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Health Care Coverage – Aug. 9 (2010 Issue # 5)  
Wisconsin Budget Project – WCCF  
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### **1. MEDICAID FISCAL RELIEF (FMAP) FINALLY APPROVED IN SENATE**

Congress has been struggling for months over the extension of a number of provisions in the American Recovery and Reinvestment Act (ARRA), including the increase in the federal share of Medicaid spending. That increase in the Federal Medical Assistance Percentage (FMAP) was scheduled to expire at the end of 2010, well before state revenues and Medicaid rolls recover from the effects of the recession.

Last Thursday two Republicans joined all 59 Democrats (and Independents) to support passage of a bill that would extend the boost in the FMAP. The bill, H.R. 1586, includes \$16 billion for the FMAP extension, which would phase down the enhanced FMAP over the first half of 2011, and \$10 billion for an Education Jobs Fund. Doyle Administration officials estimate that enactment of the bill would yield \$185 million in Medicaid savings for Wisconsin, and \$180 million from the education funding.

Democrats were finally able to secure the swing votes to end the GOP filibuster of the bill by paring back the fiscal relief for states (a prior version would have yielded nearly \$300 million for Medicaid in WI) and by including "offsets" -- spending cuts and the closing of tax loopholes -- which result in a bill that has no net effect on the federal deficit. However, the bill would help a great deal to reduce state deficits.

The House will return briefly this week from its August recess to take up the bill -- with the aim of getting the education funding in place by the beginning of the school year. The House is expected to pass the bill on Tuesday, although passage is by no means assured.

In an [op-ed column in the Journal Sentinel on July 10](#), I explained the economic importance of the fiscal relief and extension of some of the other Recovery Act provisions, such as the additional weeks of unemployment insurance benefits for the long-term unemployed. (That column was written before the DHS Secretary stated at an Audit Committee hearing that the state faces a \$300 million General Fund shortfall in the Medicaid and BadgerCare Plus budgets -- see item # 3.)

A [press release last Monday by Secretary Timberlake and Superintendent Evers](#) makes a strong case for the bill. See also the new WCCF paper examining the role of the enhanced FMAP in

Wisconsin during the Great Recession, and the effect of the recession on BadgerCare Plus enrollment. (Item # 2)

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## **2. NEW WCCF PAPER EXAMINES IMPORTANCE OF MEDICAID FISCAL RELIEF**

Enhanced Medicaid funding for states has been an extremely important part of the American Recovery and Reinvestment Act (ARRA) for Wisconsin. A [paper released by WCCF](#) on Thursday examines the role of the enhanced Medicaid reimbursement rate (the FMAP boost) in Wisconsin, which is expected to yield more than \$1.4 billion in savings for the state by the end of 2010.

The paper focuses on the period beginning on Oct. 1, 2008, which was the first day that the FMAP increase took effect and roughly when job losses began to accelerate, and May 31, 2010. During that period:

- \* Wisconsin experienced a net loss of 141,100 jobs.
- \* Total BadgerCare Plus (BC+) enrollment (including children, parents and pregnant women) also increased by 141,000, or 25% (not including more than 50,000 childless adults who gained coverage from the new BadgerCare Plus Core Plan -- which was not directly affected by the FMAP increase).
- \* More than two-thirds of the increased enrollment since that date was among parents and children below the poverty level.
- \* Only 2% of the enrollment increase was among children and parents above 200 percent of the poverty level.

This BC+ growth came during a period of rapidly falling state tax collections, not only in Wisconsin but across the nation. Although Wisconsin faced a huge deficit as it worked on the last budget bill, the FMAP increase allowed the state to protect Medicaid and BadgerCare Plus benefits, and it helped the state avoid much deeper cuts in Medicaid and other parts of the budget. Those cuts would have added fuel to the spreading recession, and would have harmed thousands of low-income or recently unemployed Wisconsin workers.

