



## Summary of the 2019-21 Budget for Health Care

The health care portions of the budget bill approved by the legislature and signed by the governor differ substantially from those proposed by Evers. The final bill allocates about \$1.3 billion less for Medicaid during the next two years than the governor's proposal, even though it spends \$322 million more from state funding. The difference results from the decision of Republican legislators to reject Evers' proposal to expand Medicaid eligibility, which would sharply increase federal funding for BadgerCare and acute care hospitals and yield a net savings for state taxpayers of about \$160 million per year.

Not counting the financing for BadgerCare expansion, both the final budget and the governor's proposal contain comparable levels of funding for initiatives to improve Medicaid. However, the priorities for that new funding are very different, and the governor's budget derived the state share of that funding from the savings generated by expanding BadgerCare. The legislature freed up the state funding by cutting back in other parts of the budget, like K-12 education.

The governor's proposals for the Medicaid improvements included investing in increased provider rates, maternal and infant health (with a specific emphasis on racial disparities), access to dental services, a community health initiative, and more funding for behavioral health providers. The budget he signed into law, which passed without any Democratic support in the legislature, includes some of these priorities, but many were deleted, including most of the funding for maternal and infant health, dental services, and community health. On the other hand, the final budget does include significant increases for direct care workers in nursing homes, family care, and other settings.

As we explained in [another budget analysis](#), the health care initiatives deleted from the Governor's budget fall particularly heavily on proposals that would help reduce the large racial disparities in health outcomes in Wisconsin.

### Final Budget Fails Low-Income Adults

The governor's budget proposed to fully expand BadgerCare, which would have provided about 80,000 more adults with access to affordable health insurance. Under current state law, an adult working full-time at the minimum wage makes "too much" to qualify for BadgerCare. A single mother with one child making anything over \$8.15 per hour is also ineligible for BadgerCare.

The Legislature's decision to pass a budget without expanding Medicaid through BadgerCare means that thousands of Wisconsinites still don't have access to affordable health insurance. It also means Wisconsin taxpayers will continue paying more to insure fewer people, as well as continue to forgo billions in federal funding available if we expanded Medicaid.

## Legislature Turns its Back on Initiatives Aimed at Reducing Racial Disparities

Governor Evers' proposed budget took significant steps toward addressing persistent racial disparities in health access and outcomes that plague our state. The Healthy Women, Healthy Babies initiative would have invested \$28 million to lessen racial disparities in infant and maternal health by extending access to post-partum care for mothers on BadgerCare, allow Medicaid to pay for doula services, and create an Infant Mortality Prevention Program. The final budget failed to fund the majority of these initiatives, but did allocate staff for the creation of an infant mortality prevention program and provide a modest increase in the minority health grant.

The governor also proposed investing in programs enabling more kids exposed to lead to get treatment and providing funding for lead abatement for homes through the Children's Health Insurance Program. The final budget approved substantially lower amounts for lead abatement and did not provide funding for children exposed to lead to get treatment.

Lastly, in addition to refusing to expand BadgerCare, which would have helped reduce racial disparities in Wisconsin's uninsured, the final budget also chose not to fund a community health pilot that would have used Medicaid funding to address social determinants of health for people who are enrolled in Medicaid, such as housing, toxic stress, transportation, and food security.

## 2019-2021 Budget Includes Substantial Increases for Long-Term Care and Personal Care

The governor's budget proposed modest rate increases for caregivers in a variety of settings, including nursing homes, long-term care programs, and personal care. Most of the increases were directed to raise wages for direct care workers.

