

Do the Proposed Changes to BadgerCare Constitute a Test of the Affordable Care Act?

The Department of Health Services (DHS) contends that the changes it wants to make to BadgerCare would be consistent with policies in the federal health care reform law that will take effect in 2014. With that in mind, DHS argues that a demonstration waiver should be approved by federal officials to serve as a test of measures that will be required or allowed by federal law in 2014. However, there are many very significant differences between what DHS is proposing and what the Affordable Care Act (ACA) will put into place in 2014.

The following table summarizes some of the many important differences between the ACA and the DHS proposals. In essence, those differences boil down to the following:

- The ACA preserves and builds on the highly successful Medicaid and CHIP coverage for children, while the DHS proposals erode BadgerCare eligibility and participation and would knock more than 29,000 kids out of BadgerCare (according to DHS estimates).
- The ACA expands Medicaid eligibility for adults, requiring states to cover all adults to 133% of the poverty level, whereas the DHS plans would deny Medicaid or BadgerCare coverage to many adults, including some below 133% of the poverty level, and would reduce adult participation in BadgerCare by more than 35,000.
- Some of the DHS proposals would limit Medicaid eligibility by applying standards from the ACA that affect eligibility for premium credits, not for Medicaid, and DHS would also apply those standards to a lower income population than the ACA. As a result the DHS plans would adversely affect many low-income children and parents in BadgerCare who won't be negatively affected by the superficially similar provisions in the ACA.

The department's arguments for a demonstration waiver are further weakened by the fact that the Centers for Medicare and Medicaid Services (CMS) has already cleared the way for several of the proposed changes for adults over 133% of the poverty level. That allows the effects of those changes to be tested in Wisconsin for how they affect adults, without a waiver that conflicts with the letter and intent of the ACA.

Issue Area	DHS proposals	ACA (in 2014)
Premium increase to 5% of family income	Families in BadgerCare who are above 150% of FPL would pay 5% premiums. (According to DHS, this will reduce BadgerCare enrollment by more than 12,000 children and 6,000 adults.)	This now requires an MOE waiver, but otherwise is allowable. It will continue to be allowable after 2013 (and applying it to kids coverage will continue to require an MOE waiver until 2019).

<p>Restricting access to BadgerCare coverage for people with offers of employer-sponsored insurance</p>	<p>Individuals would be ineligible for BC+ if they have access to employer coverage (a major medical plan) that costs less than 9.5% of family income. This would be applied to adults over the federal poverty level (FPL) and kids over 133% of FPL. (DHS estimates that this change will reduce BadgerCare enrollment by more than 11,200 children and nearly 16,600 adults.)</p>	<p>The 9.5% standard in the ACA will apply to eligibility for premium tax credits, <u>not</u> for Medicaid or CHIP eligibility. It will have almost no effect on coverage of kids. Also, the ACA won't restrict coverage of citizen adults between 100% & 133% of FPL. Note also that the ACA establishes sliding scale subsidies for people over 100% of FPL, rather than a flat affordability standard (and anyone whose coverage will cost more than 8% of income is exempted from the insurance mandate).</p>
<p>Exclusion of certain young adults (ages 19-26) from BadgerCare Plus</p>	<p>Exclude adults ages 19-26 from BC+ coverage (including parents & pregnant women) if their income is above 100% of FPL and if they could potentially be covered by a parent's employer-sponsored plan – regardless of whether that's truly an option. (DHS estimates that this will reduce BadgerCare enrollment by more than 2,800 young adults.)</p>	<p>Young adults are excluded from eligibility for premium credits if they have access to minimum essential coverage. This is <u>not</u> a bar to Medicaid coverage. And even with respect to eligibility for premium credits, it will probably only be applied when a young adult has access to his own employer's coverage, not to adults living apart from a parent whose plan might cover them.</p>
<p>Eliminating Transitional Medical Assistance (TMA)</p>	<p>Eliminates TMA in July 2012, 18 months before exchanges and premium credits are in place to help such families. (DHS estimates this will reduce participation by more than 6,700.)</p>	<p>Congress has been extending it for a year at a time for many years. It's likely to be renewed at the end of this year, but it's unclear if it will be extended beyond 2013 (once exchanges & premium credits are in place).</p>
<p>“Restrictive enrollment” (12-month suspension for missing a payment)</p>	<p>Bars people from participating in BC+ for 12-months if they miss a premium payment (increased from the current 6-month bar & extended to kids from 150-200% of FPL).</p>	<p>There is a 3-month grace period for people with premium credits. Otherwise, it depends on how the open and special enrollment periods in the plans eventually work.</p>
<p>Change in calculation of family income</p>	<p>Counts the income of all adults in a household for purposes of BC+ eligibility and calculation of premiums, but doesn't count the expenses of unrelated adults. (DHS expects this to reduce participation by almost 2,600.)</p>	<p>Generally retains current Medicaid rules, except counts stepparent and sibling income together if they file taxes together.</p>