



WISCONSIN ASSOCIATION OF
HEALTH UNDERWRITERS

Wisconsin's Benefit Specialists

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BADGERCARE PLUS
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The following document is a compilation of material regarding the BadgerCare Plus HealthCare program expansion. Information within comes from the multiple sources including the Governor's Office, Department of Health and Family Services and the Legislative Fiscal Bureau websites. Information is being updated regularly at www.BadgerCarePlus.org and questions can be directed to the Department of Health and Family Services.

BadgerCare Plus represents an expansion of current BadgerCare program which extend benefits to those individuals earning up to 185% of the Federal Poverty Level. However, once enrolled in BadgerCare, members are authorized income increase to 200% of the FPL. BadgerCare Plus, as outlined below significantly increases numbers of individuals eligible.

Questions remain as to certain coverage scenarios; when can individuals enroll in BadgerCare Plus; and, under what circumstances. We are working with DHFS to answer these and other questions and have been told specific issues will be addressed on a case by case basis.

Eligibility Requirements and Plan Design

Annual Income at Federal Poverty Level – 2007 (Updated each year in March)

Family Size	150% FPL	200% FPL	300% FPL
1	\$15,315	\$20,420	\$30,630
2	\$20,535	\$27,380	\$41,070
3	\$25,755	\$34,340	\$51,510
4	\$30,975	\$41,300	\$61,950

Who is eligible?

- All children, regardless of income
- Pregnant women with incomes up to 300% of the Federal Poverty Level (FPL) - presently \$51,510 for a family of three
- Parents and relatives caring for a child up to 200% of the FPL – presently \$34,340 for a Family of Three
- Young adults in Foster Care who turned 18 on or after January 1, 2008, will automatically be able to get BadgerCare Plus until they turn 21, regardless of income
- Farm families and other families who are self-employed may be eligible under BadgerCare Plus if their income is under 200% of the FPL. BadgerCare Plus has a new way of counting depreciation which will help more families enroll
- Parents whose child/children are in foster care and you have a reunification plan in place may be eligible for BadgerCare Plus if their income is below 200% of the FPL

Plan Design and Cost

BadgerCare Plus has two benefit plans—the **Standard Plan** and the **Benchmark Plan**. Plan enrollment depends on income. Most families with incomes below 200% of the FPL will enroll in the Standard Plan. Families with incomes above 200% of the Federal Poverty Level will enroll in the Benchmark Plan.

Individuals currently enrolled in family Medicaid and BadgerCare will be enrolled in BadgerCare Plus automatically. Enrollees of an HMO will not have to change Plans.

Standard Plan

- The Standard Plan provides the same benefits as current plan
- Co-payments for health care services will range from \$.50 to \$3.00
- There are no co-payments for well child checkups (HealthCheck) or other preventive services

Benchmark Plan

- Co-payments for health care services range from \$5.00 for prescription drugs and \$100.00 for a hospital stay
- There are no co-payments for well child checkups (HealthCheck) or other preventive services

Cost

- The Standard Plan has minimal co-payments for services such as prescription drugs, doctor visits, going to the hospital or using the emergency room. There are no co-payments for well child check ups (Health Check) and other preventive services
- The Benchmark Plan has higher co-payments than the Standard Plan for services such as prescription drugs, doctor visits or for going to the hospital or using the emergency room. There are no co-payments for well child check ups (Health Check) and other preventive services
- Enrollees will pay provider co-payments
- Some enrollees in the Standard Plan - and everyone in the Benchmark Plan - will pay monthly premiums. Premiums will be calculated on income and

Premium Tables

Children

FPL Income Range	200-210%	210 - 220%	220 - 230%	230 - 240%	240-250%	250-260%
Premium Amounts	\$10	\$10	\$10	\$15	\$21	\$27

FPL Income Range	260- 270%	270-280%	280-290%	290-300%	300%	>300%
Premium Amounts	\$35	\$44	\$53	\$63	\$68.25	\$68.25

Adult Caretakers

FPL Income Range	150-160%	160- 170%	170-180%	180-190%	190-200%	200%
Premium Amounts	\$10	\$28	\$70	\$125	\$193	\$275

Self-Employed

Family Size	FPL Ranges					
	200-210%	210 - 220%	220 - 230%	230 - 240%	240 - 250%	250-260%
2	\$114	\$119	\$125	\$131	\$136	\$142
3	\$143	\$150	\$157	\$164	\$171	\$178
4	\$172	\$180	\$180	\$197	\$206	\$215
5	\$201	\$211	\$221	\$231	\$241	\$251

Exceptions

Tribal Members

- Children of tribal members are exempt from paying co-payments, deductibles and premiums

Pregnant Women

- Pregnant women have no premiums or co-payments under BadgerCare Plus
- Pregnant women with income between 200% to 300% of the FPL who are insured must keep their insurance
- Pregnant women above 300% of the FPL must pay a deductible before they can get BadgerCare Plus

Children below 100% FPL

- Children below 100% FPL are exempt from paying copayments, deductibles and premiums

BACKGROUND

There are five stated goals of the BadgerCare Plus initiative:

- Expand health care coverage to targeted groups of low-income individuals
- Create an option to enable certain individuals with higher incomes to obtain health care coverage by enrolling in a benchmark plan offered through the state, which would differ from current MA coverage
- Reduce differences in the way income is treated for the purpose of determining eligibility for Family MA, and simplify the enrollment process and treating individuals who qualify for Family MA similarly in determining their eligibility for benefits
- Increase copayments and establish premium requirements for specific groups of recipients, for the purpose of partially funding the eligibility expansion while discouraging inappropriate use of certain services
- Make funding available for certain related initiatives

Eligibility Expansion

BadgerCare Plus extends MA eligibility to: (a) **all children, regardless of income**, including youth ages 18 through 20 aging out of foster care; (b) pregnant women with income up to 300% of the Federal Poverty Level (FPL); and (c) certain parents and caretaker relatives with income up to 200% of the FPL.

Rationale for Expansion

First, there are many studies that show a correlation between health insurance coverage and health status, and that the cost of health services provide a barrier for many people, including children, to receiving health care. For example, in an article that appeared in the March 14, 2007, *Journal of the American Medical Association*, Dr. Jack Hadley summarized his study that compared medical care use and short-term health changes among uninsured individuals and insured nonelderly individuals following unintentional injuries or the onset of chronic conditions (defined in the article as a "health shock"). The study showed statistically significant differences in the care insured and uninsured individuals received. Specifically, the study showed that uninsured individuals, compared with insured individuals: (a) were less likely to obtain any medical care and less likely to receive recommended follow-up care; and (b) had fewer outpatient visits, office-based visits, and prescription medicines.

Higher proportions of uninsured individuals reported a decrease in health status (reported as "much worse") approximately 3.5 months following a health shock, compared with insured individuals. In addition, uninsured individuals with unintentional injuries were more likely to report not having fully recovered, and no longer receiving treatment, than insured individuals.

Second, ensuring that children receive routine, preventive health care services can reduce or eliminate the need to provide more expensive care later in their lives, and may also reduce the amount of uncompensated care rendered by health care providers.

Third, by expanding eligibility for BadgerCare, most of the costs of services provided to children would be supported primarily with federal MA and SCHIP matching funds and premiums paid by plan participants.

Opposition

First, it has been argued that there is currently sufficient access to MA and BadgerCare for children in low-income families in Wisconsin, since: (a) all children up to age 19 are eligible for MA if they live in families with countable income that does not exceed 100% of the FPL, and all children up to age six in families with income up to 185% of the FPL are currently eligible for MA coverage; and (b) BadgerCare currently offers coverage for all individuals (both adults and children) in families with countable income up to 185% of the FPL if the family does not have access to employer-subsidized health care (health care where the employer pays at least 80% of the monthly premium cost).

Information from the 2005 Wisconsin Family Health Survey indicates that, of the estimated 110,000 children who were uninsured for all or part of the past year, 29,000 (26%) were in families with income less than 100% of the FPL, and therefore could have been eligible for enrollment in MA. An additional 30,000 children lived in families with income between 100% and 200% of the FPL, which suggests that nearly all of them could either be eligible for MA, BadgerCare, or have access to employer-subsidized care. In total, approximately 59,000 children, or approximately 54% of the total estimated number of children who were uninsured for all or

part of the past year, were either eligible for MA, BadgerCare or employer-subsidized health care.

The survey results suggest that many more children could be enrolled in MA and BadgerCare, based on the current financial eligibility requirements for these programs. Consequently, increasing the income limit for program eligibility may not increase program enrollment for children in families with the lowest incomes.

Second, the results of the most recent U.S. Census Bureau's Current Population Survey indicate that the percentage of Wisconsin's children who lack insurance is well below the national average. Table 5 (at the end of this document) compares the survey results for Wisconsin with the U.S. national average.

The Census Bureau's 2006 survey suggests that in Wisconsin, 14.7% of children in families with income below 100% of the FPL lacked health insurance (even though all of them would be eligible for coverage under the state's MA program), compared with an estimated 18.6% nationally.

In addition, while most uninsured children in the state live in families with income that exceeds 100% of the FPL (as one would expect, since the great majority of children live in families with income that exceeds 100% of the FPL), the estimated percentage of children in these families in Wisconsin who lack health insurance is 5.6%, compared with a national average of 9.1%, or approximately 38% lower than the national average.

Third, some would oppose the expansion of publicly-funded health programs due to concerns that these programs "crowd out" private health care coverage, resulting in increasing public costs of these programs without corresponding increases in coverage. Under this argument, the state's efforts should be to reduce the cost of health care for both employers, employees and consumers, rather than to expand publicly-funded programs.

State Savings Projected

The Doyle administration assumes that the cost of expanding coverage will be more than offset by savings that the program would realize by increasing the proportion of MA recipients who receive services through HMOs, increasing copayments for services, and reducing contracted administrative costs.

