 - d) Obtain health insurance coverage;
 - e) Attain age 65;

- f) Are no longer living; or
- g) Fail to pay their premium under paragraph 26(b).

V. BENEFITS AND COST SHARING

24. **Core Benefit Plan.** Upon implementation, Demonstration participants will receive a basic benefit package which is referred to as the Core Benefit Plan. The Core Benefit Plan consists of the following benefits. *Attachment A provides a full list of the covered and proposed covered benefits with applicable cost sharing for the childless adults.*

- a) Physician services including primary and preventive care, specialists for surgical and medical services, and chronic disease management;
- b) Diagnostic services including laboratory and radiology;
- c) Inpatient hospital stays and outpatient hospital visits (excluding inpatient psychiatric stays in either an IMD or the psychiatric ward of an acute care hospital);
- d) Emergency outpatient services including emergency dental and ambulance transportation service;
- e) Generic drugs – selected over-the-counter drugs, limited brand name drugs and brand name drugs through a Medicaid pharmacy benefit plan (brand name mental health drugs for individuals converting from the GAMP and GA medical programs in December 2008 must be covered, irrespective of any limits otherwise imposed, for as long as such individuals are enrolled in the Demonstration);
- f) Physical, occupational, and speech therapy, limited to 20 visits annually per discipline;
- g) Durable medical equipment limited to \$2,500; and
- h) Disposable medical supplies, including diabetic pens, syringes and disposable medical supplies that is required with use of durable medical equipment (no limit).

25. **Modifications to Services in the Core Benefit Plan.** After implementation of the Demonstration the State may add and/or expand the following services, as recommended by the CACHET and described in Attachment A to the Core Benefit Plan: chiropractic, additional dental, hearing, home care, hospice, additional mental health and substance abuse, podiatry, and vision. The State will be required to provide written notification to CMS related to changes in the initial Core Benefit Plan as described in Attachment A, using the process described below in subparagraphs (a) and (b). Any service changes that are inconsistent with the definition in Attachment A must be submitted to CMS as an amendment to the demonstration as described in paragraph 7.

- a) *Addition and/or Expansion of Services*- In the event the State wants to include chiropractic, additional dental, hearing, home care, hospice, additional mental health and substance abuse, podiatry, and vision services under the Core Benefit Plan the State must provide written notification to CMS at least **60 days** before implementation which must include the following:
- i. The name, description of the service (including any service limitations on the number of visits), rationale for the change and effective date;
 - ii. The cost sharing to be required for accessing the service. The cost sharing amount should not exceed the limits described in subparagraph 26 c ; and
 - iii. A revised budget neutrality assessment that indicates the current budget neutrality status and the projected impact on budget neutrality of implementing the services for the remainder of the demonstration.
 - iv. CMS will review the notification documentation and provide a written confirmation to the State within 30 days of receiving the notification. The State cannot implement the changes without written confirmation from CMS that the modification is consistent with paragraph 25. If CMS notifies the State that the requested change is not consistent with paragraph 25 the State must submit the changes as a formal amendment as described in paragraph 7.
- b) *Reduction and/or Elimination of Services* - In the event the State wants to reduce and/or eliminate any of the proposed expanded services (chiropractic, additional dental, hearing, home care, hospice, additional mental health and substance abuse, podiatry, and vision services) that were previously added under paragraph 25(a) by the State. The State must provide written notification to CMS at least **60 days** before implementation which must include the following:
- i. The name, description of the service being reduced and/or eliminated, rationale for the change and effective date; and
 - ii. A revised budget neutrality assessment that indicates the current budget neutrality status and the projected impact on budget neutrality of reducing and/or eliminating the services for the remainder of the demonstration.
 - iii. CMS will review the notification documentation and provide a written confirmation to the State within 30 days of receiving the notification. The State cannot implement the changes without written confirmation from CMS that the modification is consistent with paragraph 25. If CMS notifies the State that the requested change is not consistent with paragraph 25, the State must submit the changes as a formal amendment as described in paragraph 7.

- c) In addition, the State must include a description of the current Core Benefit Plan services in each quarterly and annual demonstration progress reports as requested in paragraphs 32 and 33.

26. **Cost Sharing.** Upon implementation, Demonstration participants are required to pay the following :

- a) **Application Fee.** Applicants with income at or below 133 percent of the FPL are required to pay a **non-refundable application fee** prior to the initial enrollment and at each re-certification period for the demonstration. Applicants with income above 133 percent of the FPL, homeless individuals and tribal members are exempt from the application fee. The amount of the application fee is \$60.
- b) **Premiums.** Childless Adults with income above 133 percent of the FPL will be subject to monthly premiums based on the sliding scale as outlined below. Demonstration participants are responsible for making a monthly premium payment as a condition of continuing their eligibility and reenrollment, and will have a 60-day grace period for non-payment of the monthly premium before being disenrolled. Demonstration participants who fail to make a premium payment will be prohibited from re-enrolling into the Demonstration as a non-pregnant, non-disabled childless individual for a period of 12 months.