The paper -- "[Medicaid Fiscal Relief -- An Effective Prescription for an Ailing Economy](#)" -- can be found on our website at: It contains a one-page executive summary, and you can also find a synopsis of the report in our [press release](#).

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## **3. WISCONSIN FACES MAJOR CHALLENGES IN BALANCING MEDICAID AND BC+ BUDGET**

The vote in the U.S. Senate last Thursday to pass H.R. 1586 (item #1) was a huge relief for state officials in Wisconsin (and elsewhere) and also for advocates in our state because it comes on the heels of a string of bad news for the Medicaid and BadgerCare Plus budget. That bad news included the statement of DHS Secretary Timberlake to the Joint Audit Committee in mid-July that the department was anticipating a General Fund shortfall of roughly \$300 million in the combined budget for Medicaid and BadgerCare Plus during the current biennium.

Following close on the heels of that development was the WI Supreme Court Case ruling that the \$200 million transfer of funds during the 2007-09 budget bill from the medical malpractice fund to the Medicaid budget was unconstitutional. Regardless of what you think of that transfer or the court decision, it wasn't good news for the state budget and Medicaid financing. A [July 20 Wisconsin Budget Project blog post](#) examines the double whammy of those two developments.

Assuming the House concurs in H.R. 1586, the Medicaid fiscal situation in Wisconsin will look considerably better, but will still be extremely challenging -- both in the short- and long-term (though it could be improved by the federal health care reform bill, starting in 2014). Even without accounting for how the Supreme Court's decision may affect Medicaid, the extended FMAP boost

still leaves WI with a General Fund shortfall in Medicaid and BadgerCare Plus of more than \$100 million.

In addition, the additional federal fiscal relief for Medicaid only buys states some more time. The hope is that by the end of the 2010-11 fiscal year, state revenues will be improving caseloads will be declining. However, that is by no means assured. Employment growth and caseload decreases generally lag well behind the end of a recession, and few economists expect much of an economic rebound anytime soon.

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#### **4. LIVING BETTER LONGER -- HEALTHIEST WISCONSIN 2020 (& SENATOR GROTHMAN'S REACTION)**

The Dept. of Health Services (DHS) recently released Wisconsin's State Health Plan, "[Healthiest Wisconsin 2020: Everyone Living Better, Longer](#)," which represents the third decade of statewide community health improvement planning that is designed to benefit the health of everyone in Wisconsin and our communities.

*Healthiest Wisconsin 2020* declares a bold vision: Everyone Living Better, Longer, which reflects the plan's twin goals: improve health across the life span, and eliminate health disparities and achieve health equity. The plan's mission is "to assure conditions in which people can be healthy, and members of healthy, safe, and resilient families and communities."

DHS is statutorily required to produce a public health agenda for the people of Wisconsin at least every 10 years. Healthiest Wisconsin 2020 represents both a product -- a state health plan -- and an ongoing process using science, quality improvement, partnerships, and large-scale community engagement. More than 1,500 people across the state participated in the development of the plan.

A [press release issued last Wed. by Senator Glenn Grothman](#) (R-West Bend) called upon the State Legislature to reject Healthiest Wisconsin 2020: "This politically correct 248-page document calls for a massive expansion of government involvement in public transportation, universal preschool, reducing carbon emissions, as well as involving the government in your food choices."

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#### **5. NATIONAL ARTICLE EXAMINES WISCONSIN'S MA RATE REFORM 1.0**

Stateline.org contained an article on August 5 titled [How Wisconsin made big Medicaid cuts with little controversy](#). It describes the process for coming up with \$625 million of savings in the current biennial budget. It paints a positive picture of the process, which I think is generally well-deserved, but it glosses over some of the very substantial budget challenges that the state still faces in the current fiscal year and the next one.

