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Census Figures Shed Light on Wisconsinites Who Could Gain Access to Insurance under the Health Care Reform Law

More than a quarter of a million uninsured Wisconsinites could become eligible for health insurance coverage in 2014, if Wisconsin takes full advantage of measures in the federal health care reform law, known as the Affordable Care Act (ACA).

Two parts of the law will enable states to help most of the 50 million uninsured Americans gain access to quality, affordable health insurance, beginning in January 2014. However, the extent of the drop in the uninsured will depend upon the choices states make.

This paper reviews the data on who is uninsured in Wisconsin, and which of those families and individuals could potentially gain insurance coverage as a result of the ACA. It contains estimates of the number of people in each county who would meet the income standards to qualify for coverage under the provisions that take effect in 2014.

Background

In the wake of the November elections, states have to begin making important decisions about how they will implement the federal health care reform law, known as the Affordable Care Act (ACA).

The ACA has already begun improving access to health care in many different ways, such as ensuring access to preventive care, lowering prescription drugs costs for people in Medicare, guaranteeing access to coverage for children with preexisting conditions, and allowing young adults to be included on their parents' coverage.

Other measures that have not taken effect yet will improve the health care system in future years. For example, in 2014 the ACA will prohibit discrimination against adults with preexisting conditions, and it will initiate measures that can dramatically improve access to insurance.

The Congressional Budget Office estimates that by 2018 the law will cut the number of uninsured Americans by half, from an estimated 58 million who would be uninsured if the law did not change to about 29 million, based on the effects of the ACA and the Supreme Court decision. The expected 50 percent reduction will result primarily from the following two cornerstone measures, both of which take effect in 2014:

1. enabling states to extend Medicaid coverage to all adults up to 138 percent of the federal poverty level (FPL); and
2. requiring the establishment of a health insurance exchange in each state, with federal subsidies for individuals and families below 400 percent of FPL.

Also in 2014, there will be a significant increase in Medicaid enrollment among people who are already eligible for coverage, because of several aspects of the ACA – including the individual

mandate, new portals for applying for coverage, and increased publicity about Medicaid eligibility.

The Medicaid option

As passed by Congress, the 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 the 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 FPL. Over the first three years (2014 through 2016), the federal government will pay 100 percent of the costs of extending Medicaid to those adults,[1] 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.

Utilizing the Medicaid opportunity in the ACA would have a number of advantages for our state:

- Closing the largest gap in access to insurance coverage in our state.
- Providing a broader benefit plan than the current coverage for non-caretaker adults enrolled in BadgerCare Core, and improving access to mental health services for adults in that plan, as well as for those on the waiting list.
- Capturing a higher federal reimbursement rate for coverage of currently enrolled non-caretaker adults.
- Yielding savings within our state by easing the demand on county mental health programs, and by reducing reliance on emergency rooms – thereby reducing the uncompensated care costs that are shifted onto people with insurance.

In states that are already providing Medicaid-equivalent coverage to adults to at least 138 percent of the poverty level, there will be no change in the federal share of costs for parent coverage. However, the federal government will initially pick up half of the current state share of the costs of previously eligible non-caretaker adults below 138 percent of FPL, and the federal share will gradually climb to 90 percent of the total expense for that population.

Because BadgerCare Core provides a more limited benefit package than regular Medicaid coverage, it appears that Wisconsin would be eligible in 2014 for the 100 percent federal reimbursement for all non-caretaker adults under 138 percent of FPL. However, we are still waiting for confirmation of that detail.

[1] 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.

Health insurance exchanges

The ACA requires each state to have an operating health insurance exchange by January 2014. An exchange is a mechanism for organizing the health insurance marketplace to help consumers and small businesses shop for and select high-quality, affordable private health plans that fit their needs. Exchanges offer a number of significant advantages for health care consumers:

- Enabling individuals and small businesses to benefit from the pooling of risk, market leverage, and economies of scale that large employers currently enjoy.
- Providing one-stop shopping and facilitating easy comparison of available plan options based on price, benefits and services, and quality.
- Assisting eligible individuals to receive either premium tax credits or coverage through public health care programs, such as BadgerCare.