Monthly Premium Amount based on FPL

FPL %	Monthly Premium Amount as a Percentage of Income
133 – 139.9%	3.0%
140 – 149.9%	3.5%
150 – 159.9%	4.0%
160 – 169.9%	4.5%
170 – 179.9%	4.9%
180 – 189.9%	5.4%
190 – 199.9%	5.8%
200 – 209.9%	6.3%
210 – 219.9%	6.7%
220 – 229.9%	7.0%
230 – 239.9%	7.4%
240 – 249.9%	7.7%
250 – 259.9%	8.1%
260 – 269.9%	8.3%
270 – 279.9%	8.6%
280 – 289.9%	8.9%
290-299.9%	9.2%
300% and above**	9.5%

** Calculated at 300 percent of the FPL –the monthly premium cannot exceed 9.5 percent of household income for individuals with income above 300 percent of the FPL

- i. Premiums for Demonstration participants whose income changes after time of application, i.e., decreases or increases (including an increase in which the individual’s income exceeds 200 percent of the FPL), but before their annual redetermination, will be recalculated after the individual has reported the change.

Once the State has calculated an individual's new monthly premium amount based on the sliding scale outlined above, the State will provide the individual with at least a 10-day notice prior to effectuating the new monthly premium amount. The individual is responsible for making the new monthly premium payment as a condition of continuing his/her eligibility and reenrollment, and will have a 60-day grace period for non-payment of the monthly premium before being disenrolled. If the individual fails to make a premium payment, he/she will be prohibited from re-enrolling into the Demonstration as a non-pregnant, non-disabled childless individual for a period of 12 months.

- ii. American Indians are exempt from the premium amounts outlined above under section 1916(j).
 - iii. The State will conduct targeted outreach to Demonstration participants who were disenrolled for failure to pay premiums prior to the end of their 12 month restrictive reenrollment period by mailing a letter notifying them of when their restrictive reenrollment period ends, and the process by which they may reapply for the Demonstration without being put on the Demonstration's waiting list as described in paragraph 22(d).
 - iv. The State will monitor and include in the quarterly report information related to disenrollments from the Demonstration including nonpayment of premiums broken down by the income levels specified in the table in paragraph 26(b).
- c) **Co-Payments for Services**- All enrollees may be required to pay co-payments when accessing non-institutional, outpatient hospital, inpatients hospital, emergency room and pharmacy. These co-payments are collected by health care providers at point-of-service, who may be allowed to deny service if the required co-payment is not paid. The amount of the maximum co-payments is based upon the enrollees' income level as summarized in the chart below.

Co-Payments for Services

Federal Poverty Level	Non-Institutional Services	Pharmacy	Outpatient Hospital	Emergency Room Services	Inpatient Hospital
Up to 100 % of the FPL	\$0.50 up to \$3 per service	\$5	\$3 per visit	No co-payment	\$3 per day up to \$75 per stay
Above 100 % of the FPL	\$0.50 up to \$15 per service	\$5-\$15	Up to \$15	\$60	\$3 per day up to \$100 per stay

***Total copayments for non-institutional , hospital services (both inpatient and outpatient), pharmacy and emergency room services is limited annually up to \$300 for incomes up to 100% of the FPL and limited annually up to \$500 for incomes above 100% ***

VI. DELIVERY SYSTEMS

27. **Prepaid Health Maintenance Organizations (HMO).** The State will utilize the current HMO provider network that provides health care services to the existing Medicaid and BadgerCare Plus programs in most of the State to serve persons eligible under this demonstration. Demonstration enrollees may be required to join an HMO as a condition of eligibility, as long as there is at least one HMO available in their county of residence and the county has been granted a rural exception under Medicaid state plan authority. The State can mandate enrollment into the single HMO in the counties that have been granted the rural exception. If the county has not been granted a rural exception then the State must offer the option of either HMO enrollment or Medicaid fee-for-service. Demonstration eligibles who are not enrolled in HMOs must be provided a Medicaid card or other means to access the Medicaid qualified providers on a fee-for-service basis.

VII. GENERAL REPORTING REQUIREMENTS

28. **General Financial Requirements.** The State must comply with all general financial requirements under title XIX set forth in Section VII.
29. **Reporting Requirements Related to Budget Neutrality.** The State must comply with all reporting requirements for monitoring budget neutrality set forth in Section VIII.
30. **Monthly Enrollment Report.** The State must report demonstration enrollment figures to CMS within 15 days of the end of each month.
31. **Monthly Calls.** CMS will schedule monthly conference calls with the State. The purpose of these calls is to discuss any significant actual or anticipated developments affecting the Demonstration. Areas to be addressed include, but are not limited to, health care delivery, enrollment, cost sharing, quality of care, access, the benefit package, audits, lawsuits, financial reporting and budget neutrality issues, progress on evaluations, legislative developments, and any Demonstration amendments the State is considering submitting. CMS shall provide updates on any amendments or concept papers under review, as well as Federal policies and issues that may affect any aspect of the Demonstration. The State and CMS shall jointly develop the agenda for the calls.
32. **Quarterly Progress Reports.** The State must submit progress reports in accordance with the guidelines in Attachment A no later than 60 days following the end of each quarter. The intent of these reports is to present the State's analysis and the status of the various operational areas. These quarterly reports must include, but not be limited to:
- a) An updated budget neutrality monitoring spreadsheet;
 - b) A discussion of events occurring during the quarter or anticipated to occur in the near future that affect health care delivery, including, but not limited to: approval and contracting with new plans, benefits, enrollment and disenrollment, grievances, quality of

care, access, health plan contract compliance and financial performance that is relevant to the Demonstration, pertinent legislative or litigation activity, and other operational issues;

