

Wisconsin Council on Children and Families
555 W. Washington Ave., Suite 200
Madison, WI 53703
Phone (608) 284-0580

Health Care Coverage – Feb. 12 (2010 Issue # 1)
Wisconsin Budget Project – WCCF
Jon Peacock (jpeacock@wccf.org)

Please feel free to forward messages to any other interested parties, and encourage others to sign up for this and/or other WCCF mailing lists at <http://capwiz.com/wccf/mlm/signup/>.

NOTE: WCCF has issued several new publications over the last few weeks (items # 3, 4 & 7), including an analysis of the similarities and differences between the House and Senate health care reform bills (# 4), a report regarding health care disparities (# 3), and the biennial WisKids Count Data Book (# 7)

In this issue:

1. Without Extension of Federal Fiscal Relief, DHS Must Make Deeper MA Cuts
2. BadgerCare Plus Basic Gets Hearings This Week
3. New WCCF Issue Brief on Health Care Disparities
4. WCCF Analysis of the Senate and House Health Care Reform Bills
5. Bad Fiscal News that Could Have Been Far Worse
6. Update on Extension of COBRA Subsidies
7. WCCF Releases 2009-10 WisKids Count Book
8. CMS Issues Guidance on Citizenship Documentation
9. HHSS Seeks Comments on MA & CHIP Quality Measures

1. WITHOUT EXTENSION OF FISCAL RELIEF, DHS MUST MAKE DEEPER RATE CUTS

The Dept. of Health Services (DHS) is currently working on a second round of "rate reforms" to cut about \$400 million from Medicaid and BadgerCare Plus spending in the current biennium, including about \$120-\$150 million GPR. A provision in the biennial budget bill directed the department to find cuts and efficiencies to balance the Medicaid and BadgerCare Plus budgets. The department is already in the process of implementing changes to reduce spending by more than \$600 million (including about \$208 million GPR), but it now appears that higher than expected BC+ caseloads - being driven higher by the recession - will create an added shortfall of about \$400 million.

You can read more about Medicaid rate reform on the DHS website at:

<http://dhs.wisconsin.gov/medicaid/ratereform/index.htm>

The state's best hope for avoiding another painful round of MA cuts is an extension of the increase in the federal Medicaid match rate, known as the Federal Medical Assistance Percentage (FMAP), which is scheduled to return to the pre-recession level at the end of the year. The U.S. Senate plans to take up one or more jobs bills during the week of Feb. 22nd, and a provision to extend the FMAP increase by an additional 6 months could potentially be included in one of those bills, if Senators are convinced that this should be a high priority. Many other states that are now working on their FY 2011 budgets are in much the same boat as Wisconsin and may have to make deep Medicaid cuts if an extension of federal is not approved within the next couple of months.

2. BADGERCARE PLUS BASIC PLAN GETS HEARINGS THIS WEEK

In January, DHS and the Governor unveiled a new, unsubsidized version of BadgerCare Plus (BC+). The proposed plan, which needs legislative approval, is being called BadgerCare Plus Basic and would offer a very limited health care plan to childless adults who are on the BC+ Core Plan waiting list. DHS is striving to do all the work needed to put the plan into place as soon as possible, possibly as early as May 1, 2010, if it is approved fairly quickly by the legislature.

The plan would cost an estimated \$130 per month. Since many of the people on the waiting list have no income, the plan should not be viewed as the ultimate solution to the problem of the waiting list. Instead, it's an effort to serve a portion of the childless adult population who have enough savings (or assistance from family members) to be able to afford the premiums, such as recently unemployed people who have accumulated assets that they need to protect against the risk of a costly illness. A substantial challenge in creating a workable, unsubsidized plan for low-income people is to attract enough reasonably healthy people to avoid adverse selection. That was a topic of debate at the hearings this week, and I suspect it will continue to be debated as the bill proceeds through the legislative process.

To learn more about the details of the plan, see the department's [BC+ Basic website](#)

An [article in the Jan 21 WI State Journal](#) describes the political debate and some of the arguments for and against BC+ Basic.

http://host.madison.com/wsj/news/local/govt_and_politics/article_8745eaca-06af-11df-84e7-001cc4c002e0.html

The bill is [AB 697](#) in the Assembly, and [SB 484](#) in the Senate. The Assembly Health & Healthcare Reform Committee held a public hearing on the bill on Wednesday, and the Senate version got a hearing yesterday.

A vote on SB 484 was scheduled for this morning in the Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief & Revenue, but I haven't heard the result.

