

covering kids & families

Wisconsin

Connecting kids to health care coverage

December 21, 2011

Secretary Kathleen Sebelius
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington D.C. 20201

Dear Secretary Sebelius,

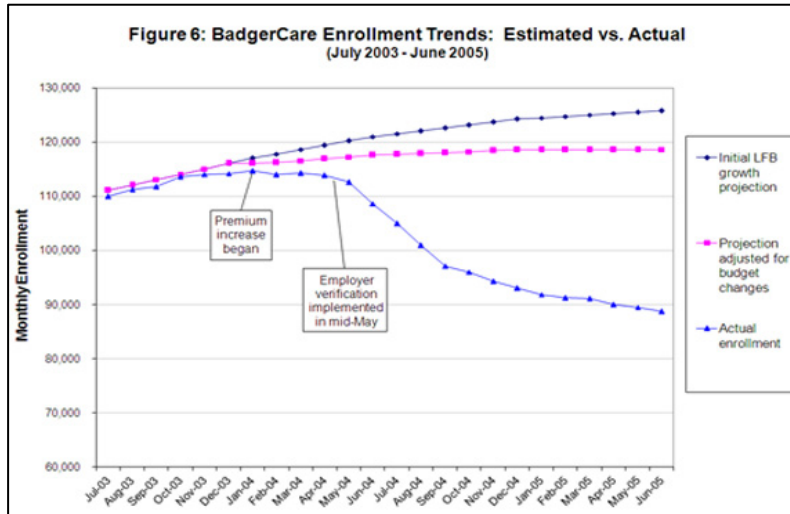
We are contacting you on behalf of the Policy Committee of Covering Kids & Families – Wisconsin with regards to the Wisconsin Department of Human Services’ (DHS) request for a waiver of federal maintenance of effort requirements. We understand that the Centers for Medicare and Medicaid Services (CMS) is already well underway with its review of the waiver request, and appreciate the diligence and thoroughness with which it is undertaking that review.

Covering Kids & Families – Wisconsin (CKF – WI) is a statewide coalition dedicated to reducing health disparities and improving overall health in Wisconsin. We do this by cultivating a network of informed individuals and organizations and thereby enhance capacity to maximize participation in public health insurance programs. Therefore, our staff and our organizational members witness daily the effects of policy and administrative nuances for children and parents as they seek coverage for their families.

While CKF - WI cannot and has not taken a position on whether the waiver should be approved in whole or in part, there are several important elements contained within the waiver request that we specifically want to ensure CMS is considering during its review. These items may act as barriers to families initiating or attempting to maintain enrollment in Wisconsin’s public health insurance plan, Badger Care Plus.

An important and related piece of Wisconsin’s SCHIP history we encourage you to consider relates to cost-sharing and changes in verification, specifically in premiums and additional verifications for income and residency. In January of 2004 Wisconsin increased premiums for some BadgerCare recipients from 3% of income to 5% of income. While modest in appearance, this increase had an immediate and dramatic effect on enrollment in BadgerCare. That policy shift and its effects may prove to be a useful reference as this policy change is considered.

Then shortly after, the state began requiring applicants and current enrollees coming up for renewal to get verification from their employers that they did not have access to employer coverage that paid at least 80 percent of premiums. That May 2004 change and the increase in premiums that took effect in January 2004 were intended merely to slow enrollment and spending growth, but the effects were far more dramatic.



Source: WCCF analysis of DHS enrollment data and LFB projection.

The top line in Figure 6 represents projected BadgerCare enrollment if no policy changes had been made. The slightly lower line shows the Wisconsin Legislative Fiscal Bureau's projection of the effect of the two policy changes upon enrollment. The lowest line illustrates the far more dramatic change that actually occurred. From April 30, 2004 through June 2005, more than 25,000 people lost BadgerCare coverage, a 22 percent decrease. The plunging enrollment came during a period when program participation should have been increasing, given the downward trends in employer-sponsored health-care coverage.

DHS completed a comprehensive study of the decline, and their 2005 report concluded that the drop-off was almost exclusively because people were unable to navigate the additional hurdles to enrollment; that is, the additional red tape yielded no appreciable increase in the number of people found to be ineligible. This time around, DHS plans to add documentation for residency eligibility and include in family income any income of other adults (friends, relatives other than grandparents, boyfriends/girlfriends) living in the household for longer than 60 days. These changes, in addition to increased premiums for families above 133% the federal poverty line, will act as additional barriers to coverage for families eligible for and in need of health care services.

Another set of changes that are closely related has to do with elimination of special types of eligibility: presumptive eligibility and retroactive eligibility. Presumptive eligibility, or express enrollment, allows children coverage in real-time while they wait to hear about their full enrollment into the program. This can be especially useful when a child needs to see a doctor immediately. Retroactive eligibility provides coverage of medical bills that may have accrued within three months prior to applying for BadgerCare Plus. This allows families to avoid large medical debt if they were not insured, but were eligible for BadgerCare Plus during the time of a recent medical expense. Both types of eligibility acknowledge that eligible families should be treated as such even if the required paperwork was not completed on time.

Much of the development of, analysis of, and debate about the DHS waiver request treats children and their parents as distinct groups, especially in terms of eligibility. While it may be commonplace to set different eligibility standards and practices for adults and children, we

believe it is important to recognize the potential for policy changes that directly affect adults to also be considered for their potential indirect effects on children. As you know, when Wisconsin established BadgerCare as its SCHIP program in 1999 it was among the earliest states to recognize that the most efficient and effective path to covering uninsured children was by extending eligibility to their parents. Children were and remain the focus of the program, but the importance of eligibility for the parents has always been a critical element of Wisconsin's success in covering its uninsured. Kenneth Thorpe (Health Affairs, Nov/Dec 1998) has estimated that family-based expansions bring in 75% of eligibles, while child-only based expansions bring in only about 45% of those eligible. As you consider eligibility of adults with dependent children moving forward, we urge you to consider the potential for changes in eligibility and cost-sharing for those adults to also impact the children in their care.

Finally, DHS has also submitted a plan amendment to lower the income level at which a family on BadgerCare Plus would be enrolled in an Alternative Benchmark plan from its current threshold of 200% of the Federal Poverty Level (FPL) to 100% FPL. This change will result in families who make approximately \$1200 less per month being subjected to similar, or potentially higher co-payments as the current 200% FPL group, and families over 150% of FPL will have no cap on the total amount of co-payments. The substantially higher copays are on top of the increased premiums DHS has proposed for families above 150% FPL. The information available from DHS does not include the potential impact that the Alternative Benchmark plan will have on participation among currently enrolled families. We believe it important for CMS, DHS and the public to be aware of these impacts and encourage an analysis of this provision for its effect on children and adults, prior to approval of the plan amendment.

The DHS waiver request will have many consequences, intended and unintended. We appreciate that there are many elements to consider and that the package as a whole is extraordinarily complex. Thank you for the opportunity to highlight specifically several of these items related to eligibility and enrollment as CMS continues its review of the waiver.

Sincerely,

The image shows two handwritten signatures in black ink. The signature on the left is 'Sara Eskrich' and the signature on the right is 'Jennifer Winter'. Both are written in a cursive, flowing style.

Sara Eskrich & Jennifer Winter
Co-Chairs
Policy Committee
Covering Kids & Families - Wisconsin