- c) Action plans for addressing any policy, administrative, or budget issues identified. Specifically, the State must provide progress updates on its annual redetermination plan as described in paragraph 35 in addition to the following data elements:
- i. Number of beneficiaries who must complete their annual redetermination during the reporting period;
 - ii. Number of beneficiaries who were renewed via the ex parte review process;
 - iii. Number of annual redetermination forms that were mailed;
 - iv. Number of forms returned, including status, i.e., complete or incomplete (include reason if incomplete);
 - v. Number of beneficiaries that required assistance in completing the redetermination process;
 - vi. Number of notices that were returned, i.e., incorrect addresses;
 - vii. Number of beneficiaries who were determined to be ineligible for the Demonstration;
 - viii. Number of beneficiaries who were determined Medicaid eligible under a different eligibility category;
 - ix. Number of beneficiaries that reapplied within 60 days of initial mailing; and
 - x. Number of beneficiaries that reapplied within 30 days of second notice.

The State must also submit an updated “Childless Adults Closure Report,” which outline the top ten reasons for which individuals were disenrolled from the Demonstration.

- d) Quarterly enrollment reports for Demonstration eligibles and other statistical reports listed in Attachment B;
- e) Quarterly update on the status of the CACHET. The State will provide at a minimum an update on the status of the development /implementation, structure and operational and administrative function of the CACHET. The State will also include any recommendations for changes to benefit design, quality of care health delivery system, emerging medical technologies and procedures, and utilization controls for the Demonstration; and
- f) Quarterly update on the covered services and cost sharing for the Core Benefit Plan. The State needs to confirm actual covered services and co-payments required as described in Attachment A- Core Benefit Plan for the demonstration in each quarterly progress report.

33. Annual Report. The State must submit a draft annual report documenting accomplishments, project status, quantitative and case study findings, interim evaluation findings, utilization data, progress on implementing cost containment initiatives (if relevant), CACHET updates, benefit and cost sharing changes to the Core Benefit Plan , policy and administrative difficulties in the operation of the Demonstration, systems and reporting issues. The State must submit the draft

annual report no later than 120 days after the close of the Demonstration year. Within 30 days of receipt of comments from CMS, a final annual report must be submitted.

34. **Transition Plan.** On or before July 1, 2012, the State is required to prepare and incrementally revise a transition plan consistent with the provisions of the Affordable Care Act for individuals affected by the Demonstration, including how the State plans to coordinate any transition of these individuals to alternate coverage options available under the Affordable Care Act without interruption in coverage to the maximum extent possible. The plan must contain the required elements and milestones described in sub-paragraphs a through c below. In addition, the Plan will include a schedule of implementation activities that the State will use to operationalize the Transition Plan.
- a) **Seamless Transitions.** Consistent with the provisions of the Affordable Care Act, the Transition Plan will include details on how the State plans to coordinate any transition of individuals affected by the Demonstration to an alternate coverage option available under the Affordable Care Act without interruption in coverage to the maximum extent possible.
 - b) **Progress Updates.** After submitting the initial Transition Plan for CMS approval, the State must include progress updates in each quarterly and annual report. The Transition Plan shall be revised as needed.
 - c) **Implementation.**
 - i. By July 1, 2013, the State must begin to implement a simplified, streamlined process for transitioning the affected population to either Medicaid, the Exchange or other coverage options in 2014. Individuals receiving continued coverage under the State plan will not be required to submit a new application.
 - ii. On or before December 31, 2013, the State must provide notice to the affected population of any transition requirements using procedures that minimize demands on the affected population.
35. **Annual Redetermination Plan.** The State must submit its policies and procedures regarding the annual redetermination process for Demonstration participants by August 1, 2012. In addition to its policies and procedures, the State must submit an accompanying plan outlining steps it will undertake to address the high number of individuals who are disenrolled from the Demonstration as a result of not completing the annual redetermination process. The plan may include, but is not limited to, the following steps:
- a) Conduct ex parte reviews to determine eligibility under another Medicaid eligibility category;
 - b) Use of electronic data matching for income before sending out the annual redetermination notice to the beneficiary;
 - c) Send initial annual redetermination notices out 60 days prior to an individual's annual redetermination date and a subsequent notice 30 days prior to the redetermination date;
 - d) Use of a pre-populated annual redetermination form that the beneficiary can easily affirm, or make changes to;

- e) Use of additional and various mechanisms, such as email and text messaging, to contact individuals to remind them about the redetermination process and offer assistance;
- f) Engage providers and community stakeholders to help facilitate the annual redetermination process;
- g) Conducting a data match to match the names of new applicants with those that have been disenrolled from the program within a 3-month period due to an incomplete annual redetermination, and re-enroll these individuals if they meet all necessary eligibility requirements; and
- h) Refine closure codes to more accurately track disenrollments as well as reasons for disenrollment.

