



WISCONSIN COUNCIL ON

**children
& families**

Raising Voices to Make Every Kid Count

555 West Washington Ave, Suite 200

Madison, WI 53703

www.wccf.org

☎ 608-284-0580

✉ 608-284-0583

Providing Health Coverage for All Kids in Wisconsin: The New BadgerCare Plus Law

Wisconsin has long been a national leader in providing innovative health care solutions for our children and families. The recent enactment of the BadgerCare Plus initiative continues that leadership and takes a giant step toward providing health care coverage for every child in the state.

Wisconsin already enjoys a relatively high rate of health insurance coverage, though in 2006 there were still about 98,000 children in our state who were uninsured for at least part of the year. That's a group of children almost as large as the entire population of Green Bay. The substantial number of uninsured children not only causes severe hardships for the families that have to go without needed health care, but it's also a significant problem for the quality and cost-effectiveness of our health care system. However, among all the health care challenges facing our state, this is one of the easiest to resolve, and the state has just taken a huge step toward doing so.

Governor Doyle's BadgerCare Plus initiative, which was signed into law on October 26, 2007, makes health insurance available to nearly all children in our state, without any increase in state funding. Health insurance for kids costs just \$91 per month per child (for the BadgerCare Plus Benchmark Plan) and is one of the most cost effective investments we can make in our health care system. Increasing access to preventative care saves money by avoiding more expensive treatments, and it also improves children's success in school. By enacting the Governor's plan, Wisconsin joins Illinois, Massachusetts Pennsylvania and Washington State in covering all or nearly all kids.

The BadgerCare Plus plan, which was enacted as part of the biennial budget bill (Act 20), expands

eligibility to health insurance to include the following groups, starting in February 2008:

- All citizen children, with subsidies for those in families below 300 percent of the federal poverty level (FPL);
- Pregnant women between 185 and 300 percent of FPL;
- Farm families and other self-employed parents with incomes up to 200 percent of poverty (many of whom were previously excluded because BadgerCare and Medicaid used a less generous definition of income than is used for tax purposes);
- Youths who leave the foster care system when they turn age 18; and
- Parents with children in foster care and caretaker relatives with income less than 200 percent of FPL.

In 2009 BadgerCare Plus will begin a Medicaid expansion to cover childless adults below 200 percent of FPL. That group is currently ineligible, regardless of income.

Removing Barriers

The new law also contains other improvements that will help reach the large number of uninsured families who already met eligibility standards but were deterred from BadgerCare participation by red tape or premiums. These enhancements include:

- Simplifying the enrollment process and making greater use of online enrollment.
- Creating a less burdensome process for verifying an applicant's income and health insurance status;
- Adopting presumptive eligibility for kids below 150 percent of FPL; and

- Eliminating premiums for children below 200 percent of FPL.

The changes made to consolidate programs and create a more efficient process for determining eligibility led to some tradeoffs. For example, adjustments in how family income is defined simplify the program but will also exclude about 2,700 parents. Nevertheless, on balance, BadgerCare Plus will benefit tens of thousands of children and parents in our state, and will generate savings that make the plan a very affordable and cost-effective step forward for Wisconsin's health care system.

Taking full advantage of the new law will require a concerted effort by both the public and private sectors. In particular, the state needs assistance with outreach and publicity for the new law, and also needs to recruit groups who can help enroll applicants – using the new express enrollment (presumptive eligibility) process for children.

Financing (and Reinvested Savings)

The budget bill doesn't appropriate any additional state funding for BadgerCare Plus. In fact, it assumes that the first phase will yield net biennial savings of about \$17 million in total funding. Those savings result from increasing the use of managed care, charging co-pays for some families who were previously exempt, and reducing administrative costs by consolidating and streamlining the different categories of family coverage.

The new law reinvests those savings in a number of ways to improve access to health care. The largest chunk of the reinvested funding, \$8.8 million, will be used for initiatives to improve access to dental care. Some of the other ways in which the anticipated savings are reinvested include \$3.5 million to promote healthy living behaviors and \$2 million for HMO expansion incentives. Increased use of managed care reduces program costs and is a critical part of the plan to make BadgerCare Plus cost-neutral.

Although the portions of BadgerCare Plus relating to children and parents are not expected to have a net cost, the second phase – establishing coverage for childless adults in 2009 – does have a

significant price tag. However, the bill did not appropriate any state funding for either stage of BadgerCare Plus. As a result, the childless adult coverage will either require a follow-up appropriations bill or will have to be scaled back and limited to what can be accomplished by shifting other Medicaid funds (such as the funding now used for GAMP).

The budget bill does contain a \$1 per pack increase in cigarette taxes, but none of that funding is earmarked for BadgerCare Plus. In light of that, it is misleading to suggest that the cigarette tax increase is being used to expand coverage. On the other hand, without the cigarette tax increase it would have been necessary to make substantial cuts in Medicaid and those cuts would have made it very difficult politically to expand eligibility.

Conclusion

The BadgerCare Plus initiative, which began in February 2008, substantially improves access to health care for low-income Wisconsin families.

In addition to expanding eligibility – particularly for children and pregnant women – the first phase of BadgerCare Plus reduces barriers to enrollment for thousands of currently eligible children and parents. A second phase, slated to begin in 2009, will provide coverage for low-income childless adults.

Ultimately, we hope legislators will be able to agree on a plan that makes quality, affordable health care available for all state residents. But in the meantime, the Governor and Legislature should be applauded for passing a bill that could become a national model for how to consolidate existing programs into a simpler and more comprehensive health care safety net for children and parents.

Additional information about BadgerCare Plus – including personal stories of people who will be affected and an outline providing a more detailed description of the new law – are posted on the WCCF website at:

http://www.wccf.org/health_pub.php

Family Health Coverage -- Before and After BadgerCare Plus