I would echo the sentiments of George Quinn of the WI Hospital Assn who noted that hospitals, HMOs, pharmaceutical companies and other providers all took hits via the Rate Reform Project. And despite the largely positive reaction to the way the reductions were made, round two could be different. "It's hard for me to believe that another round of similar cuts will be taken in the same vein as the first one," Quinn says. "To turn around and face cuts would be a tough one for us."

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#### **6. WI RECEIVES \$1.16 MILLION GRANT FOR HOME VISITING SERVICES FOR AT-RISK FAMILIES**

The Department of Health Services announced early last week that WI has received a new \$1.16 million grant through the Affordable Care Act that will be used to expand and improve the quality of home visiting services in at-risk communities. The new funding will help local communities

improve maternal and newborn health, school readiness, and community resource coordination, and reduce child maltreatment and injuries, and domestic violence.

You can find the [Aug. 2 press release](#) on the DHS website.

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## **7. MEET THE NEW POVERTY LEVELS, SAME AS THE OLD POVERTY LEVELS**

Perhaps nostalgia isn't what it used to be, but the new poverty levels are just what they used to be -- in 2009. You can find the new, old guidelines in the August 3 Federal Register. A [post on the Say Ahhh! blog](#) by the Center for Children and Families at Georgetown last Tuesday explains why the guidelines are unchanged this year.

If you're trying to determine eligibility standards for public benefit programs in Wisconsin, use the [2009/10 tables](#) on the WI Budget Project's website. They show the new, old federal poverty level (FPL) for various family sizes, and translate the annual figures into comparable amounts for monthly and hourly income. They also show the income at different percentages of the FPL, ranging from the 115% income limit for Wisconsin Works up to the 300% limit for participation of pregnant women in BadgerCare Plus.

A [simpler table](#), which also contains links to federal websites relating to the poverty level, can also be found on our website.

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## **8. GALLUP SURVEY RANKS WI 4TH IN HEALTH INSURANCE (TIED WITH MN)**

According to survey data recently released by Gallup, only 3 other states had a lower percentage of uninsured adults than Wisconsin during the first 6 months of 2010. The survey provides further evidence that BadgerCare Plus has been successful in offsetting the loss of employer-sponsored insurance during the recession.

A [recent WCCF blog post](#) elaborates on (and links to) the Gallup data for this year, and comments briefly on a curious spike in uninsured adults in WI in the first half of 2009, according to their polling. Whether that was a statistical aberration or an accurate assessment of what was happening in WI last year remains to be seen, and we might to get a better sense of that next month when U.S. Census Bureau data for 2009 are released.

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## **9. DHS MITIGATES POTENTIAL NEGATIVE EFFECTS OF PUERTO RICO LAW**

Beginning this fall, people born in Puerto Rico are going to have to get new copies of their birth certificates in order to document citizenship and identity for purposes of public benefit programs, such as Medicaid, BadgerCare Plus and Food Share. That requirement, which affects the administration of public benefit programs all across the U.S., stems from a law passed late last year in Puerto Rico.

Fortunately, the WI Dept. of Health Services has taken steps to mitigate the potential adverse effects for program administration and for Puerto Rican enrollees. I explain the issue and what WI did in a [recent blog post for the Say Ahhh! Blog](#) of the Center for Children and Families at Georgetown U.

In short, DHS decided not to require new birth certificates from already-enrolled Puerto Ricans when they come up for renewal, thereby avoiding what could have been a setback to Wisconsin's efforts to reduce churning among program participants. For new Puerto Rican applicants, DHS will mitigate the potential burden of the law by taking advantage of the CHIPRA option to use Social Security numbers for automated verification of citizenship and identity. DHS has been

preparing for many months to begin using that option this fall.

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WCCF relies on the generosity of its members to support much of the work we do. By becoming a WCCF member or making an additional contribution, you can help us sustain our efforts on to ensure that Wisconsin has the revenue necessary for strong state and local programs serving children and families.

You can contribute on the following portion of our website:

<https://payments.auctionpay.com/ver3/?id=w043832>

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