VIII. GENERAL FINANCIAL REQUIREMENTS

36. **Quarterly Expenditure Reports.** The State must provide quarterly expenditure reports using Form CMS-64 to separately report total expenditures for services provided through this Demonstration under section 1115 authority. This project is approved for expenditures applicable to services rendered during the Demonstration period. CMS shall provide FFP for allowable Demonstration expenditures only as long as they do not exceed the pre-defined limits on the costs incurred as specified in Section IX.
37. **Reporting Expenditures Subject to the Budget Neutrality Agreement.** The following describes the reporting of expenditures subject to the budget neutrality agreement:
- a) In order to track expenditures under this Demonstration, the State must report demonstration expenditures through the Medicaid and Children's Health Insurance Program Budget and Expenditure System (MBES/CBES), following routine CMS-64 reporting instructions outlined in section 2500 of the State Medicaid Manual (SMM). All Demonstration expenditures claimed under the authority of title XIX of the Act must be reported each quarter on separate Forms CMS-64.9 Waiver and/or 64.9P Waiver, identified by the Demonstration project number (11-W-00242/5) assigned by CMS (including the project number extension, which indicates the Demonstration Year (DY) in which services were rendered or for which capitation payments were made).
 - b) To simplify monitoring of both demonstration expenditures and remaining disproportionate share hospital (DSH) payments, DYs will be aligned with the Federal fiscal years (FFYs). DY 1 is defined as the period from January 1, 2009 (the implementation of the demonstration) through September 30, 2009. DYs 2 through 5 will coincide with FFYs 2010, 2011, 2012, and 2013, respectively. Finally, DY 6 will begin October 1, 2013 and will end December 31, 2013, which is the day in which all demonstration authorities will expire. Finally, all DSH expenditures for FFY 2014 will be subject to budget neutrality and reported as demonstration expenditures for DY 6, even if they occur after December 31, 2013. (This is consistent with the definition of the budget neutrality limit for DY 6, as explained below.)

The chart describes the correlation between FFY and DY:

Federal Fiscal Years (FFY)		Demonstration Years (DY)	
2009	10/01/08-09/30/09	DY 1	01/01/09-09/30/09
2010	10/01/09-09/30/10	DY 2	10/01/09-09/30/10
2011	10/01/10-09/30/11	DY 3	10/01/10-09/30/11
2012	10/01/11-09/30/12	DY 4	10/01/11-09/30/12
2013	10/01/12-09/30/13	DY 5	10/01/12-09/30/13
2014	10/01/13-09/30/14	DY 6	10/01/13-12/31/13

- c) Each quarter, the State must submit separate Forms CMS-64.9 Waiver and/or 64.9P Waiver reporting Childless Adults Population expenditures, using waiver name “Childless Adults.”
- d) **DSH Expenditures.** To facilitate monitoring of budget neutrality and compliance with the DSH allotment, the rules below will govern reporting of DSH expenditures for the demonstration. All DSH expenditures are subject to the DSH allotments defined in section 1923(f) of the Act.
- i. Wisconsin must report DSH expenditures that are subject to the Federal fiscal year (FFY) 2009 DSH allotment on Forms CMS-64.9 Base (or CMS-64.9P Base for Line 8 adjustments), until such expenditures equal one-quarter of the DSH allotment for that year. These initial DSH expenditures for FFY 2009 are not demonstration expenditures and are not subject to the budget neutrality limit.
 - ii. FFY 2009 DSH expenditures in excess of the amount reported under subparagraph (i) are considered demonstration expenditures, and must be reported on Forms CMS-64.9 Waiver (or CMS-64.9P Waiver for Line 8 adjustments) for DY 1.
 - iii. Line 10B adjustments for FFY 2009 must be reported first on Forms CMS-64.9P Waiver, unless net DSH expenditures reported under the demonstration are or have been reduced to \$0, in which case they must be reported on Forms CMS-64.9P Base. Subparagraphs (i) through (iii) ensure that DSH spending is used first to exhaust the one-quarter of the FFY 2009 DSH allotment that is outside of the demonstration, and only after that is reported as a demonstration expense.
 - iv. All DSH expenditures for FFYs 2010 through 2014 are demonstration expenditures subject to budget neutrality, and must be reported on Forms CMS-64.9 Waiver and CMS-64.9P Waiver for the DY corresponding to the FFY.
 - v. All DSH expenditures reported on Forms CMS-64.9 Waiver or CMS-64.9P Waiver must be reported using waiver name “BC DSH.”

No later than January 31, 2009, and thereafter no later than August 31 of every year (including August 31, 2009), the State must submit to CMS a statement that describes how the State plans to determine final DSH payment amounts to specific hospitals for the following demonstration year (or, with respect to the January 31, 2009 statement,

DY 1), including a listing of the priorities for the use of available funds, and a description of any deviation from the DSH payment methodologies in the Medicaid State Plan, if applicable. The statement must include a projection of the total amounts that the State expects to spend on childless adults' coverage and DSH payments to hospitals, respectively, in the coming FFY. In addition to the submission of this statement to CMS, the State must also publish this statement in an official publication of record or post the description on their public Web site, and include a copy in the Annual Report mentioned in paragraph 36 (along with details on how the statement was published). If the State plans to follow its Medicaid State Plan with respect to all DSH payments to hospitals without exception, the description may contain a statement to that effect. Claimed demonstration expenditures for each DY are allowable only to the extent they are consistent with the applicable statement for that year. In addition, claimed demonstration expenditures will be reduced by the amount of any DSH payments that are inconsistent with the applicable statement.