In states like Wisconsin that choose not to establish an exchange, the federal Health and Human Services Department has the authority to create and operate it. The exchanges must be ready to start accepting applications in October 2013.

Lower- and middle-income individuals earning up to four times the federal poverty level – about $76,000 in 2012 for a family of three – may be eligible for premium assistance subsidies for health insurance purchased through an exchange.

2012 Federal Poverty Levels

Annual Income

Group Size	100%	133%	138%	200%	300%	400%
One	$11,170	$14,856	$15,415	$22,340	$33,510	$44,680
Two	$15,130	$20,123	$20,879	$30,260	$45,390	$60,520
Three	$19,090	$25,390	$26,344	$38,180	$57,270	$76,360
Four	$23,050	$30,657	$31,809	$46,100	$69,150	$92,200

Hourly Income*

Group Size	100%	133%	138%	200%	300%	400%
One	$5.37	$7.14	$7.41	$10.74	$16.11	$21.48
Two	$7.27	$9.67	$10.04	$14.55	$21.82	$29.10
Three	$9.18	$12.21	$12.67	$18.36	$27.53	$36.71
Four	$11.08	$14.74	$15.29	$22.16	$33.25	$44.33

* Assumes 2080 hours per year.

Who's uninsured in Wisconsin by income

According to the latest U.S. Census Bureau data, there were slightly over half a million Wisconsinites who were uninsured in 2011, which amounted to 9.0 percent of all state residents.

Although Wisconsin had the seventh lowest percentage of uninsured state residents in 2011, that was double the rate in Massachusetts, where the health care law signed by Governor Romney became the model for the ACA.

For purposes of this paper, we are relying on two Census Bureau datasets: the 2011 results from the American Community Survey (ACS), which provides the most current state-level figures, and a 2010 dataset known as the Small Area Health Insurance Estimates (SAHIE), which combines administrative data and ACS results. Although the SAHIE, which was released in August 2012, is not as current as the 2011 ACS, the combination of the two types of data yields much more detailed state-level and county-by-county estimates of who is uninsured by age, gender and income level.

Unfortunately, the Census Bureau data does not allow us to distinguish between uninsured non-custodial adults who could be newly eligible and parents who may already be eligible for BadgerCare.

Figure 1: Wisconsin's Uninsured Population by Age and Income

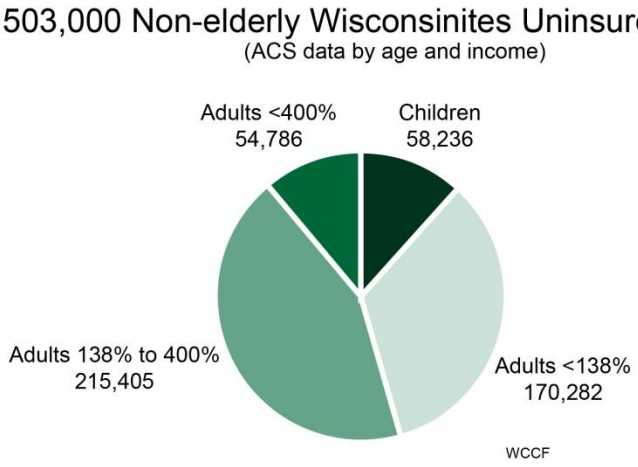


Figure 1 uses the ACS data to illustrate that more than three-fourths (77%) of all uninsured Wisconsinites in 2011 were adults below 400 percent of FPL, who would meet the income standards for either Medicaid/BadgerCare coverage (up to 138% of FPL) or for subsidies through the new exchange in 2014. Some of those adults would be ineligible for exchange subsidies if they have access to employer coverage with premiums for employees of less than 9.5 percent of household income. However, the vast majority of those adults could get covered either through BadgerCare or with the help of exchange subsidies.

