

BadgerCare Plus: Coverage of Childless Adults

(updated March 3, 2009)

Executive Summary

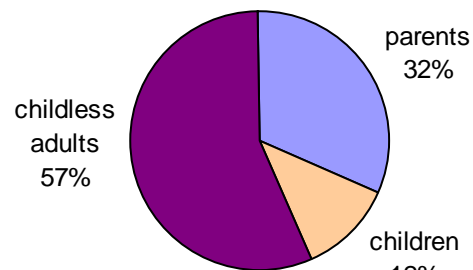
Adults without dependent children are the most chronically uninsured segment of Wisconsin's population. The chart to the right illustrates that childless adults comprised about 57 percent of the 265,000 people who were uninsured for all of 2007.

The good news is that **Wisconsin will begin on July 1, 2009, to provide a basic health care plan for childless adults with incomes below 200 percent of the federal poverty level** (\$21,660 per year for a single person or \$29,140 for a married couple). The new benefit is known as the BadgerCare Plus Core Plan.

To qualify for coverage, the individual must not currently have access to insurance from an employer and cannot have had private insurance in the previous 12 months. However, the Department of Health Services (DHS) is considering whether to adopt any "good cause" exceptions to the requirement that the individual must have been uninsured for 12 months.

The first stage of the new childless adult coverage began in January 2009. That was when the state transferred to the BadgerCare Plus Core Benefit the former enrollees in

**Uninsured WI residents
for all of 2007**
(265,000 total)



Milwaukee County's General Assistance Medical Program (GAMP) and similar but much smaller programs in other counties.

The conversion of the GAMP program was accomplished by reallocating existing funding streams, but the state did not have funding at that time to begin the new childless adult coverage in other counties. However, on February 19 Governor Doyle signed into law a bill that imposes an assessment on hospitals, which will be used both to increase hospitals' Medicaid reimbursement rates and to fund the BadgerCare Plus Core Benefit, starting in July. DHS estimates that the plan will cover about 41,000 uninsured Wisconsin residents.

Introduction

As Wisconsin strives to continue reducing the number of uninsured residents, a significant challenge is to improve insurance access for adults who do not have dependent

children. This paper examines the size of the problem and the state's plans to insure childless adults with incomes below 200 percent of the federal poverty level.

Sizing up the need

Adults without dependent children are the most chronically uninsured residents of Wisconsin. As in most other states, childless adults have been ineligible for Medicaid coverage regardless of how poor they are, unless they are elderly or have a disability. According to the most recent Family Health Survey conducted by the Department of Health Services (DHS), there were 265,000 Wisconsin residents who were uninsured for all or part of 2007. Of those, 150,000 (57%) were childless adults between the ages of 18 and 64.

DHS combined their survey data from 2005 through 2007 to be able to take a closer look at the characteristics of the childless adult population. They found an average of 66,000 who were uninsured for a full year and had incomes below 200 percent of the federal poverty level. Table 1 shows some of the characteristics of the low-income childless adults.

Table 1 – Uninsured childless adults below 200% of the poverty level, ages 19-64 (66,000 average: 2005-07)

	Number	Percent (of the 66,000)
White, non-Hispanic	47,000	71%
Black, non- Hispanic	7,000	10%
Hispanic	8,000	11%
Below poverty level	24,000	36%
100-199% poverty level	42,000	64%
Employed full time	30,000	45%
Not employed	25,000	38%

BadgerCare Plus Core Benefit

The BadgerCare Plus legislation that was signed into law in October 2007 (as part of the 2007-09 budget bill) authorized the Department of Health Services (DHS) to seek a federal Medicaid waiver to begin covering childless adults in January 2009.

That waiver was granted by the Center on Medicare and Medicaid Systems in December 2008.

DHS estimated that about 66,000 Wisconsin residents ages 19 to 64 would meet nearly all of the eligibility criteria for the childless adult coverage, and in the second year of the biennium an average of 40,600 adults would be enrolled.

Key elements of the plan for covering childless adults include the following:

- The income eligibility limit is 200 percent of the federal poverty level (see Table 2 on the next page).
- People are ineligible if they have access now to employer-subsidized insurance, had private insurance in the previous 12 months, or are entitled to or receiving Medicaid, Medicare or other BadgerCare Plus coverage.
- Childless adults that qualify for BadgerCare Plus will remain eligible for 12 continuous months; unless they become eligible for Medicaid, Medicare or other BadgerCare Plus coverage or no longer reside in Wisconsin.
- The state has developed a Core Benefit plan for childless adults as an HMO benefit. The Core Benefit covers basic services, such as primary and preventive care and generic drugs.
- Health plans are placed into one of two tiers based on quality of care and cost effectiveness.
- There is a \$60 application fee for Tier 1 plans and \$75 for Tier 2 plans (although only Tier 1 will be available in 2009).
- There are nominal co-pays for people below the poverty level, and somewhat higher co-pays for people between 100% and 200% of poverty.
- Co-pays are waived for preventive services.