- vi. All DSH expenditures are subject to the auditing and reporting requirements under section 1923(j) of the Act.
- e) For monitoring purposes, cost settlements associated with expenditures subject to the budget neutrality expenditure limit may be recorded on the appropriate prior period adjustment schedules (Form CMS-64.9P Waiver) for Summary Sheet Line 10B, in lieu of Lines 9 or 10C. For any other cost settlements not so associated, the adjustments must be reported on lines 9 or 10C, as instructed in the State Medicaid Manual.
- f) Enrollment fees and other applicable cost sharing contributions from enrollees that are collected by the State under the Demonstration must be reported to CMS each quarter on Form CMS-64 Summary Sheet line 9.D, columns A and B. Additionally, the total amounts that are attributable to the Demonstration must be separately reported on the CMS-64 Narrative, with subtotals by DY.
- g) **Pharmacy Rebates.** Using Core-Plan specific medical status codes, the State has the capacity to use its MMIS system to stratify manufacturer's rebate revenue that should be assigned to net demonstration expenditures. The State will generate a demonstration-specific rebate report to support the methodology used to assign rebates to the demonstration. The State will report rebate revenue on the Form CMS-64.9. This revenue will be distributed as State and Federal revenue consistent with the Federal matching rates under which the claim was paid. Budget neutrality will reflect the net cost of prescriptions.
- h) **Federally Qualified Health Center Settlement Expenses.** Using Core-Plan specific medical status codes, the State will assign FQHC settlement expenses to claims covered under the Demonstration. The State will be able to generate reports using MMIS data to show the assignment of these settlement payments to demonstration expenditures.

38. Reporting Expenditure Reconciliation. The State must take corrective action to ensure that expenditures subject to the budget neutrality limit are reported in a manner that conforms to the requirements outlined in paragraph 37 of these STCs.

- a) The State must complete the steps outlined in the subparagraphs below, by May 31, 2012, to correct reporting of expenditures associated with the Demonstration for DYs 1-4. The corrections must be reported on the CMS-64 report for the quarter ending March 31, 2012.
 - i. The State must submit prior period adjustments, using Form CMS 64.9P Waiver as needed, to ensure that net expenditures for health care coverage for the Demonstration population are correctly reported by DY according to dates of service, **which will be** summarized on the C Report. This applies to expenditures for DY 1 through 4. All such expenditures must be reported using waiver name, “Childless Adults.”
 - ii. The State must submit Forms CMS 64.9P (for Line 10b) and CMS 64.9P Waiver (for Line 8), as needed, so that DSH expenditures for FFY 2010 appear as Demonstration expenditures for DY 2. In the same manner, DSH expenditures for FFY 2011 must be reported as Demonstration expenditures for DY 3, and DSH expenditures for FFY 2012 must be reported as demonstration expenditures for DY 4. Once these submissions are made, DSH expenditures will appear on the C Report by DY, corresponding to the FFY for which the DSH payments were made. All DSH expenditures reported as demonstration expenditures must be reported using waiver name, “BC DSH.” (No change in reporting is needed for DSH expenditures for FFY 2009, because all \$10,536,458 (federal share) are excluded from the budget neutrality test, following paragraph 37(d)(i)).
- b) If the State does not complete the corrective action described above by May 31, 2012, CMS will reduce funding of FFP for administrative costs attributable to the Demonstration, by issuing a reduction to the grant award, and defer payment of claims, until the corrective action is completed. CMS will withhold budgeted funding as outlined in the following table and issue deferrals of FFP claimed beginning on June 1, 2012:

Percentage Withheld	Date
10% of total budgeted	June 1, 2012
15% of total budgeted	August 1, 2012
20% of total budgeted	October 1, 2012
25% of total budgeted	January 1, 2013 and each subsequent month thereafter

39. Administrative Costs. Administrative costs will not be included in the budget neutrality expenditure limit, but the State must separately track and report additional administrative costs

that are directly attributable to the Demonstration. All such administrative costs will be identified on the Forms CMS-64.10 Waiver and/or 64.10P Waiver, using waiver name “**Childless Adults.**”

40. **Claiming Period.** All claims for expenditures subject to the budget neutrality expenditure limit (including any cost settlements) must be made within 2 years after the calendar quarter in which the State made the expenditures. Furthermore, all claims for services during the Demonstration period (including any cost settlements) must be made within 2 years after the conclusion or termination of the Demonstration. During the latter 2-year period, the State must continue to identify separately net expenditures related to dates of service during the operation of the section 1115 Demonstration on the CMS-64 waiver forms in order to properly account for these expenditures in determining budget neutrality.

