

Advocacy and  
Benefit  
Counseling for Health

Response to the BadgerCare Plus  
Issues Recommendation Summary

ABC

## I. Crowd-Out Minimization

A. **Recommendation from steering committee:** “look back and look forward” provisions which bar individuals and families from enrolling in BadgerCare Plus

B. **Response:**

- A rigorous “look back and look forward” provision may prevent people who need affordable health coverage to access that coverage. First, during those uninsured months, children will not be receiving the recommended preventive care, which is very important for children to receive. Barring them from BadgerCare Plus may cause families to delay care that should be treated, or fail to receive vital preventive care such as vaccinations. In addition, it is possible that the family member will lose their job, and so lose their opportunity to enroll in the employer plan; this would make the “look forward” provision useless.
- If a family member is employed by a small business, the premiums that make up that employees share are likely to be high. Even if the employer pays 80% of the premium, and the family is above 150% of the FPL, that family may not be able to afford the health insurance. This proposal supports an inefficient insurance market of small puddles of risk for tens of thousands of risk silos when we should be developing large risks pools.
- BadgerCare Plus will not cause a crowd out of the private market, because currently there is a partnership between the private market and the public program. The expansion of BadgerCare would strengthen this private/public partnership rather than causing a crowd out.

C. **Questions for the steering committee:**

- Will BadgerCare plus eliminate the entitlement aspect of Medicaid? Will there be options for dual eligibility of private insurance and BadgerCare Plus for people under 150% FPL?
- Will the policy permit entry into BadgerCare Plus if loss of insurance is through no fault of your own?
- The recommendations include the statement: ***All direct crowd-out provisions apply to all individuals above 150% of Federal Poverty Level (FPL) except pregnant women who must maintain their current coverage.*** Will people below 150% FPL retain additional rights?

## 2. Income Eligibility Methodology

A. **Recommendation from steering committee:** Use a gross income test using 2 of the current disregards and comparing the net to the proposed income limits, and allowing caregivers currently eligible to retain that health care coverage under BadgerCare Plus for a maximum of 18 months, regardless of income.

B. **Response:** Although the program may be simplified, it adversely affects eligibility of thousands of people in Wisconsin.

- Limiting caregiver’s coverage for up to 18 months is problematic. If the goal of BadgerCare Plus is to provide insurance to all children, it is nonsensical to change the income eligibility determination to a method that ultimately causes a loss in the number of caregivers eligible for the program. A Commonwealth

Fund study has found that children's enrollment in Medicaid increases when more parents are eligible; with increased enrollment, there is increased access to and use of preventive care, and decreased uncompensated care. A methodology that would make fewer caregivers eligible would likely result in fewer children being enrolled into the program, which goes against the goal of BadgerCare Plus to extend health care coverage to all children in Wisconsin.

***Please see examples at the end which illustrate how pregnant women will be adversely affected by the income eligibility simplification***

**C. Questions for the steering committee:**

- Is the state permitted to waive issues like legal responsibility when calculating income?
- What about the depreciation problem?

**3. Spend-Down Provision**

**A. Recommendation: from steering committee** Pregnant women with family incomes greater than 300% of the FPL should be allowed to qualify for BC Plus if their medical expenses equal the amount that their family income exceeds 300% of the FPL.

**B. Response:**

A deductible feature, or spend-down, is an important feature that should be included in BC Plus. Although this may add complexity, it also provides security for families that are impacted by unexpected medical expenses. There should be a spend-down feature for all enrollees in BC Plus, and not just for pregnant women.