3. NEW WCCF ISSUE BRIEF ON HEALTH CARE DISPARITIES

WCCF's latest WisKids Count Issue Brief, "[Building on our Strength: Achieving Equity in Health Outcomes for Children and Families in Wisconsin](#)," takes on the issue of health disparities in Wisconsin based on race and ethnicity. Largely rooted in social and community factors, Wisconsin's gap is one of the most egregious in the country. "Building on our Strength" notes disturbing figures in several health-related areas, including these:

- The 2008 infant mortality rate for Black infants (13.8 per 1,000 live births) was more than twice as high as the rate for White infants.
- The rate of Black children born at low birth-weight was more than twice the rate for non-Hispanic White children in 2007.
- African American and Hispanic teenagers are three times as likely to give birth compared to the state average for all teens.

The brief points to several underlying causes for these health outcome disparities. One of the most important factors at play is poverty, which affects children's health in a variety of ways. In 2007, children of color in Wisconsin were nearly five times as likely as White children to be living in poverty. Latino children were twice as likely as White children to be poor. The brief makes a number of recommendations, including:

- Fill gaps in BadgerCare Plus that affect families who are above 150% of poverty but unable to afford the insurance offered by their employer.
- Maintain strong BadgerCare Plus outreach and continue to improve enrollment and renewal processes.

- Promote health care reform at the federal level that would eliminate the 5-year Medicaid waiting period for legal immigrants and genuinely make coverage more affordable for everybody.
- Provide additional resources for loans to assist landlords and homeowners with lead abatement efforts.

Building on our Strength is available online at http://wccf.org/pdf/health_outcomes_wiskids_Jan-2010.pdf. A wide range of other data on child well-being in Wisconsin is available in WCCF's [2009-10 WisKids Count Data Book, "Jobs Count."](#)

See also our blog post: [New Issue Brief on Health Disparities](#)

4. WCCF ANALYSIS OF THE HOUSE AND SENATE HEALTH CARE REFORM BILLS

It's unclear if or when Democratic leaders in Congress will be able to advance a comprehensive health care reform bill. While they consider their options, we have added time to take a closer look at the similarities and differences between the two health care reform bills developed by the House and Senate. An article I wrote for WCCF's WisKids Journal summarizes the key ways in which the bills are very similar and the numerous other ways in which there are significant differences.

[*Taking a Closer Look at the House and Senate Health Care Reform Bills*](#)

Each bill has some pluses and minuses relative to the other, but from the perspective of low and moderate income Wisconsin families and individuals the House bill is generally much stronger. Compared to the Senate bill, it would provide much less expensive coverage for families below 200% of the poverty level, more childless adults would get comprehensive Medicaid coverage, the exchange option (purchasing pool) will be much stronger, and states will get more financial assistance to make the new system effective and sustainable.

However, the Senate plan also has some advantages, not the least of which is that it wouldn't end the Children's Health Insurance Program in 2013, as the House bill does. In addition, a little-discussed provision in the Senate bill would allow states to apply for a block grant to provide coverage for people below 200% of poverty, rather than moving those individuals into the exchanges. If the next Governor and new legislature decided to use that option, it could mitigate some of the other weaknesses of the Senate bill for low-income parents who otherwise would be moved from BadgerCare Plus into less comprehensive and more expensive coverage through an exchange.

5. BAD FISCAL NEWS THAT COULD HAVE BEEN FAR WORSE

In late January the Legislative Fiscal Bureau issued its reestimate of revenue collections and spending in the 2009-11 biennium. Although the LFB said the state's closing balance is expected to be almost \$220 million less than previously anticipated, I breathed a sigh of relief. I was expecting a sharper decline in tax revenue and a budget projection in the red that would trigger the requirement for a budget repair bill. The new projection keeps the budget barely in the black, and it appears - at least for now - that the Governor will dodge the requirement to submit a budget repair bill.

Although the news is better than I expected, there is still plenty of fiscal pain ahead - in both the long and the short run. The main reason that the LFB's revisions don't put the state in the red is a veto that the Governor made in the biennial budget, which had the effect of restoring a requirement for agencies to find an additional \$200 million to lapse to the General Fund. We will probably learn soon where state agencies are going to find that \$200 million.

Another important factor masking the fiscal pain is that the new LFB figures do not account for a projected \$120 million - \$150 million deficit in the Medicaid/BadgerCare Plus (BC+) budget and an estimated shortfall of almost \$10 million in the Public Defender budget. Although Medicaid

and BadgerCare Plus are both entitlement programs (except for the BC+ Core Plan), the LFB pushed that shortfall to the side - at least for now - because the budget bill directs DHS to find cuts to keep MA and BC+ spending in balance (see item #1).

Looking ahead to the next biennium, the state's structural deficit has grown and will present a mammoth fiscal challenge in the next biennium. We'll take a look at that topic in the next newsletter.

A [recent WCCF blog](#) discusses the new revenue and spending estimates in more detail and provides a link to the LFB paper.