41. **Standard Medicaid Funding Process.** The standard Medicaid funding process shall be used during the Demonstration. The State must estimate matchable Medicaid expenditures on the quarterly form CMS-37. In addition, the estimate of matchable Demonstration expenditures (total computable and Federal share) subject to the budget neutrality agreement must be separately reported by quarter for each FFY on the form CMS-37.12 for both the medical assistance program and administrative costs. CMS shall make Federal funds available based upon the State’s estimate, as approved by CMS. Within 30 days after the end of each quarter, the State must submit the Form CMS-64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended. CMS shall reconcile expenditures reported on the Form CMS-64 with Federal funding previously made available to the State, and include the reconciling adjustment in the finalization of the grant award to the State.

42. **Extent of FFP for the Demonstration.** Subject to CMS approval of the source(s) of the non-Federal share of funding, CMS shall provide FFP at the applicable Federal matching rates for the Demonstration as a whole as outlined below, subject to the limits described in Section IX:
 - a) Administrative costs, including those associated with the administration of the Demonstration;
 - b) Net expenditures and prior period adjustments, made under approved Expenditure Authorities granted through section 1115(a)(2) of the Act for childless adults, with dates of service during the operation of the Demonstration; and
 - c) All expenditures made using the State’s DSH allotment that are not expenditures for the Demonstration population.

43. **Sources of Non-Federal Share.** The State certifies that the source of the non-Federal share of funds for the Demonstration is State/local monies. The State further certifies that such funds shall not be used as the non-Federal share for any other Federal grant or contract, except as permitted by law. All sources of non-Federal funding must be compliant with Title XIX of the Social Security Act and applicable regulations. In addition, all sources of the non-Federal share of funding are subject to CMS approval.

- a) CMS shall review the sources of the non-Federal share of funding for the Demonstration at any time. The State agrees that all funding sources deemed unacceptable by CMS shall be addressed within the time frames set by CMS.
- b) The State shall provide information to CMS regarding all sources of the non-Federal share of funding for any amendments that impact the financial status of the program.
- c) Under all circumstances, health care providers must retain 100 percent of the reimbursement amounts claimed by the State as Demonstration expenditures. Moreover, no pre-arranged agreements (contractual or otherwise) may exist between the health care providers and the State and/or local government to return and/or redirect any portion of the Medicaid or Demonstration payments. This confirmation of Medicaid and Demonstration payment retention is made with the understanding that payments that are the normal operating expenses of conducting business (such as payments related to taxes (including health care provider-related taxes), fees, and business relationships with governments that are unrelated to Medicaid or the Demonstration and in which there is no connection to Medicaid or Demonstration payments) are not considered returning and/or redirecting a Medicaid or Demonstration payment.

44. **Monitoring the Demonstration.** The State will provide CMS with information to effectively monitor the Demonstration, upon request, in a reasonable time frame.

IX. MONITORING BUDGET NEUTRALITY

- 45. **Limit on Federal Title XIX funding.** The State will be subject to a limit on the amount of Federal title XIX funding that the State may receive for expenditures subject to the budget neutrality agreement during the demonstration approval period. The State may use a portion of its annual DSH allotment on expenditures to serve the Childless Adults Population. The remainder of its DSH allotment (or residual) shall be spent in accordance with Federal statute and the State's Medicaid State plan, as modified by waiver authority.
- 46. **Risk.** The State shall be at risk for both the number of enrollees in the Demonstration as well as the per capita cost for demonstration eligibles under this budget neutrality agreement.
- 47. **Budget Neutrality Expenditure Limit.** The following table gives the budget neutrality limit for each Demonstration year (DY). The limits are expressed in terms of FFP (i.e., Federal share). Should implementation of the demonstration be delayed beyond January 1, 2009, the State and CMS will mutually determine revised language for this paragraph that is appropriate for a later implementation date, subject to approval as a demonstration amendment. In addition, in DY 6 the childless adults' expenditures must not exceed one-quarter of the DSH allotment for FFY 2014 unless the demonstration is extended which represents the first quarter of FFY 2014.

DY	Budget Neutrality Limit
DY 1	3/4 of the FFY 2009 DSH allotment
DYs 2, 3, 4, 5 and 6	Corresponding FFY DSH allotment

48. **Enforcement of Budget Neutrality.** CMS will enforce budget neutrality on an **annual** basis. If the State exceeds the annual budget neutrality expenditure limit in any given DY, the State must submit a corrective action plan to CMS for approval and will repay (without deferral or disallowance) the Federal share of the amount by which the budget neutrality agreement has been exceeded.
49. **Impermissible DSH, Taxes or Donations.** The CMS reserves the right to adjust the budget neutrality expenditure limit in order to be consistent with enforcement of impermissible provider payments, health care related taxes, new Federal statutes, or with policy interpretations implemented through letters, memoranda, or regulations. CMS reserves the right to make adjustments to the budget neutrality expenditure limit if any health care-related tax that was in effect during the base year, or provider-related donation that occurred during the base year, is determined by CMS to be in violation of the provider donation and health care related tax provisions of section 1903(w) of the Act. Adjustments to the budget neutrality agreement will reflect the phase-out of impermissible provider payments by law or regulation, where applicable.