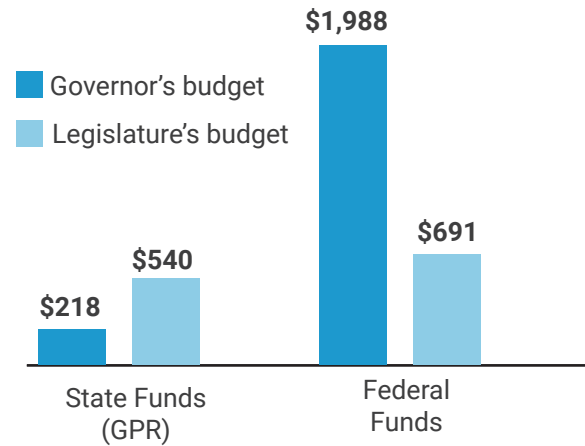
The budget passed by the legislature and signed by the governor provides substantially more funding for caregivers. For example, the final budget includes a total increase of \$78 million over the budget period for nursing homes and also includes annual rate increases going forward to address rising costs. The budget increases Family Care rates by \$37 million over the two-year budget period, and provides a total increase of \$91 million for personal care agencies and the direct care workforce – the largest increase in nearly two decades.

## Rejecting BadgerCare Expansion Cost Wisconsin Hospitals more than \$200 Million

The final budget contains a substantial increase in state and federal funding for hospitals – nearly \$157 million more during the two-year budget – but it provides \$210 million less than the governor proposed. The increased funding that was approved is primarily for hospitals that serve a

## The Medicaid Budget Passed by Wisconsin Legislature Spends More State Dollars and Brings in Far Less Federal Funding

Increased funding in millions of \$s



\* For a more accurate comparison, the amounts for the Governor's Budget reflect the current cost estimates of Medicaid, BadgerCare, and SeniorCare  
WISCONSIN BUDGET PROJECT

disproportionately high number of uninsured or Medicaid patients. Most of the difference between the Governor’s budget and the final version results from the decision by Republican legislators to reject the expansion of BadgerCare. Because the federal government covers 90% of Medicaid costs for childless adults in expansion states, expanding BadgerCare would have generated an increase of about \$215 million in federal funding for Wisconsin hospitals that provide acute care to those adults (i.e., care for a brief but severe episode of illness, for conditions that result from disease or trauma, and during recovery from surgery).

The governor vetoed some of the language relating to funding for “disproportionate share hospitals.” His partial veto does not scale back the funding increase, but it gives the Department of Health Services (DHS) discretion to determine how much of the increased funding will actually be allocated to hospitals and how it will be divided among hospitals.

### **Final Budget is Mixed on Behavioral Health, Physician, and Crisis Funding**

The governor’s proposed budget included nearly \$70 million to increase reimbursement rates for physicians and medical clinics that provide mental health, substance use, and psychiatric services for Medicaid patients. It also proposed that the state pay most of the costs of Medicaid crisis intervention services that have traditionally fallen on counties, and it expanded the definition of crisis to include substance use, intellectual disability, and dementia, which would allow counties to serve more people.

The final budget provides about 35% of the requested amount for increasing rates for physicians and behavioral providers, but allocates the state portion of funding to the Joint Finance Committee’s supplemental fund, which would require DHS to request that funding before having access to it. The final budget did approve broadening the definition of crisis, but allocates less new funding for crisis intervention services based on the rationale that during this biennium not all counties would agree to provide services through a regional model, which the budget requires in order to receive funding.

### **Approved Budget Provides Limited Funding for Dental Services, but Falls Short of Governor’s Proposal**

The governor’s budget would have invested nearly \$43 million to improve dental access, specifically for people enrolled in Medicaid, by substantially increasing rates for qualified providers. It also proposed expanding the school-based Seal-a-Smile program, authorizing the practice of dental therapists in Wisconsin, and providing funds to create a dental therapy training program.

The legislature chose not to fund the increases in rates for providers who see Medicaid patients, and removed authorization and funding to develop a dental therapy program. It also eliminated positions the department proposed intended to increase access to dental services for low-income, uninsured, and people on Medicaid/BadgerCare. The final budget did include increases for the Seal-a-Smile program and retained funding for a pilot program, which increases Medicaid reimbursement rates for dentists in a few counties.