- All applicants must fill out a Health Needs Assessment (HNA) to complete their enrollment.
- All participants will be required to get a comprehensive physical exam within the first year of enrolling.

The federal waiver authorizing the Core Benefit limits eligibility to people who have been uninsured for a full year, which will substantially reduce the number of people who can enroll. DHS is considering whether to allow any “good cause” exceptions, such as losing employer-sponsored coverage when terminated from a job.

In the future, the state hopes to give employers the option of enhancing the Core Benefit for a qualifying employee by purchasing a “Core Plus” benefit.

Table 2: Income Limit for Eligibility of Childless Adults
(200% of the 2009 Federal Poverty Level)

	Household size	
	1	2
Annual income	\$21,660	\$29,140
Monthly income	\$1,805	\$2,428
Hourly income	\$10.41	\$14.01

Financing and Phase-in

Federal approval of the Core Benefit for childless adults removed one of the most significant obstacles to this expansion of health care coverage. However, financing the new coverage was also a significant barrier because no additional funding for the childless adult coverage was provided in the 2007-09 biennial budget bill.

The DHS budget proposal submitted in September 2008 requested a net increase of about \$56 million in state dollars (above the cost of GAMP) to fund coverage of childless adults in the 2009-11 biennium. Most of the funding was for the second year, based on

the assumption that it will take a year or more to ramp up to full enrollment.

Thus far, the state has only been able to proceed with phase one of the BadgerCare Plus Core Plan – i.e., replacing the previous General Assistance Medical Program (GAMP) in Milwaukee and other counties’ general assistance programs. On January 1, 2009, a total of 12,898 people were converted to the BadgerCare Plus Core Plan (including 12,349 in Milwaukee County, 316 in Winnebago County, 41 in Dane County, and 192 in the rest of the state). The conversion was limited to people enrolled on December 26, 2008.

Those not enrolled in GAMP on that date currently have no options because GAMP has been eliminated. However, that void will end in July 2009, thanks to several recent developments that shore up funding for Medicaid and BadgerCare Plus, enabling Wisconsin to expand childless adult coverage statewide.

The most important of those developments is a new state law, signed on February 19, 2009, that imposes an assessment on hospitals and will generate about \$300 million per year. Most of that revenue will be used to increase Medicaid reimbursement rates for hospitals, but a portion of it will fund the new coverage for adults without dependent children. The assessment was endorsed by the Wisconsin Hospital Association and was enacted as part of the state’s budget repair and economic stimulus bill (2009 Act 2).

Two developments at the federal level also help Wisconsin protect and improve BadgerCare Plus:

Federal Medicaid match rate – The American Recovery and Reinvestment Act, which was signed by President Obama on February 17, 2009, provides a temporary (27-month) increase in the federal match rate for Medicaid. That is

expected to provide Wisconsin at least \$1.1 billion in additional federal funding to help finance Medicaid and BadgerCare Plus during a time of growing enrollment and declining state revenue.

- *SCHIP funding* – The recently approved federal bill reauthorizing the State Children’s Health Insurance Program (SCHIP) should significantly increase Wisconsin’s SCHIP allocation. That could save the state millions of dollars by allowing DHS to get the higher SCHIP reimbursement rate for thousands of children and parents who are now being covered with Medicaid funds. Our

state will also be able to get SCHIP funds for some children and pregnant women for whom the state now gets no federal funds.

Both of those developments relieve pressure on the state to cut other parts of the Medicaid budget or to delay childless adult coverage.

The statewide implementation in July 2009 of the BadgerCare Plus Core Benefit for adults without dependent children will be a huge step forward in Wisconsin’s efforts to reach the Governor’s goal of ensuring that 98 percent of state residents have access to health insurance.

For More Information

The Department of Health Services website has a number of documents with useful information about the new BadgerCare Plus Core Benefit for adults without dependent children:

- [**Frequently Asked Questions**](#) – This webpage provides answers to a long list of common questions about the BadgerCare Plus Core Benefit.
- [**Benefits Comparison**](#) – This is a 6-page table that provides a more detailed comparison of benefits in the BadgerCare Plus Core Plan with those in GAMP in Milwaukee or other counties’ General Relief Medical Programs.
- [**Eligibility Comparison**](#) – This 7-page DHS table compares the BC+ Core Plan and GAMP with respect to eligibility, application procedures and fees, the enrollment process, cost-sharing, and renewal requirements.
- [**Fact Sheet: Childless Adults in Wisconsin**](#) – This is a 1-page DHS fact sheet that summarizes data relating to the characteristics of the 66,000 low-income childless adults in Wisconsin.
- [**Table: Uninsured Low-Income Childless Adults Ages 19-64, Wisconsin, 2005-2007**](#) – This 2-page table presents the detailed data from the Department of Health Services’ analysis of the characteristics of the low-income childless adult population, derived by combining the most recent three years of Family Health Survey data.