X. EVALUATION OF THE DEMONSTRATION

50. **Submission of Draft Evaluation Design.** The State must submit to CMS for approval a revised draft evaluation design for an overall evaluation of the Demonstration by July 1, 2012. At a minimum, the revised draft evaluation design must include a discussion of the goals, objectives, and evaluation questions specific to the entire Demonstration. Specifically, the evaluation must test the following specific hypotheses related to the crowd-out policies and premiums imposed on the childless adults with income above 133 percent of the FPL:

1. Is there any impact on utilization and/or costs associated with individuals who were disenrolled, but re-enrolled after the 12-month restrictive re-enrollment period?
2. Are costs and/or utilization of services different for those that continuously enrolled compared to costs/utilization for individuals that have disenrolled and then re-enrolled?
3. What impact does the 12-month waiting period for failure to make a premium payment have on the payment of premiums and on enrollment? Does this impact vary by income level (if so, break out by income level)?
4. What is the impact of premiums on enrollment broken down by income level and the corresponding monthly premium amount?
5. How is enrollment or access to care affected by the application of new, or increased, premium amounts?

Methods by which the State can evaluate these hypotheses include enrollment data, premium statistics, utilization and cost data associated with this population compared to the childless adults with income at or below 133 percent of the FPL who are subject to the annual non-refundable application fee.

The draft design must discuss the outcome measures that will be used in evaluating the impact of the Demonstration during the period of approval. It shall discuss the data sources and sampling methodology for assessing these outcomes. The draft evaluation design must include a detailed analysis plan that describes how the effects of the Demonstration must be isolated from other initiatives occurring in the State. The draft design must identify whether the State will conduct the evaluation, or select an outside contractor for the evaluation.

51. **Interim Evaluation Reports.** In the event the State requests to extend the Demonstration beyond the current approval period under the authority of section 1115(a), (e), or (f) of the Act, the State must submit an interim evaluation report as part of the State’s request for each subsequent renewal.
52. **Final Evaluation Design and Implementation.** CMS must provide comments on the draft evaluation design within 60 days of receipt, and the State shall submit a final design within 60 days after receipt of CMS comments. The State must implement the evaluation design and submit its progress in each of the quarterly and annual progress reports. The State must submit to CMS a draft of the evaluation report within 120 days after expiration of the Demonstration. CMS must provide comments within 60 days after receipt of the report. The State must submit the final evaluation report within 60 days after receipt of CMS comments.
53. **Final Evaluation Report.** The State must submit to CMS a draft of the evaluation report within 120 days after expiration of the Demonstration. CMS must provide comments within 60 days after receipt of the report. The State must submit the final evaluation report within 60 days after receipt of CMS’ comments.
54. **Cooperation with Federal Evaluators.** Should CMS undertake an independent evaluation of any component of the Demonstration, The State shall cooperate fully with CMS or the independent evaluator selected by CMS. The State shall submit the required data to CMS or the contractor.

XI. SCHEDULE OF DELIVERABLES FOR THE DEMONSTRATION EXTENSION PERIOD

Date	Deliverable
July 1, 2012	Submit Transition Plan, paragraph 34
July 1, 2012	Submit Revised Draft Evaluation Design, paragraph 50
Per paragraph 8	Submit Demonstration Extension Application
December 31, 2012	Submit Interim Evaluation Report, paragraph 51
Quarterly	Deliverable
Per paragraph 32	Quarterly Progress Reports
Per paragraph 32	Quarterly Enrollment Reports
Per paragraph 35	Quarterly Expenditure Reports
Annual	Deliverable
Per paragraph 33	Draft Annual Report

ATTACHMENT A

Summary Chart of the Core Plan -Benefits and Cost Sharing for Childless Adults

(This list represents the covered and potential covered services and cost sharing for the demonstration; any changes that are not identified on this list and STC # 25 b will require an amendment to the demonstration)

Core Plan for Childless Adults		
Service Type	Description of Coverage	Co-Payment
Chiropractic Services	Full coverage	Co-payment .50 to \$3.00 per service.
Dental Services	At present time, coverage is limited to certain emergency services only.	None
Disposable Medical Supplies (DMS)	Coverage of diabetic supplies and DMS that is required with the use of a DME item and ostomy supplies	\$0.50 to \$3.00 co-payment per priced unit
Drugs	Generic-only formulary drug benefit with a few generic OTC drugs and some brand name drugs. <i>Upon implementation, certain brand name drugs are covered only for individuals previously covered under General Assistance Medical Programs.</i> Members will be automatically enrolled in the Badger Rx Gold plan. This is a separate program administered by Navitus, which provides for a discount on the cost of drugs. Expanded formulary to 100 brand name drugs effective January 1, 2010.	\$4 co-payment for generic drugs; a co-payment up to \$8 for potential limited brand name drugs, not to exceed \$5 for members under 100% FPL
Durable Medical Equipment (DME)	Full coverage up to \$2,500 per enrollment year.	\$0.50 to \$5 co-payment per item Rental items are not subject to co-payment but count toward the \$2,500 annual limit.
Health screenings for Children	No coverage	
Hearing Services	No coverage	
Home Care Services (Home Health, Private Duty Nursing and Personal Care)	Coverage based upon Medicaid State plan, but limited to 30 days post-hospitalization	No copay
Hospice Services	Full coverage	No copay
Inpatient Hospital	Full coverage (not including inpatient	\$3 co-payment per day up

