

# Wisconsin Waiver: BadgerCare Reform

## Overview

Although Wisconsin did not adopt the Medicaid expansion under the Patient Protection and Affordable Care Act (ACA, P.L. 111-142, as amended), it used a Section 1115 demonstration waiver called BadgerCare Reform to provide coverage to non-pregnant, non-disabled childless adults with incomes at or below 100 percent of the federal poverty level (FPL).<sup>1</sup> The waiver was initially authorized for January 1, 2014 through December 31, 2018. On October 31, 2018, the Centers for Medicare & Medicaid Services (CMS) approved an extension of the waiver through December 31, 2023. The extension continues coverage for this population and implements several additional initiatives, including a work and community engagement requirement, premiums, and a mandatory health risk assessment as conditions of eligibility.<sup>2</sup>

The information in this fact sheet is current as of March 2020. The Biden Administration has since withdrawn Wisconsin's authority to implement work and community engagement requirements, and notified the state that other elements of the demonstration are under review (CMS 2021).

## Demonstration Goals

BadgerCare Reform seeks to accomplish several goals. These goals, outlined by the state, are to:

- ensure every Wisconsin resident has access to affordable health insurance and reduce the state's uninsured rate;
- provide a standard set of comprehensive benefits for low-income individuals that will lead to improved health care outcomes;
- create a program that is sustainable so Wisconsin's health care safety net is available to those who need it most;
- help more Wisconsin citizens become independent so as to rely less on government-sponsored health insurance;
- empower members to become active consumers of health care services to improve their health outcomes;
- design a medical assistance program that aligns with commercial health insurance to support members' transitions from public to commercial health care coverage;
- establish greater accountability for improved health care value; and,
- improve the use of integrated care for all individuals.

These goals will inform the hypotheses in the state's evaluation design plan for the waiver extension program and its additional conditions on eligibility.



## Populations Covered

The demonstration primarily affects non-pregnant, non-disabled childless adults age 19–64 with incomes at or below 100 percent FPL.

## Eligibility and Enrollment

The October 2018 waiver amendment includes several conditions of eligibility, including a work and community engagement requirement, premiums and cost sharing, and a mandatory health risk assessment.

### Health risk assessment

Individuals must complete a health risk assessment (HRA) as a condition of eligibility at application and renewal. This requirement takes effect no sooner than 12 months after waiver approval (October 31, 2019). Failure to answer any questions on the HRA, which will include questions related to alcohol consumption, diet and exercise habits, illicit drug use, seat belt use, and tobacco use, will result in denial of coverage. Individuals can reapply for coverage at any time.

### Work and community engagement requirement

Wisconsin will require non-pregnant, non-disabled childless adults age 19–49 to fulfill work and community engagement requirements. In any given month, beneficiaries must meet an exemption or complete at least 80 hours of qualifying employment, training, or education activities (Table 1). Although Wisconsin received approval to begin these requirements as soon as October 31, 2019, the state has delayed implementation to allow more time to set up the program. It is unclear when the requirements will take effect (Wahlberg 2020).



**TABLE 1.** Work and Community Engagement Requirement Exemptions and Qualifying Activities

Exempt populations	Non-exempt populations
<p>Beneficiaries who are unable to work or participate in workforce training activities because they are:</p> <ul style="list-style-type: none"> <li>• receiving temporary disability benefits;</li> <li>• mentally or physically unable to work;</li> <li>• verified as unable to work in a statement from a health care professional or a social worker;</li> <li>• experiencing chronic homelessness;</li> <li>• primary caregivers for persons who cannot care for themselves;</li> <li>• receiving (or have applied for) UC and is complying with UC work requirements;</li> <li>• exempt from SNAP work requirements;</li> <li>• participating in alcohol or other drug abuse treatment or rehabilitation program;</li> <li>• enrolled in an institution of higher learning at least half time; or</li> <li>• enrolled in high school at least half time.</li> </ul>	<p>Required participation in 80 hours per month of some combination of the following:</p> <ul style="list-style-type: none"> <li>• working in exchange for money, goods, or services;</li> <li>• unpaid work, such as volunteer work or community service;</li> <li>• self-employment at any wage; or</li> <li>• taking part in a work, job training, or job search program (e.g., FSET WorkFare, Wisconsin Works, Workforce Innovation, and Opportunity Act programs).</li> </ul>

**Notes.** UC is unemployment compensation. SNAP is Supplemental Nutrition Assistance Program. FSET is FoodShare Employment and Training.

**Source.** CMS 2018

**Penalties for non-compliance.** Beneficiaries who fail to meet the work requirements for 48 consecutive or non-consecutive months will be disenrolled from Medicaid for a period of six months. During this period beneficiaries are ineligible to reenroll in Medicaid unless they qualify for Medicaid under a different eligibility category. Beneficiaries can avoid disenrollment if they request and receive a good cause exemption or become eligible through another pathway.<sup>3</sup> The 48-month period cannot begin for new or existing enrollees until at least 12 months after waiver approval (i.e., October 31, 2019).