Because there are many variables, it is impossible to know precisely how many adults will potentially qualify if Wisconsin chooses to close the BadgerCare gap. Estimates vary but have generally been in the same ballpark. For example, a July 2012 analysis by the Urban Institute, based primarily on 2010 ACS data, estimated that about 181,000 uninsured adults in Wisconsin would be newly-eligible.

Nearly 12 percent of uninsured Wisconsinites in 2011 were children. Most of those children are below 300 percent of FPL and could potentially be eligible for subsidized coverage in BadgerCare now, provided the family does not have access to insurance through an employer

who pays at least 80 percent of premiums. In addition, children in higher income families (above 300% of FPL) could be eligible for unsubsidized BadgerCare coverage.

Who's uninsured in Wisconsin by geography

The following table and maps use the county-by-county SAHIE data from 2010 relating to uninsured children and adults. The first two columns in Table 1 show the number and percentage of uninsured nonelderly adults who would meet the 138% income standard if the state closes the gap in BadgerCare coverage.

Table 1: Uninsured Wisconsinites Under 400% of the Federal Poverty Level

(data from U.S. Census Bureau's 2010 Small Area Health Insurance Estimates)

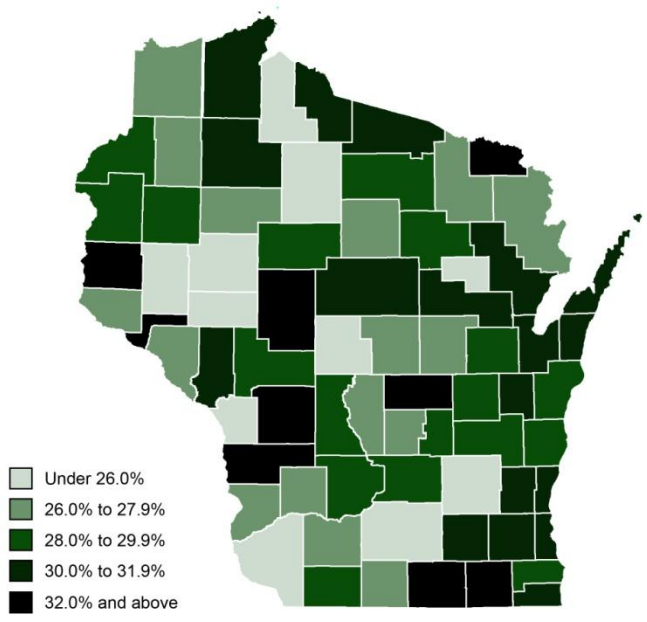
	Uninsured Adults Under 138% FPL		Uninsured Adults 138% - 400% FPL		Uninsured Kids Under 400% FPL	
	Number Uninsured	Percent Uninsured	Number Uninsured	Percent Uninsured	Number Uninsured	Percent Uninsured
WI - Statewide	173,841	29.0%	216,823	15.2%	67,752	6.7%
Adams	598	26.0%	722	12.9%	253	8.1%
Ashland	550	23.5%	704	15.0%	207	6.1%
Barron	1,495	28.5%	2,013	15.5%	715	8.2%
Bayfield	494	30.8%	764	18.3%	218	8.8%
Brown	7,171	30.1%	10,159	15.9%	2,603	5.7%
Buffalo	382	27.0%	538	13.7%	223	8.7%
Burnett	568	29.7%	695	16.5%	243	9.0%
Calumet	933	31.5%	1,550	12.5%	522	5.7%
Chippewa	1,557	25.1%	2,243	13.2%	781	6.4%
Clark	1,450	35.1%	1,873	19.1%	1,595	17.4%
Columbia	1,292	28.4%	1,908	13.5%	603	6.1%
Crawford	547	27.9%	637	13.7%	251	7.7%
Dane	13,893	24.5%	15,534	13.8%	4,026	6.2%
Dodge	1,808	25.2%	2,785	12.1%	854	5.5%
Door	729	30.7%	1,089	14.8%	318	7.7%
Douglas	1,478	26.6%	1,815	14.5%	498	6.3%
Dunn	1,408	24.1%	1,498	12.9%	455	6.2%
Eau Claire	2,936	21.6%	3,224	12.6%	944	6.0%
Florence	170	34.8%	203	15.3%	61	9.2%
Fond du Lac	2,734	29.9%	3,657	13.9%	1,150	6.4%
Forest	335	27.7%	440	17.2%	153	8.3%
Grant	1,532	24.1%	1,984	14.5%	761	8.2%
Green	885	27.5%	1,400	14.0%	449	6.5%
Green Lake	513	28.9%	713	14.3%	318	8.6%
Iowa	591	27.7%	909	13.8%	323	7.1%
Iron	222	31.7%	259	14.9%	65	7.4%
Jackson	650	28.1%	894	16.4%	329	8.1%
Jefferson	2,258	30.6%	3,187	14.7%	977	6.4%
Juneau	904	29.1%	1,196	16.2%	385	7.7%
Kenosha	5,363	31.9%	6,900	17.1%	2,374	7.4%

