



THE FUTURE OF HEALTH INSURANCE IN WISCONSIN

WHAT WILL INSURANCE LOOK LIKE IN WISCONSIN STARTING IN APRIL 2014?

The future of insurance in Wisconsin for individuals and families including whether or there are premium requirements, federal tax credits, or eligibility restrictions for people with offers of employer-sponsored insurance (ESI):

Income (% of Federal poverty level)	Pregnant Women 	Children 	Parents & Caretakers 	Childless Adults 	15 or older Family Planning Only Services 	Elderly or Disabled 	
0-100% FPL	BadgerCare No Premium & No Crowd-out Restrictions					Basically No Changes • There are some small tweaks to income determination that should make <u>more</u> people eligible	NO CHANGES (still includes asset tests as well as income and other restrictions)
100-150% FPL	BadgerCare • No Premium • No Crowd-Out Restrictions <i>(BC+ Prenatal has separate rules)</i>	BadgerCare • No premium • No Crowd-Out Restrictions	Marketplace • With Tax Credit • With Cost-Sharing Subsidy • Employer Sponsored Insurance Affordability & Adequacy Test Applies				
150-201% FPL		BadgerCare • No premium • 80% Crowd-Out Test Applies*					
201-250% FPL		BadgerCare • With premium • 80% Crowd-Out Test Applies	Marketplace • With Tax Credit • Employer Sponsored Insurance Affordability & Adequacy Test Applies				
250-306% FPL					Marketplace • With Tax Credit • Employer Sponsored Insurance Affordability & Adequacy Test Applies		
306-400% FPL		Marketplace • With Tax Credit • Employer Sponsored Insurance Affordability & Adequacy Test Applies					
400% + FPL	Marketplace • With NO Tax Credit • Employer Sponsored Insurance Affordability & Adequacy Test Applies						

* The 80% Crowd-Out Test applies to children at varying income levels depending on their age. For children ages 6-18, this test is applied to those in families above 150% FPL.

2014 Federal Poverty Levels (annual income)

Group Size	100%	150%	201%	250%	306%	400%
One	\$11,670	\$17,505	\$23,457	\$29,175	\$35,710	\$46,680
Two	15,730	23,595	31,617	39,325	44,134	62,920
Three	19,790	29,685	39,778	49,475	60,557	79,160
Four	23,850	35,775	47,939	59,625	72,981	95,400
Five	27,910	41,865	56,099	69,775	85,405	111,640
each addtl.	+ 4,060	+ 6,090	+ 8,161	+ 10,150	+ 12,424	+ 16,240

Restrictions for People with Offers of Employer-sponsored Insurance

What does “Crowd Out” Mean?

The Affordable Care Act is intended to build on the current system of employer-sponsored insurance (ESI). For that reason it contains provisions that are designed to deter what is known as “crowd out” – the replacement of private health insurance with publicly subsidized coverage (such as BadgerCare). It can occur if either employers or employees drop private insurance in favor of coverage under a public insurance program.

Note: See [here](#), [here](#) and [here](#) for a more in-depth discussion of private insurance crowd-out.

What are Crowd-Out Standards?

State and federal law contain a number of crowd-out standards, which are policies that are intended to limit eligibility to public health care coverage (such as BadgerCare) to people who do *not* have the option of getting adequate, affordable health insurance coverage through an employer. Wisconsin has established crowd-out standards that restrict eligibility to BadgerCare, and the Affordable Care Act contains standards that restrict eligibility for federal subsidies for health insurance plans purchased through the [new Health Insurance Marketplace](#).

What is the “BadgerCare 80% Crowd-Out Rule”?

Individuals who fall into a BadgerCare category that imposes the “80% Crowd-Out Rule” will be deemed ineligible for BadgerCare if they have access to an employer plan that meets any of the following standards:

- The employer offers coverage that pays at least 80% of the premium; OR
- Under certain narrow circumstances when the individual could have been covered in an employer-sponsored plan (meeting the 80% test) within the previous 12 months; OR
- Coverage is available under the State of Wisconsin employee health plan (regardless of plan type or premium amount contributed by state or local government).

After the income-eligibility ceiling is reduced for parents in 2014, Wisconsin’s crowd-out restrictions will typically only apply to children ages 6-18 in families over 150% of the poverty level and to younger children above a higher income threshold depending on their age. The restrictions do not apply unless the child’s access is through an employed family member currently living in the household.

Note: 1) BadgerCare Prenatal has different crowd-out rules, 2) There are “good cause” exemptions to these rules, 3) Children and pregnant women of higher income levels can sometimes qualify for BadgerCare by incurring medical expenses that meet a certain deductible amount – this is sometimes called “spend down”.

What is the Employer Sponsored Insurance Affordability & Comprehensiveness Test?

Individuals who are purchasing coverage through the Marketplace will be asked to verify that they don’t have access to employer sponsored insurance that meets both an adequacy or “minimum value” test and an affordability test as defined by the Federal Government.

- **Adequacy:** An employer-sponsored insurance plan meets the “minimum value” test if, on average, it pays at least 60% of total allowed costs.
- **Affordability:** If the cost of premiums for self-only coverage for an employee does not exceed 9.5% of the taxpayer’s household income the coverage is considered affordable for the family, even if that coverage does not take into account the cost of coverage for all family members. As a result, dependent family members could be excluded from eligibility for premium tax credits or cost-sharing subsidies when the employed family member is determined to have an “affordable offer” of employee-only coverage. However, if the employer does not offer coverage that covers all or certain family members then the family members who are not offered employer sponsored coverage will remain eligible to sign up for Marketplace coverage and receive financial assistance depending on their income.