

Overview of BadgerCare Changes Being Implemented by the Department of Health Services

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The federal Department of Health and Human Services (HHS) has approved a portion of the cost-cutting changes that the Walker Administration has been seeking to make to BadgerCare. HHS rejected the changes that would have caused more than 29,000 children to lose coverage, but approved policy changes affecting adults with incomes above 133 percent of the federal poverty level. The Affordable Care Act (ACA) allows states to restrict or eliminate eligibility for adults over that income level if the state certifies that it has a deficit, as Wisconsin has done.

The following table compares the Wisconsin Department of Health Services (DHS) projections of the effects of the original proposals and final plan with respect to the number of people expected to lose their BadgerCare coverage or to pay more in BadgerCare premiums. It also shows the estimated reduction in state spending.

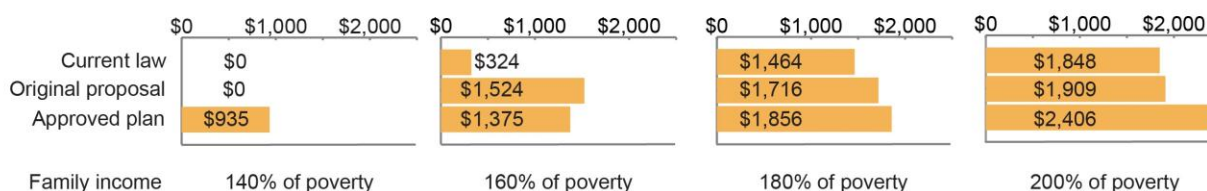
Table 1: Comparison of Original and Revised DHS Proposals for BadgerCare Changes

Policy or impact	Original DHS Proposals	Approved changes
Total # expected to lose BadgerCare coverage	64,748	About 17,000
a) parents	33,750	About 15,600
b) children	29,120	0
c) childless adults	1,392	1,755
d) pregnant women & newborns	486	0
Total with higher premiums	72,315	About 48,000
Reduction in state General Fund spending	\$90 million	\$28 million

The following changes were approved by the Centers for Medicare and Medicaid Services (CMS) because they did not require a waiver of the ACA's "maintenance of effort" (MOE) requirements:

- Extending premiums to adults in BadgerCare with incomes between 133% and 150% of the federal poverty level (whereas premiums currently start at 150% of FPL).
- Increasing premiums for non-pregnant, non-disabled adults over 150% of FPL, by applying new sliding-scale premiums. (See the bar graph on the next page.)
- Dropping adults for a year, rather than six months, if they fail to make a premium payment.
- Ending BadgerCare coverage of adults if they have access to employer-sponsored insurance and their premium for employee-only coverage would cost less than 9.5% of family income (regardless of how high the deductibles and co-pays are for that coverage).ⁱ
- Ending eligibility of the spouse of an employee who has an offer of employer coverage that meets the condition noted above, even if inclusion of the spouse would raise the premium above the 9.5% standard.
- Ending retroactive eligibility for parents and caretaker relatives in families with income above 133% of the poverty level.

Annual Premiums for a Single Parent with Two Children



Wisconsin Council on Children and Families

All of those changes will take effect on July 1, 2012, except the new restriction on eligibility for people who have an offer of employee coverage (or have a spouse with such an offer) won't apply to current BadgerCare participants until they come up for renewal or take a new job.

A couple of other cost-cutting changes to BadgerCare might follow later this year or next:

- *Expediting terminations of eligibility* – CMS has given the state the green light to move people off BadgerCare more quickly after they are determined to no longer be eligible (rather than removing them at the end of the month), but DHS has delayed implementing that policy change. Apparently more time is needed to make the system changes and to work out with managed care organizations how this will affect the monthly capitation rates.
- *Alternative Benchmark Plan* – DHS is still seeking federal approval of a proposal to create a plan with much higher co-pays and more limited benefits, which would cover families with income over the poverty level. If it is approved, the Alternative Benchmark Plan would adversely affect more than 300,000 BadgerCare participants.

A number of the original DHS proposals were not approved by CMS:

- Making the higher premiums and other changes apply to children (which DHS estimated would have caused more than 29,000 children to lose their BadgerCare coverage).
- Requiring increased documentation of residency (for children, adults and pregnant women).
- Ending presumptive eligibility (aka “express” eligibility) for children.
- Applying the exclusion of eligibility for adults with offers of employer coverage to parents and caretakers with income between 100% and 133% of the poverty level.
- Excluding young adults who might be able to get coverage from a parent’s employer-sponsored insurance.
- Ending Transitional Medical Assistance (TMA), which is a welfare reform initiative that enables families below the poverty level to remain in the same category of BadgerCare coverage for up to 12 months after their income increases above the poverty level.ⁱⁱ
- Broadening the definition of the family unit to count the income of all adults, except grandparents, in the definition of the household (yet not counting all of the adults for purposes of household size).

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ⁱ This restriction on eligibility won't apply to people with a disability – if that disability has been determined by the Social Security Administration or the Disability Determination Bureau.

ⁱⁱ TMA is not being eliminated, but CMS is allowing the state to apply premiums to the adults with income over 133% of the poverty level.