Kewaunee	536	31.9%	776	14.0%	272	7.1%
La Crosse	3,600	24.7%	3,820	12.9%	966	5.2%
Lafayette	536	29.8%	824	17.0%	457	12.1%
Langlade	663	28.9%	863	14.8%	238	6.4%
Lincoln	722	26.9%	958	12.4%	340	6.8%
Manitowoc	2,098	28.7%	2,911	13.2%	879	6.1%
Marathon	3,518	30.9%	5,126	14.3%	1,723	6.8%
Marinette	1,335	26.2%	1,490	12.9%	462	6.2%
Marquette	454	27.5%	594	13.3%	224	8.3%
Menominee	206	22.3%	187	16.9%	79	5.4%
Milwaukee	46,031	30.9%	46,382	19.6%	13,249	6.7%
Monroe	1,631	32.7%	2,105	16.9%	968	9.7%
Oconto	1,096	30.2%	1,569	14.6%	473	6.9%
Oneida	1,002	28.4%	1,322	14.0%	373	7.1%
Outagamie	4,190	29.9%	6,743	14.7%	1,950	6.0%
Ozaukee	1,147	30.6%	1,949	12.3%	670	6.5%
Pepin	243	32.3%	322	15.3%	134	9.2%
Pierce	1,015	27.9%	1,375	14.2%	373	5.9%
Polk	1,209	29.2%	1,817	14.8%	610	7.1%
Portage	2,107	26.3%	2,386	13.2%	649	5.9%
Price	402	24.8%	475	11.7%	168	7.0%
Racine	5,640	29.1%	6,890	14.8%	2,211	6.0%
Richland	593	27.8%	784	15.0%	286	7.6%
Rock	5,583	32.4%	6,727	16.2%	2,308	7.2%
Rusk	542	27.0%	591	14.3%	247	8.0%
St. Croix	1,651	32.0%	2,710	14.1%	937	6.6%
Sauk	1,940	29.9%	2,611	15.4%	906	7.6%
Sawyer	675	30.2%	892	19.7%	293	9.2%
Shawano	1,425	31.0%	2,088	17.7%	677	8.2%
Sheboygan	2,836	29.8%	4,283	14.3%	1,334	6.3%
Taylor	649	29.0%	894	14.4%	350	7.9%
Trempealeau	890	30.5%	1,154	14.0%	529	9.0%
Vernon	1,119	32.1%	1,305	16.3%	955	13.7%
Vilas	734	30.6%	1,018	18.5%	318	9.6%
Walworth	3,748	34.4%	4,636	17.6%	1,586	8.5%
Washburn	519	27.3%	653	14.8%	209	7.3%
Washington	2,290	31.9%	4,139	13.6%	1,194	5.8%
Waukesha	5,167	30.7%	8,807	12.3%	2,379	5.1%
Waupaca	1,322	26.5%	1,891	13.4%	609	6.2%
Waushara	824	33.1%	1,096	16.6%	369	8.7%
Winnebago	4,963	28.1%	5,881	13.7%	1,399	5.2%
Wood	1,545	21.3%	2,282	11.3%	745	5.5%
	Uninsured Adults Under 138% FPL		Uninsured Adults 138% - 400% FPL		Uninsured Kids Under 400% FPL	

The second pair of columns shows the number and percentage of uninsured adults who are between 138% and 400% of the poverty level and meet the income standard to be eligible for exchange subsidies. Most of those adults would probably be able to receive coverage through the exchanges, though the ACA excludes adults who have access to employer coverage if the premiums would cost less than 9.5 percent of family income. Also, among people who are eligible for the exchange coverage and subsidies, some toward the lower end of the income range might find it difficult to afford the cost-sharing.

The first map illustrates that the substantial percentage of non-elderly adults below 138 percent of FPL who are uninsured--which averages 29 percent statewide--does not vary much from county to county. It is basically the same in Milwaukee County and the surrounding suburban counties. Although those counties have far fewer low-income adults, those adults are as likely to be uninsured as the low-income residents of counties with high concentrations of poverty.

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

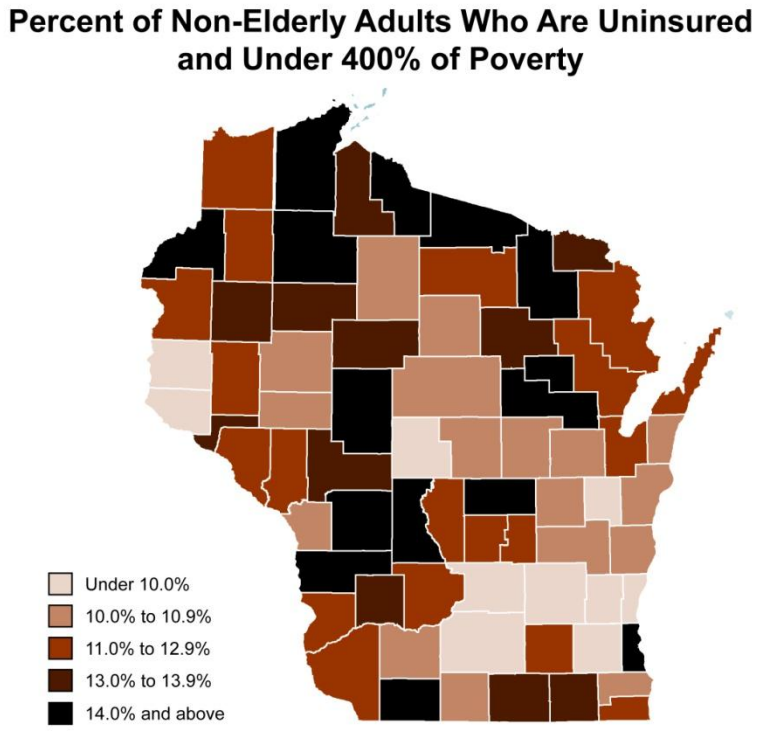


The next map uses a different approach to illustrate the portion of non-elderly adults in each county who could potentially benefit (based on their income level) from either the Medicaid option in the ACA or subsidized coverage through the new exchanges. The number of non-elderly adults who are uninsured and below 400 percent of FPL is divided by the total of non-elderly adults of all income levels. That ratio, which is 11.5 percent for the state as a whole, provides a much better way of showing which counties are likely to have a higher portion of residents who could potentially be able to gain access to insurance through the ACA.

That map and the table make it clear that access to health insurance isn't just a challenge for people in our state's large urban areas. As the second map illustrates, many of the state's rural counties have high percentages of adults who could benefit by closing the gap in BadgerCare and developing strong health insurance exchanges.

These six counties, which include Milwaukee and five rural counties, have the highest ratio of uninsured adults who are below 400 percent of the poverty level, measured as a percentage of their total population of non-elderly adults:

- Clark County – 17.8% of all non-elderly adults in the county are uninsured and below 400 percent of the poverty level.
- Menominee County – 16.9%
- Sawyer County – 16.7%
- Milwaukee County – 16.0%
- Forest County – 15.0%
- Burnett County – 14.6%



Recommendations

Wisconsin should take full advantage of the opportunities provided by the ACA to substantially reduce the number of uninsured state residents. Specifically, we recommend;

- ***Close the gap in BadgerCare*** – Starting in 2014, the Governor and Legislature should use the Medicaid option in the ACA to close the current gap in BadgerCare coverage for adults who do not have dependent children and are below 138 percent of FPL. Because the federal government will pay 100 percent of the cost of newly-eligible adults for the first three years (2014-2016), closing the gap in BadgerCare may yield a net savings to the state by offsetting current state costs for BadgerCare Core coverage.

- ***Maintain BadgerCare coverage for adults over 138 percent of FPL*** – Policymakers should not use the ACA as an excuse to roll back BadgerCare coverage for adults. Although they could get potentially get insurance through the new exchange, that option won't be affordable for all families because the cost-sharing will be higher, and it may divide children and parents between different plans. If the state needs to find savings, it should explore the possibility in 2015 of utilizing a new option called the Basic Health Plan, which can be used to cover adults above 138% of FPL and which would be financed almost entirely with federal funds.
- ***Work with federal officials to develop a strong federally-facilitated exchange in Wisconsin*** – Wisconsin officials and state-based stakeholders should take every opportunity to ensure that the federally facilitated exchange meets the needs of Wisconsinites. Effective, community-based outreach and enrollment will be critical to helping eligible individuals in our state navigate their coverage opportunities, to find the best plan for their family. We will also need to make clear to the federal government the unique nature of the health insurance marketplace in Wisconsin, so the exchange preserves and builds on our health systems and community providers' strengths.
- ***Develop a strong interface between the exchange and public coverage in BadgerCare or Medicaid*** – The ACA envisions a "no-wrong door" approach to coverage, ensuring that individuals are enrolled in the best coverage option for their families, whether that be through BadgerCare/Medicaid or exchange-subsidized private insurance. In order to do this, the state needs to work closely with the federal government to help our eligibility determination portals share information seamlessly. It is also important that families potentially spilt between BadgerCare and private exchange coverage have the option to enroll in a "bridge" plan, that participates in both BadgerCare and exchanges, so that families have access to the same provider networks and coverage.

Conclusion

By utilizing the options in the Affordable Care Act for improving access to health care, Wisconsin should be able to make health insurance available to nearly all state residents. More than three-fourths (77%) of all uninsured Wisconsinites in 2011 were adults below 400 percent of the federal poverty level, who would meet the income standards in 2014 for either BadgerCare coverage (up to 138% of FPL) or for subsidies through the new exchange.

The ACA isn't perfect and not all people eligible for the new options (or for employer coverage) are going to sign up, which makes it difficult to estimate precisely how many more Wisconsinites will become insured. However, our state should be able to use the ACA to reach the Massachusetts level, where almost 96 percent are insured, and that would mean a reduction of more than 250,000 uninsured Wisconsin residents.

A large drop in Wisconsin's uninsured population would have many advantages for our state – not the least of which are that access to health insurance saves lives and makes the health care system more efficient by reducing reliance on emergency rooms for care. In addition, it would be a huge step forward in improving access to mental health care. The federal government will pay all of the costs of the sliding-scale subsidies for insurance purchased through the exchanges, and nearly all of the costs for closing the gap in BadgerCare coverage for adults who aren't custodial parents.

Improving access to insurance will have a number of significant economic benefits for our state. It will significantly reduce the uncompensated care delivered by hospitals and clinics, and reduce the "hidden tax" that results when uncompensated care costs are transferred by those providers to employers and people purchasing their own insurance. Closing the BadgerCare gap and running a strong exchange will bring substantial federal funding into our state, which will create jobs and state and local tax revenue. In addition, improving access to quality, affordable coverage means a healthier workforce.

Achieving these goals will take the meaningful cooperation of state and federal officials, advocates, health care providers, and others in the private sector. It's time to put aside our political differences and work together to substantially improve access to health insurance in Wisconsin.

Jon Peacock and Sara Eskrich
December 27, 2012