

Ending BadgerCare Coverage in 2014 for 100,000 Adults Has Substantial Risks

In addition to the fact that the budget plan covers far fewer adults and would cost considerably more, there are numerous other considerations that make health care providers and consumer advocates very concerned about the practicality and timing of the proposed shift of about 100,000 current BadgerCare participants into the new health insurance marketplace (“exchange”):

Affordability Concerns: Marketplace coverage was not intended as the primary source of insurance for low-income people, and many will be priced out due to premiums and cost-sharing.

Marketplace Readiness: There is a big difference between the federal government certifying that the marketplace is “operational” and the systems and consumer support being ready to transition coverage for about 100,000 current BadgerCare enrollees between the end of November and January 1.

Eligibility Exclusions: Not all uninsured adults will be eligible for subsidized coverage through the new marketplaces. The federal law excludes entire families from that subsidized coverage if a parent has an offer of employer-sponsored insurance, even if that employer plan only covers the employee. Preserving BadgerCare coverage for families would mitigate this risk.

Administrative Challenges: People near the poverty level may find it challenging to navigate private insurance coverage, many for the first time in their lives, causing some to remain or become uninsured.

Ending the WI Tradition of Family-Based Coverage: We risk lowering coverage rates for both children and parents when they are in different insurance plans and potentially different health systems and networks.

BadgerCare Would be Cut Even if Feds Deny Waiver: The state budget bill requires DHS in January 2014 to remove adults over the poverty line from BadgerCare, even if HHS does not approve the waiver to provide coverage to parents and adults without dependent children with incomes below the poverty line.

Potential Tax Penalties for Businesses: If Wisconsin does not take advantage of the federal dollars to strengthen BadgerCare, we expose businesses to a potential tax penalty for employees between 100 and 133 percent FPL who get subsidized coverage through the new marketplace.

To avoid these risks, which could significantly increase the number of Wisconsinites over the poverty level who are uninsured, state lawmakers should use the Affordable Care Act to provide Medicaid coverage to all childless adults up to 133% of FPL, and they should preserve coverage of parents at least to that level. That could reduce state spending in the 2013-15 budget, would reduce hardship for families, and would do far more than the Governor’s plan to reduce uncompensated care costs that hospitals shift to patients with insurance.