### **For Children with Long-Term Support Needs, Budget Includes New Funding, but Doesn’t Guarantee Access to Services**

According to the Legislative Fiscal Bureau, in February 2019 a little over 1,000 children with disabilities and complex health needs were still on a waiting-list for services. The governor’s budget

proposed sufficient funding to cover the costs of all children waiting for services, and also would have required that all children with disabilities who are eligible for the children's long-term support program receive services without being placed on a waiting list.

The final budget includes the increased funding the governor requested to provide services under the children's long-term supports program, but does not change the law to assure that all eligible children must receive services. So despite the additional funding, future children might find themselves on a wait-list again.

### **Vetoed Relating to Work Requirements and Drug Testing**

The governor made several vetoes of funding approved by the Legislature for implementation of work requirements and drug testing for participation in the Medicaid and Food Share programs. Specifically, he vetoed:

- \$41 million of state and federal funds to implement a state requirement that parents who receive Food Share benefits and have children six or older must document that they are meeting minimum standards for work or job training;
- \$155,000 to administer a drug screening and testing requirement for adults who receive Food Share benefits and do not have dependent children;
- Close to \$1.8 million for the first year of funding for the county income maintenance consortia to implement several statutory requirements relating to drug treatment and testing, document work or training, and health savings accounts for Medicaid; and
- \$2 million of state funds to use the Food Stamp Employment and Training program as an option for childless adults enrolled in BadgerCare to meet a work or community engagement standard authorized by a federal waiver that is scheduled to take effect in November.

None of those four vetoes eliminate the previously-approved statutory provisions establishing requirements relating to work, drug screen and testing, and Medicaid Savings Accounts. However, because of the interplay of state and federal law, it appears that the first of those vetoes will preclude the state from imposing the work/training requirement for parents that was expected to cause thousands of families to receive substantially less in Food Shared benefits. For the other three appropriations, the vetoes create uncertainty about how or whether implementation of the requirements will proceed.

### **Vetoed of DHS Funds Allocated to the Joint Finance Committee**

Several vetoes relate to the Legislature's rapidly growing practice of giving the Joint Finance Committee (JFC) more control over the implementation of new initiatives. One way that is accomplished is to allocate the funding for new initiatives to the JFC's supplemental appropriation, so it cannot be spent unless or until the committee is persuaded to allow the agency to proceed. In his veto message, the governor repeatedly expressed concerns about that practice because it concentrates power in a single legislative committee and enables that committee to block or significantly delay the spending.

In the following three instances the governor used his partial veto authority to subtract the new

funding from the JFC supplemental appropriation, but directed DHS to move toward the same goal by finding funding for the initiative within its Medicaid budget:

- \$24.7 million to increase Medicaid reimbursement rates for physicians and behavioral health services;
- \$6.8 million to help expand the use to telehealth services; and
- Close to \$900,000 for the development of a hub-and-spoke treatment model for substance abuse.

These vetoes allow DHS to begin spending the new funding more quickly, but also create an increased risk that the department could have a shortfall within the Medicaid budget. That possibility could prompt DHS to scale back how much it spends on these three initiatives or to use its discretion to reduce the increases it provides to disproportionate share hospitals.

### **Putting it all Together: The Final Budget Spends a Little More and Accomplishes a Lot Less**

Although the final Medicaid budget made some improvements in the Governor's budget, particularly relating to compensation of personal care workers and funding for long-term care, it made deep cuts in many very important proposals for improving access to health care services. By turning down the federal funding for Medicaid expansion, the budget spends almost \$300 million more from state tax revenue and captures about \$1.3 billion less in federal funding.

Despite the increases, some of which were substantial, this budget ultimately squandered a golden opportunity to improve access to critically important health services, relieve economic hardship for thousands of households, obtain large savings in the Medicaid budget, and begin to reduce the stark racial disparities in health in our state. Policymakers should do right by our kids, our families, our communities, and our future. Wisconsin kids deserve better.