






AN OVERVIEW OF SUBSIDIZED HEALTH INSURANCE IN WISCONSIN (Including Income Limits and Other Eligibility Restrictions)



The insurance landscape in Wisconsin for individuals and families – including information regarding whether there are premiums, federal tax credits, and 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 
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
100-150% FPL	BadgerCare • No Premium • No Crowd-Out Restrictions (BC+ Prenatal has separate rules)	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					
306-400% FPL		Marketplace • With Tax Credit • Employer Sponsored Insurance Affordability & Adequacy Test Applies			
400% + FPL	Marketplace • With <i>NO</i> 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 (see next page.)

2016 Federal Poverty Levels (annual income)

Group Size	100%	138%	201%	250%	306%	400%
One	\$11,880	\$16,394	\$23,879	\$29,700	\$36,353	\$47,520
Two	16,020	22,108	32,200	40,050	49,021	64,080
Three	20,160	27,821	40,522	50,400	61,690	80,640
Four	24,300	33,534	48,843	60,750	74,358	97,200
Five	28,440	39,247	57,164	71,100	87,026	113,760
Six	32,580	44,960	65,486	81,450	99,695	130,320
Seven	36,730	48,851	73,460	91,825	110,190	146,920
Each	+4,160	+5,741	+8,362	+10,400	+12,730	+16,640

Restrictions for People with Offers of Employer-sponsored Insurance

What does “Crowd Out” Mean?

The Affordable Care Act was designed to supplement the 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). Crowd-out can occur if either employers or employees drop private insurance in favor of coverage under a public insurance program.

Note: See [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. Since its start in 1999, BadgerCare has had crowd-out standards that limit eligibility, and the Affordable Care Act contains standards that restrict eligibility for federal subsidies for health insurance plans purchased through the [Health Insurance Marketplace](#).

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

After the income-eligibility ceiling was reduced for adults in 2014, Wisconsin’s crowd-out restrictions typically apply just to children, but see the note below rating to BadgerCare Prenatal.* They apply to children ages:

- 0-1 in families with incomes over 306% FPL
- 1-5 in families with incomes over 191% FPL
- 6-18 in families with incomes over 156% of the FPL

The restrictions do not apply unless the child’s access is through an employed family member currently living in the household. 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 employee 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).

** 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 the cost 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.