
Achieving Health Care Access for All Children and Families: Protecting and Improving BadgerCare Plus

Thanks to the leadership of Governors Thompson and Doyle and the strong support of legislators in both parties, Wisconsin has made tremendous progress in making quality and affordable health care accessible for nearly all children and families in the state. This issue brief summarizes the remaining challenges and the next steps Wisconsin should take to protect the recent gains and then finish the job of covering all state residents.

The success of BadgerCare Plus

Health insurance for children and families is one of the most cost effective health care investments we can make. Covering preventive care saves money by avoiding more expensive treatments, and it helps kids succeed in school and life.

The BadgerCare Plus (BC+) initiative, which began in February 2008, has been a huge step forward in improving access to health insurance – for children, parents, and more recently for over 50,000 childless adults. Since the initiation of BC+ through July 2010, family coverage has increased as follows:

- The number of kids who are covered is up by 139,000 (45 percent).
- Coverage of parents has grown by more than 88,000, or 56 percent.
- More than 3,400 additional pregnant women are covered, a 22 percent increase.

About 90 percent of the increase in kids' coverage is among children with family incomes below 200 percent of the poverty level, approximately the upper income limit before BC+ expanded eligibility. The very large increase among low-income families reflects the success of BadgerCare Plus in removing red tape and other impediments to enrollment, and the effectiveness of outreach efforts that send a clear message that almost all children are eligible. Much of the growth can also be attributed to the recession, which has caused thousands of Wisconsin families to lose their employer-sponsored insurance.

Financing challenges

BadgerCare Plus is an efficient program, with an average cost per child of only about \$98 per month, and a state share of less than \$35 per child per month. However the recession has pushed enrollment far higher than anticipated, and the program faces a very substantial budget challenge.

Wisconsin policymakers will confront a deficit in the 2011-13 biennial budget of at least \$2.7 billion. On top of that, the state also faces a Medicaid funding shortfall of at least \$60 million in 2010-11.

Fortunately, Congress helped states during the recession by providing a large increase in the federal share of Medicaid spending, and that increase was recently extended (on a phased down basis) through June 2011. However, if the enhanced federal aid is not continued past that date, states will be faced with huge cost increases in their next budgets, because there has been little change in the economic forces that caused surging Medicaid enrollment nationwide.

One way that Wisconsin was able to protect BadgerCare Plus and Medicaid in the 2009-11 budget was the initiation of a hospital assessment proposed by the Governor and endorsed by the Wisconsin Hospital Association. That assessment is used to increase Medicaid reimbursement rates for hospitals, which captures hundreds of millions of dollars in additional federal matching funds. That funding yields net gains for hospitals, health care consumers and Wisconsin taxpayers.

Effects of federal health care reform

The federal health care reform law passed early this year will continue to be the subject of much debate next year, and its fate isn't certain. However, it has already begun to improve access to health care in many ways, such as the private market insurance reforms that took effect on September 23, 2010. The larger changes that are scheduled to take effect in 2014 will build on the

gains that Wisconsin has made with BC+ and will help the state fiscally by increasing the federal share of costs for childless adults and, beginning in 2015, for children. In addition, the new health insurance purchasing exchanges will provide subsidized coverage for people up to 400% of the poverty level who aren't eligible for Medicaid or BC+.

One option the new law gives to states that now have more generous eligibility standards is to lower their income ceiling for adults to 133% of the poverty level any time after June 30, 2011 (or when the enhanced Medicaid cost-sharing ends). That may be a more tempting option in 2014, when states can move those adults into the new exchanges, and the subsidies for that coverage wouldn't have any cost for the state. However, the new law also gives states another way to get fiscal relief for the coverage of parents up to 200% of poverty if the state keeps them in Medicaid.

Moving parents from BC+ into exchanges would have several disadvantages. Their costs would be considerably higher in the exchanges, the restrictions on eligibility for subsidies could exclude parents who have offers of employer coverage that they can't afford, and many families would have kids and parents covered by different insurers and providers. Those changes would undermine some of the key principles Governor Thompson championed in 1997.

Enrollment and retention

Census Bureau data show that most of the uninsured children and adults in the state are below 200 percent of the poverty level. Those statistics illustrate that Wisconsin needs to continue to find ways to reach the eligible but unenrolled children and parents. An assessment of BC+ issued by the National Academy for State Health Policy suggests that DHS should improve coordination between WIC and BC+, to reach more of the uninsured families served by WIC.

In general, Wisconsin has made tremendous improvements in enrolling eligible families, but there is still a large degree of churning when people come up for their annual renewal. The state has begun implementing a number of improvements in the renewal process.

Recommendations

1) Extend federal fiscal relief – Congress should continue to provide states with enhanced funding for Medicaid until the economy recovers or the financing changes scheduled for 2014 take effect.

2) Retain and expand the hospital assessment

– The hospital assessment has been extremely effective in generating additional federal aid for Wisconsin and reducing cost shifting. The DHS budget request proposes increasing the assessment, which would benefit the Medicaid program, hospitals and taxpayers.

3) Create an assessment for other providers

– DHS has also proposed a new assessment for other providers. That would enable the state to improve MA reimbursement rates for providers and draw down federal matching funds that the state badly needs.

4) Retain current eligibility for adults

– The implementation of health care reform must not be allowed to reverse some of Wisconsin's gains. To prevent that from happening, Wisconsin needs to preserve current eligibility rules for adults, rather than moving many of the adults in BC+ into the new exchanges.

5) Continue to improve the enrollment and renewal processes

– The state should keep striving to improve coordination between programs in ways that help reach uninsured families, and should continue to streamline the renewal process to reduce churning.

6) Improve access to dental and mental health care

– Having insurance doesn't guarantee access to care, and that has often been a problem for dental and mental health care. Wisconsin needs to improve reimbursement rates so people in BC+ and Medicaid can find providers who will serve them.

7) Eliminate racial and ethnic disparities

– There are still huge disparities in Wisconsin in access to care and in health care outcomes. Resolving that requires tackling poverty head on, but there are other smaller steps the state can take – such as doing a better job of ensuring that BC+ enrollees have medical homes and get the preventive care they need.

Wisconsin can reach the finish line

Our state has made important progress in recent years, and the lives of thousands of Wisconsin children and families are better today as a result. We can build on that progress by making smart financing decisions and taking full advantage of the new federal law to plug the remaining gaps. With sound planning and continued commitment, we can reach the ultimate goal of affordable health coverage for all Wisconsin residents.