6. UPDATE ON EXTENSION OF COBRA SUBSIDY

The subsidy to help unemployed workers buy COBRA health insurance coverage from their former employer, which was created in the American Recovery and Reinvestment Act (ARRA) and was scheduled to expire in December, got a brief extension before Congress adjourned for the holidays. A jobs bill that the U.S. Senate could take up later this month would extend it again.

The subsidy funds 65% of COBRA health insurance premiums for workers laid off between Sept. 2008 and Dec. 2009 to allow them to continue their workplace coverage. The bill signed on Dec. 19 expands eligibility to include people who lose their jobs by the end of February 2010 and increased the subsidies to 15 months' duration.

The trimmed down jobs bill announced late this week by Senator Reid (for consideration after Congress returns from next week's recess) *does not* include the COBRA or unemployment insurance (UI) extensions, which must be enacted by February 26th. However, it appears that Sen. Reid's intent is to take up a second bill that week that would include the COBRA and UI extensions, along with an extension of the Medicare physician payment fix, which also expires at the end of the month.

Though December's extension of the subsidy was welcome news, questions remain about how effective it has been. A [recent issue brief](#) published jointly by The Commonwealth Fund and the CA HealthCare Foundation reports on initial experiences with the new subsidies. The researchers concluded that enrollment in COBRA coverage has increased substantially since the subsidies took effect, and it cites anecdotal evidence suggesting a healthier mix of individuals enrolling in COBRA than before. Moreover, the authors say the higher "take up" of COBRA helps reduce uncompensated medical care and likely some Medicaid enrollment, "creating at least a measure of offsetting savings at multiple levels of government". On the other hand, many of those who are eligible can't afford to purchase COBRA coverage, even with the 65% premium subsidy.

There could be a provision added to the second job bill to also extend the increase in the federal Medicaid percentage (FMAP) - if Senate Democrats like Feingold and Kohl lean on the Senate Democratic leadership to insist that such an amendment should be included in the package.

7. WCCF RELEASES 2009-10 WISKIDS BOOK

In January, WCCF released its 2009-10 WisKids Count data book, "[Jobs Count: Helping Wisconsin Families Thrive Through New Opportunities.](#)" In addition to the usual array of data on many key indicators of child well-being, this year's book features an essay on employment, access to training and postsecondary education, work supports, and related issues. The essay contains a number of recommendations aimed at addressing the state's employment challenges, including:

- updating the state's UI system so that those seeking part-time work will qualify;

- putting more emphasis on education and training in the welfare reform legislation (TANF) coming up for reauthorization soon;
- indexing the minimum wage to inflation; and
- extending the increased funding for Pell Grants that was provided in the American Recovery and Reinvestment Act (ARRA).

For more information, see [our press release](#) about the "Jobs Count," and of course, [READ THE BOOK](#).

http://www.wccf.org/pdf/wiskids_2009-10_release_012110pr.pdf

http://www.wccf.org/pdf/wiskidscount_2009-10_fullbook.pdf

8. CMS ISSUES GUIDANCE ON CITIZENSHIP DOCUMENTATION

In late Dec., the Centers for Medicare & Medicaid Services (CMS) released guidance on the implementation of the portions of the Children's Health Insurance Program Reauthorization Act (CHIPRA) relating to citizenship documentation requirements and options. That act made revisions to the prior requirements for Medicaid documentation and also applying those requirements to CHIP. The revised and expanded requirements became effective on Jan. 1, 2010, as does a new CHIPRA option that permits states to verify citizenship using a data file match with the Social Security Administration (SSA).

The recently released guidance covers information about how:

- eligible individuals must be enrolled in coverage during a reasonable opportunity period for the documentation of citizenship;
 - tribal documents must be accepted by states as verification of citizenship;
 - "deemed newborns" are considered to have provided satisfactory documentation of citizenship;
 - the new state option will work to verify a declaration of citizenship using a data match with SSA.
-

9. HHS SEEKS COMMENTS ON MA & CHIP QUALITY MEASURES

HHS is seeking public comment on an initial core set of child health care quality measures for voluntary use in Medicaid and CHIP. Comments are due by March 1, 2010. The call for comments has been [posted in the Federal Register](#) and a [detailed background paper](#) describes all the proposed measures.

In total, 24 measures are being recommended. These include 13 measures on the quality of prevention and health promotion services; 5 measures on the quality of management of acute conditions; 4 measures on the quality of management of chronic conditions; 1 family experiences of care measure; and 1 availability (access) measure.

For individuals submitting comments on the measures, you are encouraged to specify which of the measures are being addressed with each comment, explain views and reasoning clearly, and be as succinct as possible (250 words or less recommended, with additional supporting data allowed). You may email comments to CHIPRAqualitymeasures@ahrq.hhs.gov.