Services	psychiatric stays in either an IMD or the psychiatric ward of an acute care hospital)	to \$75 per stay for members under 100% FPL and \$100 co-payment per stay for members above 100% of the FPL
Mental Health and Substance Abuse	At implementation, coverage is limited to mental health therapy services provided by a psychiatrist only. Effective January 1,2010 coverage of Substance Abuse Screening, Brief Intervention and Referral to Treatment (SBIRT)	\$.50 to \$3 co-payment per service
Nursing Home Services	No coverage	
Outpatient Hospital-Emergency Room	Full coverage	Co-payment \$3 for members up to 100 % of the FPL. \$60 co-payment per visit for members above 100% of the FPL.
Outpatient Hospital Services	Full coverage, excluding outpatient mental health and substance abuse treatment services.	\$3- \$15 co-payment per visit, not to exceed \$3 for members under 100% FPL
Physical Therapy (PT), Occupational Therapy (OT) and Speech Therapy (ST)	Full coverage, limited to 20 visits per disciplines per year	\$.50 to \$3 co-payment per visit
Physician Services (including Nurse Practitioner)	Full coverage, including laboratory and radiology	\$.50 to \$3 co-payment per visit. No co-payment for emergency services, preventive care, anesthesia or clozapine management
Podiatry Services	Full coverage	Co-payment \$.50 -\$3.00 Per service limited to \$30 per provider per enrollment year.
Prenatal/Maternity Services	No coverage	
Reproductive Health Services	Family planning services provided by family planning clinics will be covered separately under the State Plan	

Routine Vision	Routine vision is not covered. Will cover some non-routine vision services with certain diagnosis.	
Smoking Cessation Services	Coverage includes prescription generic and OTC tobacco cessation products.	Refer to the drug benefit for information on co-payments
Transportation	Coverage limited to emergency transportation by ambulance only	No copayment

**ATTACHMENT B
QUARTERLY REPORT FORMAT AND CONTENT**

Under Section VII, paragraph 32, the State is required to submit quarterly progress reports to CMS. The purpose of the quarterly report is to inform CMS of significant demonstration activity from the time of approval through completion of the Demonstration. The reports are due to CMS 60 days after the end of each quarter.

The following report guidelines are intended as a framework and can be modified when agreed upon by CMS and the State. A complete quarterly progress report must include an updated budget neutrality monitoring workbook.

NARRATIVE REPORT FORMAT:

Title Line One – Wisconsin – BadgerCare Plus Health Insurance for Childless Adults Section 1115 Demonstration

Title Line Two - Section 1115 Quarterly Report

Demonstration/Quarter Reporting Period:

Example:

Demonstration Year: 1 (01/01/09 – 09/30/09)

Federal Fiscal Quarter: 2/2009 (01/01/09 – 03/31/09)

Introduction

Information describing the goal of the Demonstration, what it does, and key dates of approval/operation. (This should be the same for each report.)

Enrollment Information

Please complete the following table that outlines all enrollment activity under the Demonstration. The State should indicate “N/A” where appropriate. If there was no activity under a particular enrollment category, The State should indicate that by “0”.

Enrollment Count

Note: Enrollment counts should be person counts, not member months.

Demonstration Populations (as hard coded in the CMS 64)	Current Enrollees (to date)	Disenrolled in Current Quarter
Childless Adults		

Member Month Reporting

Enter the member months for the quarter.

Eligibility Group	Month 1	Month 2	Month 3	Total for Quarter Ending XX/XX
Childless adults				

Outreach/Innovative Activities:

Summarize outreach activities and/or promising practices for the current quarter.

Operational/Policy Developments/Issues:

Identify all significant program developments/issues/problems that have occurred in the current quarter, including, but not limited to, approval and contracting with new plans, benefit changes, and legislative activity.

Financial/Budget Neutrality Developments/Issues:

Identify all significant developments/issues/problems with financial accounting, budget neutrality, and CMS-64 reporting for the current quarter. Identify the State’s actions to address these issues. Specifically, provide an update on the progress of implementing the corrective action plan.

Consumer Issues:

A summary of the types of complaints or problems consumers identified about the program in the current quarter. Include any trends discovered, the resolution of complaints, and any actions taken or to be taken to prevent other occurrences.

Quality Assurance/Monitoring Activity:

Identify any quality assurance/monitoring activity in current quarter.

Clinical Advisory Committee on Health and Emerging Technology (CACHET):

Provide at a minimum an update on the status of the development /implementation, structure and operational and administrative function of the CACHET. Include any recommendations for changes to benefit design, quality of care, health delivery system, emerging medical technologies and procedures and utilization controls for the demonstration.

Status of Benefits and Cost Sharing under the Core Benefit Plan:

Provide confirmation of the actual covered services and co-payments required as described in Attachment A- Core Benefit Plan for the demonstration in current quarter.

Demonstration Evaluation:

Discuss progress of evaluation design and planning.

Enclosures/Attachments:

Identify by title any attachments along with a brief description of what information the document contains.

State Contact(s):

Identify individuals by name, title, phone, fax, and address that CMS may contact should any questions arise.

Date Submitted to CMS: