

A Comparative Summary of the DHS Proposals for BadgerCare Changes and the Changes the State Plans to Make if the MOE Waivers Aren't Granted

The Wisconsin Department of Health Services (DHS) recently submitted a request to federal officials for approval of proposals that would make sweeping changes in the BadgerCare program. Most of those changes conflict with provisions in the federal health care reform law requiring states to maintain current standards relating to eligibility and enrollment. DHS is seeking a waiver of the so-called “maintenance of effort” (MOE) requirements.

If Wisconsin is not granted an MOE waiver by federal officials by December 31, 2011, the state budget bill directs DHS to reduce the income limit for BadgerCare to 133 percent of the federal poverty level (FPL), from the current 200 percent of FPL. The following table compares the substance of those two cost-savings alternatives and their effects.

DHS is also seeking federal approval to switch BadgerCare participants with family income above the poverty level into an “alternative benchmark plan” that covers fewer services and charges participants higher copayments. That change doesn't require a waiver, and DHS aims to make that change regardless of whether it gets an MOE or cuts eligibility of adults.

Policy or impact	Current program	Changes resulting from MOE waiver *	Changes from cutting eligibility of adults
Total # expected to lose BadgerCare coverage	NA	64,748	53,161
a) parents	NA	33,750	47,125
b) children	NA	29,120	None affected directly, though over time the reduction in parent coverage could indirectly cause a drop in kids covered
c) childless adults	NA	1,392	6,036
d) pregnant women & newborns	NA	486	0
Others affected (mostly from premium increases)	NA	At least 104,000	0
Total # affected	NA	More than 168,000	53,000

Total spending cut	NA	\$225,760,000	\$150,000,000
a) State GPR share	NA	\$90,215,000	\$60,000,000
b) Lost federal match	NA	\$135,545,000	\$90,000,000
Income ceiling - kids	300% of FPL	No change	No change
Inc. ceiling - parents	200% of FPL	No change	133% of FPL
Income ceiling – childless adults	200% of FPL	No change	133% of FPL
Eligibility of 19 to 26 year olds (parents, caretaker relatives and pregnant women)	Covered the same as other parents, caretaker relatives and pregnant women.	Excluded if their income is above 100% of FPL & they could potentially be covered by a parent’s employer-sponsored plan.	No change (from current law)
Eligibility restrictions for people with offers of employer coverage	Ineligible if family income is above 150% of FPL & they have an offer of coverage for an employer plan paying at least 80% of premiums.	For parents over 100% of FPL & kids over 133% of FPL, they would be excluded if they have access to a major medical plan with premiums less than 9.5% of family income. Expected to decrease enrollment by almost 28,000.	No change (from current law)
Definition of family income and size	Just count the family members (and caretaker relatives), but not grandparents.	Counts the income of all adults in a household (except grandparents) but doesn’t count the expenses of unrelated adults! Expected to decrease enrollment by almost 2,600.	No change (from current law)
Premiums	Sliding scale premiums for parents and caretakers over 150% of FPL, rising gradually to 5% of income. Premiums for kids start at 200% of FPL.	Flat premium of 5% of income for all families over 150% of FPL, regardless of whether the full family is covered or just the kids. Expected to make more than 19,000 drop out of BadgerCare and to increase premiums for more than 72,000.	No change (from current law)

Express enrollment for pregnant women and BC+ kids	Allows express enrollment for pregnant women and most kids	Eliminated for kids	No change (from current law)
Transitional Medical Assistance (TMA)	Allows families who had incomes below 100% of FPL to remain on BC+ after a jump in earnings or child support	Would eliminate TMA. Expected to make more than 6,700 drop out of BadgerCare and to increase premiums for more than 72,000.	No change (from current law)
Documentation of residency	Can be required by a caseworker.	Would be required in all cases.	No change (from current law)

* Note: The estimates of the cost savings and the number of people affected by the proposals are DHS projections, summarized by the November 10, 2011, [Legislative Fiscal Bureau memo](#) (see especially Table 6 on p. 28 of that memo).

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