

POLICY BRIEF

BadgerCare Plus Provides Cost-effective Care and Meets the Needs of Families Losing Jobs during the Recession

Thanks to the leadership of Governors Thompson and Doyle and the strong support of legislators in both parties, Wisconsin has made tremendous progress in making quality and affordable health care accessible for nearly all children and families in the state.

Health insurance for children and families 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. Health insurance helps parents remain productive members of the workforce because they do not have to give up a low-wage job simply to get health coverage for themselves or their family.

Overview of BadgerCare Plus

BadgerCare Plus provides health insurance to about 775,000 Wisconsinites. That number increased sharply during the recession. From October 2008 to July 2010, Wisconsin experienced a net loss of 142,800 jobs, causing a tremendous drop in employer-sponsored coverage. BadgerCare Plus enrollment among children, parents and pregnant women increased by almost 146,000, or 25.6 percent, during that period, and about 73 percent of the increase was among families below the poverty level.

BadgerCare Plus serves parents and childless adults with income up to 200 percent of the federal poverty level. For parents, that cap is essentially unchanged since Governor Thompson championed parent coverage in the late 1990s.

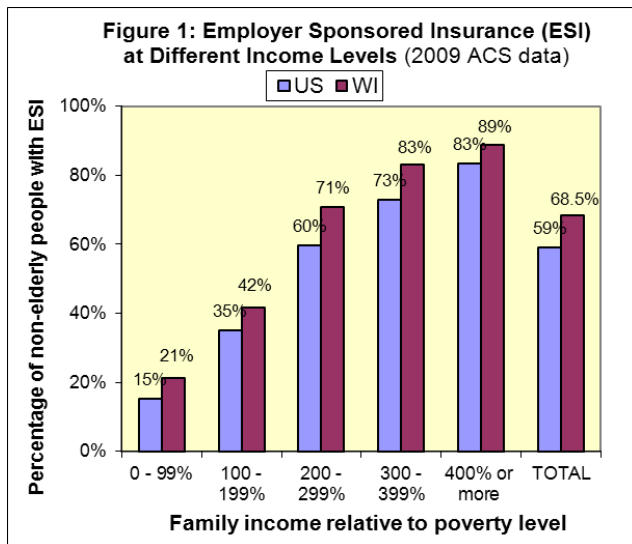
Beginning in 2008, BadgerCare Plus expanded subsidized coverage for children to 300 percent of the poverty level, and allowed families with income above that level to buy unsubsidized coverage for their uninsured children. Despite the expansion of eligibility for children, only 3.8 percent of kids enrolled are above 200 percent of the poverty level, and they account for only about 10 percent of the BC+ growth since the eligibility expansion.

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. Much of the growth can also be attributed to the recession, which has caused thousands of Wisconsin families to lose their employer-sponsored insurance.

Despite the sizeable growth in BadgerCare Plus enrollment since 2008, the most recent Census Bureau data show that Wisconsin continued to have a strong base of employer-sponsored insurance (ESI) in 2009, compared to other states. More specifically:

- 68.5 percent of Wisconsin's non-elderly population had ESI coverage in 2009, compared to just 59 percent nationally, and
- The portion of the Wisconsin population with Medicaid coverage was below the national average in 2009.

The chart on the following page compares employer-sponsored insurance at various income levels in Wisconsin with the national average.



Financing challenges

BadgerCare Plus is an efficient program, with an average cost per child of just a little over \$100 per month, and the state pays just a small fraction of the cost for the increase in enrolled children. However, the recession has pushed enrollment far higher than anticipated, and the program faces a substantial budget challenge. The increased cost in 2011 results partially from the enrollment increase fueled by the recession, but it is largely a reflection of the loss of the Recovery Act's enhanced cost-sharing for Medicaid and Children's Health Insurance Program (CHIP) funding. That increase in the federal share allowed Wisconsin to reduce the share of state funding used for Medicaid and BadgerCare Plus in the 2009-11 budget.

Beginning in 2014, the Affordable Care Act provides states with financial help in a number of different ways to expand access to coverage. Because Wisconsin is ahead of most other states, the state share of spending will go down in 2014. DHS estimated a few months ago that the health care reform law will produce net savings in Wisconsin's share of Medicaid and BC+ costs in the range of \$745 million to \$980 million, over the six-year period from 2014 through 2019.

In the meantime, Wisconsin faces significant fiscal challenges to maintain its current

coverage. Fortunately, the state recently got some welcome news when it received a \$23 million performance bonus from the Centers for Medicare and Medicaid Services (CMS) because so much of the state's enrollment growth was among lower-income, Medicaid-funded children. The state will be able to receive similar bonus payments for each of the next three years (2011 through 2013), but it must maintain improvements in enrollment and renewal procedures that are one of the conditions for eligibility for the CHIPRA bonus funds.

The ACA requires states to maintain current eligibility standards for children until 2019 and for adults until 2014, with one major exception. If a state is facing a deficit, it is allowed to reduce its adult coverage to 133 percent of the poverty level (except for pregnant women and people with disabilities). That possibility is likely to be considered in Wisconsin, but it would reverse the bipartisan consensus on family-based coverage that Tommy Thompson and others have championed since 1997.

The bottom line

Our state has made important progress in improving access to quality affordable health care, not only since BadgerCare Plus began in 2008, but going back to the expansion of coverage to parents, which was championed by Governor Thompson back in the late 1990s. The lives of thousands of Wisconsin children and families are better today as a result of those bipartisan initiatives.

It's extremely important to protect BadgerCare Plus for the low-income families and childless adults who need affordable insurance in order to be healthy, contributing residents of our states. The Governor and Legislature should protect current eligibility levels and should continue the progress in removing red tape and other obstacles that can be impediments to enrollment.