**C. Questions for the steering committee:**

- What qualifies as "extraordinary bills"?
- Please further elaborate on your comments: ***The Department will continue to explore possible approaches for covering a select group of individual children under age 19 who have insurance coverage or access and have catastrophic health care costs. The family would be subject to premiums only for the child with extraordinary health care needs. Other children in the family would not be eligible for BC+.***

**4. DRA and Cost Sharing Provisions**

**A. Recommendation: from steering committee** Apply the 5% cost-sharing cap in aggregate, across all participants

**B. Response:** When it comes to cost sharing, BadgerCare Plus must be careful to ensure that premiums, co-payments, and deductibles do not deter families from enrolling in the program or from receiving preventive or necessary medical care. When cost-sharing is applied to enrollees, careful monitoring should be conducted to make sure that these costs are not a deterrent for people who have to share costs of 5% of the family income.

## 5. Premium Model and Income Limits

- A. **Recommendation from steering committee:** Premiums for adults between 150-200% FPL; premiums for pregnant women and kids eligible under BC+ above 200% FPL.
- B. **Response:** Again, when premiums are involved, they can act to deter eligible people from enrolling into the program. This may be a larger problem for kids eligible for BC+ above 200% of the FPL. These children's parents will not be eligible for the program, and so may decide not to enroll their children, especially because of the premium.

## 6. Refundable Tax Credit

- A. **Recommendation from steering committee:** No tax credit/voucher options
- B. **Response:** Rather than making things more complicated by creating a new tax credit or voucher program to encourage employers to offer comprehensive and affordable health insurance, or by reforming and expanding the existing HIPP program, BadgerCare Plus should be expanded to allow employers to buy in to the program. Employers, as well as individuals, should be allowed to take advantage of the purchasing power of BC + and buy in to it, which would provide employees with comprehensive coverage and services. This would allow utilization of an already existing structure that would not have to be created or reformed greatly; services would be provided by contract through the private marketplace. With large-scale pooling and a unified system of administration, costs will be much lower for large employers. In addition, adding large employers to the mix will diversify the risk pool and provide a greater opportunity for low-cost and comprehensive care. In addition, small employers that would not otherwise be able to offer insurance will now be able to obtain a comprehensive benefit structure at a much lower cost, because of the large pool of people involved.

## 7. Examples of comparisons between the proposed 300% FPL test for pregnant women under BadgerCare Plus and the current test at 185% using the FFU

- A. The pregnant women in the examples all are better off with 185% FPL and the FFU. In some cases the difference is minimal, while in other cases the difference is dramatic. Using a group test at 400% FPL would yield eligibility for all of the pregnant women in the examples, although even this limit could possibly be inadequate, since the examples all assume the FFU with the \$90 earned income and child care costs deductions.

**1999**

Case example from DHFS Medicaid outreach brochure indicated pregnant mom with 2 kids would be eligible with monthly income of \$2,536 (185% FPL).

Pregnant mom actually would have been eligible with monthly income up to \$5,115 (373% FPL).

**2006**

BadgerCarePlus Group Test: Pregnant wife eligibility at 300% FPL = \$4,998  
Pregnant wife eligibility at 185% FPL with FFU = \$5,118 (307% FPL)

**2006**

BadgerCarePlus Group Test eligibility at 300% FPL = \$5,850

Current FFU test at 185% FPL yields eligibility for mom up to \$6,824 (350% FPL)

**2006**

BadgerCarePlus Group Test for Pregnant Women eligibility at 300% FPL = \$5,850. As in the previous slide, mom would be eligible with the FFU up to 350% FPL.

Current FFU test at 185% FPL yields eligibility for both children regardless of husband's income. Mom can earn up to \$3,051 for <6 child and up to \$1,650 for >6 child.

- These examples do not seek to test out the 200% FPL test for children compared to the current test levels for different ages using the FFU. Clearly, BadgerCare Plus would be of most direct advantage to children over age 6, whose eligibility currently is stepped dramatically downward due to the absence of a deductible for BadgerCare and for the OBRA '90 (HS ages 6-19) limits.
- Much of the BadgerCare Plus promise for children in both age groups would be mitigated if insurance crowd-out provisions apply to all populations in BadgerCare Plus. Farming and other self-employed families would be especially disadvantaged.