

POLICY BRIEF

Achieving Health Insurance Access for all Children: Protecting and Improving BadgerCare Plus

In January 2006, Governor Doyle announced his intention to make health insurance available to all Wisconsin children. The state has made tremendous progress toward that goal, but more work remains. This issue brief summarizes the remaining challenges and the next steps Wisconsin should take to protect the recent gains and then finish the job of covering all children.

The Success of BadgerCare Plus

Health insurance for children is one of the most cost effective health care investments we can make. Covering preventive care saves money by avoiding more expensive treatments, and it helps kids succeed in school and life.

The BadgerCare Plus initiative was enacted in the fall of 2007, and implementation began in January 2008. BadgerCare Plus has been a huge step forward in reducing the number of uninsured children and helping low-income families pay for private coverage without threatening their ability to meet their children's other basic needs. During the first 11 months of the new program, enrollment has increased as follows:

- The number of kids who are covered is up by nearly 63,500 (20.5 percent).
- Coverage of parents has grown by more than 32,000, or 20.4 percent.
- An additional 1,761 pregnant women are covered, a 11.3 percent increase.

About 80% of the increase in kids' coverage is among children with family incomes below 200 percent of the poverty level, approximately the upper income limit before BadgerCare Plus expanded eligibility. The very large increase among low-income families reflects the success of BadgerCare Plus in removing red tape and

other impediments to enrollment, and the effectiveness of outreach efforts that send a clear message that almost all children are eligible. Some of the growth can also be attributed to the recession, which has caused thousands of Wisconsin families to lose their employer-sponsored insurance.

Financing Challenges

BadgerCare Plus is an efficient program, with an average cost per child of just \$95 per month, and a state share of only \$37 per child per month. In part because of the economic downturn, however, BadgerCare Plus enrollment has been higher than anticipated, and the program faces a budget challenge.

Wisconsin must close a \$5.4 billion budget deficit over the course of the current fiscal year and the 2009-11 biennium. On top of that, the state also faces a likely Medicaid funding shortfall of at least \$100 million in 2008-09. Fortunately, the newly enacted bill reauthorizing the State Children's Health Insurance Program (SCHIP) will provide the state with a little fiscal relief.

One option for helping protect BadgerCare Plus and Medicaid is the hospital assessment recently proposed by the Governor and endorsed by the Wisconsin Hospital Association. The prospects for protecting those health care programs would get an even bigger boost if Congress includes a substantial increase in the federal Medicaid match rate (FMAP) in the economic stimulus legislation.

Gaps in Coverage

Despite the success of BadgerCare Plus, there are still a couple of significant gaps in coverage for kids:

- Legal immigrant children who have yet to become citizens are forced to wait 5 years for coverage, even if they have a serious illness.
- Families with incomes over 150 percent of the poverty level are ineligible if they have access to employer-sponsored insurance that pays for at least 80 percent of the premium costs, even if high deductibles and co-pays make the coverage unaffordable for a low income family.

A related problem is the lack of access for employees of small businesses. As noted above, children may go uninsured if a small employer offers insurance that has high deductibles and co-pays that make it unaffordable for the family. Efforts aimed at helping small businesses provide more affordable insurance may be included in this year's budget proposal.

Outreach and Enrollment

The Department of Health Services (DHS) has done a very good job of outreach but now has staff vacancies in that area that might not be filled. That will hinder the state's ability to build on its success to date and to do outreach in areas of growing unemployment.

Enrollment procedures have improved in many respects, but there are still a few challenges. Among those is the expanded workload for county caseworkers in all counties. And, in Milwaukee County for example, the increased workload and staffing limitations make it difficult for applicants to find out the status of their applications and resolve issues relating to their eligibility in a timely way.

A continuing problem is caused by the tough federal requirements for documentation of citizenship and identity. Many low-income children and parents don't have passports or drivers licenses. The identity documentation requirement has resulted in the denial or termination of coverage for thousands of Wisconsin children who the state knows are citizens, but who cannot produce the required proof of identity.

Recommendations

- 1) **Ensure adequate funding** – Congress should assist states during the current recession by providing a substantial, two-year

increase in the federal match rate for Medicaid. The state should use those dollars to ensure that there is adequate funding for BadgerCare Plus and should also approve the proposed hospital assessment.

2) **Allow coverage of legal immigrant children** – Congress should eliminate the five-year bar on covering legal immigrants, which would allow the BadgerCare Plus program to come closer to the goal of covering all kids.

3) **Cover low-income families who cannot afford private coverage** – Families below 200 percent of the poverty level should be allowed to participate in BadgerCare Plus if cost sharing requirements make their employer-sponsored insurance unaffordable.

4) **Adopt a comprehensive eligibility reform, or at least help small businesses** – The Governor's tentative plan to create a large insurance purchasing pool for small businesses could improve coverage for many employees and their families. Better yet, the Legislature should approve an even more comprehensive plan, such as Healthy Wisconsin.

5) **Improve staffing and enrollment procedures in Milwaukee County** – Ensure that County agency staff have sufficient resources to provide local residents equal access to BadgerCare Plus.

6) **Fill outreach positions** – Getting to the finish line and covering all children will require continued outreach efforts by DHS, especially with the recession causing a sharp drop in the number of people who have employer-sponsored insurance.

Wisconsin Can Reach the Finish Line

Our state has made important progress in recent years, and the lives of thousands of Wisconsin children and families are better today as a result. We can build on that progress by making smart financing decisions and adopting reasonable reforms to plug the remaining coverage gaps. With sound planning and continued commitment, we can reach the ultimate goal of affordable health coverage for all Wisconsin children.