

Using the Affordable Care Act to Close the Gap in BadgerCare

As passed by Congress, the Affordable Care Act (ACA) required states to begin in 2014 to offer Medicaid coverage to everyone below 138 percent of the poverty level (except for non-citizens who are undocumented or have not lawfully resided in the U.S. for at least five years). However, the U.S. Supreme Court's July 2012 decision struck down the requirement, and that ruling makes those Medicaid provisions optional for the states.

The ACA provides funding to cover nearly all of the costs of newly-eligible adults with incomes below 138 percent of the federal poverty level (FPL). Over the first three years (2014 through 2016), the federal government will pay all of the costs of extending Medicaid to those adults,ⁱ followed by a gradual phase-down over the next few years to 90 percent of the cost in 2020 and thereafter.

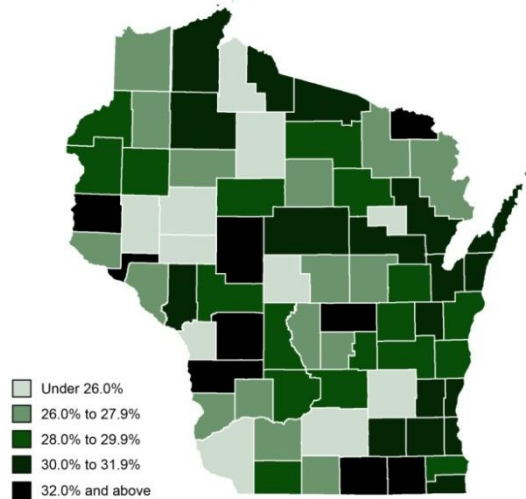
Wisconsin's BadgerCare program already covers parents to 200 percent of FPL, but only a small portion of low-income adults who aren't custodial parents. The BadgerCare Core program, initiated in 2009, now covers only about 21,000 non-caretaker adults (which is down from a peak of about 65,000 early in 2010), and there is a waiting list of about 146,000. The Medicaid option in the ACA gives Wisconsin the capacity to fill the large gap in BadgerCare for those non-caretaker adults with incomes below 138 percent of FPL.

Top Ten Reasons Wisconsin Should Take Advantage of Federal Funds to Fill the Gap in BadgerCare

- 1) **It's the right thing to do.** Everyone is worthy of health care coverage, and using the Medicaid opportunity in the ACA would close the largest gap in Wisconsin's health care system.
- 2) **It will save lives.** States that have extended Medicaid coverage to "childless adults" have seen fewer deaths - especially those caused by disease, accidents, injuries, and drug abuse.ⁱⁱ
- 3) **It also saves money.** Covering more adults will reduce emergency room visits and uncompensated care costs that are incurred by hospitals and then shifted onto other health care consumers. It will also yield savings by reducing state and local mental health costs for serving the uninsured.ⁱⁱⁱ
- 4) **It's a very good deal for Wisconsin.** The federal government will pick up the full cost of coverage for newly eligible adults for three years and at least 90% of those costs in subsequent years.^{iv} Wisconsin will also capture a higher federal reimbursement rate for coverage of currently enrolled non-caretaker adults.
- 5) **It will create jobs.** The large infusion of federal funding will have an extremely positive effect on the state economy - yielding thousands of additional jobs and increased tax revenue.^v
- 6) **It will help protect Wisconsin workers against preventable illnesses,** resulting in a healthier and more productive workforce for Wisconsin employers,^{vi} and improving our economic competitiveness.
- 7) **Four-fifths of the adults who gain BadgerCare eligibility are too poor** to be eligible for subsidized coverage in the new health insurance exchanges (because those subsidies are for people between 100% and 400% of the federal poverty level).^{vii}

- 8) **More of our federal tax dollars will be used in Wisconsin** by taking advantage of this opportunity to close the BadgerCare gap, which is especially important in our state because we currently get much less federal support than most other states.^{viii}
- 9) **It will improve access to mental health care.** The single most effective way to improve access to mental health services in Wisconsin is to close the gap in BadgerCare.
- 10) **Wisconsin can once again be a leader** in providing access to cost-effective preventive care by closing the gap in BadgerCare and providing insurance to low-income adults without dependent children, many of whom are now on the waiting list for the BadgerCare Core Plan.^{ix}

Percent of Non-Elderly Adults Under 138% of Poverty Who Are Uninsured, 2010



Wisconsin lawmakers should take advantage of the Medicaid opportunity in the ACA to close the large gap in BadgerCare coverage for adults without dependent children.

Wisconsinites across our state would benefit from the quality, affordable coverage that BadgerCare provides. **Among the non-elderly adults in Wisconsin who are below the 138 percent standard, about 170,000, or 29 percent, were uninsured in 2011 and could potentially benefit from the Medicaid option.**^x

ⁱ A recent document from the Department of Health and Human Services indicates that states will only be eligible for the 100% federal funding if they cover all low-income adults below 138% of FPL, not for partial expansions to a subset of those adults.

ⁱⁱ See the recently published study in the New England J. of Medicine: <http://www.nejm.org/doi/full/10.1056/NEJMsa1202099>

ⁱⁱⁱ See the July 2011 Urban Institute report, “*ACA and State Governments: Consider Savings as Well as Costs.*”

^{iv} Because Wisconsin already covers a modest number of adults without dependent children, but with a benefit that falls short of Medicaid coverage, it isn’t clear yet whether our state will initially get 100% federal funding for all “childless adults” below 138% of the poverty level.

^v An analysis by the state of Arkansas concluded that implementing the Medicaid option would generate about \$35 million per year in higher state tax revenue, because of the influx of federal dollars and increased economic activity.

^{vi} The most recent **Family Health Survey** (for 2010) found that 60% of uninsured, low-income “childless adults” in Wisconsin have not had a checkup during the past two years.

^{vii} A recent analysis by the Urban Institute estimated that there are about 181,000 Wisconsinites who would be newly eligible for BadgerCare coverage, and 145,000 (80%) are below the poverty level. For a discussion of the number of people who would benefit, see the recent WI Budget Project paper: *Using the ACA to Fill the Gap in BadgerCare; Who Would Be Served and What Is It Likely to Cost?*

^{viii} Based on the most current Census Bureau data, which is from 2010, federal spending in Wisconsin was more than \$800 per person below the national average.

^{ix} As of August 2012, there were about 136,000 people on that waiting list, but some have income above the income ceiling for the ACA Medicaid option, which is 138% of the federal poverty level.

^x US Census Bureau 2011 American Community Survey data for non-elderly adults.