**State assurances.** Wisconsin must make a number of assurances prior to implementing the work and community engagement requirements, including maintaining a mechanism to stop payments to managed care organizations following disenrollment, ensuring timely and adequate beneficiary notices and outreach, and coordinating compliance with the Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families. Wisconsin also must provide appeal and due process mechanisms; make good faith efforts to connect beneficiaries to existing community supports (e.g., non-Medicaid transportation assistance, child care, and language services); enable beneficiaries to report on and process applications in person, via phone, via email, and electronically; screen individuals for all other Medicaid eligibility groups before determining disenrollment or termination; assess areas within the state that have limited employment or educational opportunities to determine further necessary exemptions; and provide reasonable modifications for individuals with disabilities.



Additionally, Wisconsin must submit a community engagement implementation plan—including timelines related to implementation—to CMS within 90 calendar days of the waiver extension approval (January 29, 2019). Wisconsin must also submit a monitoring protocol within 150 calendar days of approval (March 30, 2019), that describes both the required quantitative metrics and the operational updates that will be reported.

## Premiums and Cost Sharing

Non-pregnant, non-disabled childless adults with monthly household incomes at or below 50 percent of the FPL are not subject to premiums and cost sharing. Beneficiaries with monthly household incomes between 50 and 100 percent FPL are subject to an \$8 monthly premium per household.<sup>4</sup> Individuals who are subject to the premium requirement may have the household premium reduced by up to 50 percent if they demonstrate they actively manage their health risk behaviors or that they do not engage in health risk behaviors, as determined by the required health risk assessment (see below). All non-pregnant, non-disabled childless adult beneficiaries, regardless of income, are also subject to an \$8 co-payment for non-emergent use of the emergency room.

Non-pregnant, non-disabled childless adult beneficiaries who fail to pay their monthly premiums may pay missed monthly premiums at annual redetermination; if the beneficiary cannot make the payments they will be disenrolled. Disenrolled beneficiaries are subject to a six-month lockout period, and may only reenroll during this time period if they pay outstanding premiums or falls into a new eligibility category.

## Benefits

Waiver enrollees receive the Wisconsin state plan benefit package; however, they will not receive family planning, pregnancy-related services, or tuberculosis-related services. Beneficiaries who become pregnant will be shifted to the pregnant women's eligibility group.<sup>5</sup>

## Delivery System

Waiver enrollees receive medical services through the state's existing managed care plans.

## Evaluation

All states with section 1115 demonstrations are required to conduct an evaluation to determine the success of the program reforms. Wisconsin must submit a draft evaluation design within 180 days of approval of the demonstration (April 30, 2019). The state must submit the interim evaluation report in the application for waiver renewal, or one year prior to the end of the demonstration if the state is not requesting a renewal. Wisconsin's summative evaluative report is due with 18 months of the end of the approval period (June 31, 2025).



## Endnotes

<sup>1</sup> Because Wisconsin did not adopt the ACA's Medicaid expansion to the new adult group up to 138 percent FPL, Wisconsin does not receive the enhanced match rate for this population.

<sup>2</sup> The special terms and conditions of the waiver do not specify an implementation date, although work and community engagement requirements cannot begin until October 31, 2019 at the earliest.

<sup>3</sup> The state has discretion to provide good cause exemptions, but at a minimum, must provide exemptions for beneficiaries who are unable to meet the requirements due to their or a family member's disability; beneficiaries who experience the birth or death of a family member living within their home, severe inclement weather, or a family emergency or other life-changing event (e.g. divorce or domestic violence); beneficiaries who lack internet access or transportation to a place where requirements can be completed; beneficiaries who live in a geographic area with fewer than 48 potential employers; and beneficiaries who are the primary caretakers for children age six or older and were unable to meet the requirement due to childcare responsibilities.

<sup>4</sup> Wisconsin previously imposed premiums on transitional medical assistance beneficiaries. However, it did not request renewal of this policy, so premiums for this population will end December 31, 2018.

<sup>5</sup> The October 2018 waiver extension also expanded opioid use disorder and substance use disorder (SUD) treatment benefits to all Wisconsin Medicaid recipients, including services provided in residential and inpatient treatment facilities. Without the waiver, federal financial participation would not be available for these services.

## References

Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services. 2021. Letter from Elizabeth Richter to Jim Jones regarding "CMS decision to state." April 6, 2021. Baltimore, MD: CMS. <https://www.medicare.gov/medicaid/section-1115-demonstrations/downloads/wi-badgercare-reform-ca2.pdf>.

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Whalberg, D. 2020. Wisconsin further delays Medicaid work requirement for childless adults. *Wisconsin State Journal*. January 30. [https://madison.com/wsj/news/local/health-med-fit/wisconsin-further-delays-medicaid-work-requirement-for-childless-adults/article\\_034c57f1-c1a6-5951-a9a8-1b52e4fde63a.html](https://madison.com/wsj/news/local/health-med-fit/wisconsin-further-delays-medicaid-work-requirement-for-childless-adults/article_034c57f1-c1a6-5951-a9a8-1b52e4fde63a.html).