Managed Care Migration Savings

Approximately 40% of all of the administration's projected benefits savings are assumed to result from enrolling current MA and BadgerCare recipients in managed care, rather than continuing to provide MA services on a fee-for-service basis. The savings estimate assumes that 80% of the current fee-for-service enrollees in the low-income family groups would enroll in HMOs. Approximately 40% of the enrollees would enroll in managed care in 2007-08 and an additional

40% would enroll in managed care in 2008-09. The administration assumes that a savings of 5.8% per member per month would be realized by serving enrollees in managed care, rather than on a fee-for-service basis.

However, DHFS will only realize these savings if HMOs are willing to serve this number of additional current and future MA/BadgerCare/BadgerCare Plus recipients, based on the projected capitation rates budgeted in the bill. Projected capitation rates vary significantly based on age, pregnancy status, gender, and recipient cost sharing. Further, HMOs will need to begin serving recipients in areas of the state they do not currently serve.

Federal law prohibits states from requiring an MA recipient to enroll in an HMO if the recipient cannot choose between two or more HMOs. However, DHFS has obtained federal approval of a state plan amendment that permits DHFS to require any recipient to enroll in an HMO, even if the recipient does not have a choice of HMOs.

This rural expansion initiative was scheduled to be implemented in September, 2007, in Grant, Vernon, Sauk, Juneau, Richland, Buffalo, Monroe, and Crawford counties, and impact approximately 5,800 Family MA- and BadgerCare-eligible individuals.

The HMO contracts for calendar year 2007 included two incentives for HMOs to increase enrollment of Family MA recipients. The first incentive provides a 7% increase in capitation payment rates for any new BadgerCare recipient that is added as a result of the HMO: increasing an enrollment limit ("cap") in an area where coverage is limited due to an enrollment cap; or serving a recipient in a new geographical area.

State funding provides \$660,000 (\$270,500 GPR and \$389,500 FED) in 2007-08 and \$1,340,000 (\$541,900 GPR and \$798,100 FED) in 2008-09 to provide incentives to HMOs to expand their enrollment caps. It is difficult to know whether this amount of funding will provide incentive to HMOs to expand.

It is projected that 1,442,600 member months of fee-for-service care will be provided to low-income families in MA and BadgerCare in 2007. By calendar year 2009 it is further projected that 288,500 member months of fee-for-service care will be provided to the same categories of individuals. As a result, DHFS estimates that 80% of current low-income family fee-for-service recipients will be served by HMOs by calendar year 2009.

Table 6 (at the end of this document) shows the number of MA and BadgerCare recipients that are enrolled in HMOs as of March, 2007, and the maximum number of MA and BadgerCare enrollees each HMO has indicated it will serve.

Public vs. Private

A major industry concern is that expanding publicly-funded health programs would, over time, replace privately-funded health care. An example of this has occurred with the MA expansions that occurred in the 1990s and, more recently, following the implementation of SCHIP.

BadgerCare Plus includes the following provisions that are intended to address concerns over 'crowd-out'. **First**, individuals would not be eligible for BadgerCare Plus if they have had insurance coverage in the past three months or had access to a group health insurance plan for which an employer subsidizes at least 80% of the monthly premium cost in the past six months.

Second, some recipients would be required to pay premiums and copayments, which may make the plan somewhat less attractive than a plan offered through an employer.

Third, the program would provide premium assistance to help low-income families pay the employee contribution of their employer-sponsored insurance. Currently, Wisconsin's health insurance premium payment (HIPP) program helps low-income families pay the employee contributions of their employer-sponsored insurance.

HIPP

The HIPP program is currently part of BadgerCare and pays the family's share of the monthly premium, co-insurance, and deductibles associated with the family health plan, along with any BadgerCare covered services not included in the family health plan through fee-for-service.

BadgerCare Plus would increase enrollment in HIPP by providing premium assistance for:

- children and parents in families with incomes below 150% of the FPL, even when the employer pays 80% or more of the premium when it is cost effective to do so;
- pregnant women in families with incomes up to 300% of the FPL when the employer pays 80% or more of the premium (wrap-around benefits); and
- children in families with incomes between 200% and 300% of the FPL when it is cost effective to do so.

HIPP would also be expanded in the following ways:

- farm and other self-employed families would be covered;
- self-funded insurance plans would be allowed to participate;
- minimum employer contribution requirements would be eliminated and employer-sponsored insurance would be based solely on cost effectiveness; and
- access to HIPP coverage would be permitted even if single or "plus one" coverage is the only coverage offered by an employer.

In general, DHFS will determine whether the cost to the program of covering an eligible family or individual under private insurance is no more than the cost of covering them under MA.

TABLE 5**U.S. Census Bureau Estimates of Insurance Coverage of Children
Current Population Survey -- Collected in 2006**

Coverage of Children	Insured	Uninsured	Total
Wisconsin			
Number of Children Families with Income Below 100% of the FPL	151,000	26,000	177,000
Families with Income Above 100% of the FPL	1,056,000	63,000	1,119,000
Percentage of Children Families with Income			
Below 100% of the FPL	85.3%	14.7%	100.0%
Families with Income Above 100% of the FPL	94.4%	5.6%	100.0%
United States			
Number of Children Families with Income Below 100% of the FPL	10,496,000	2,400,000	12,896,000
Families with Income Above 100% of the FPL	54,895,000	5,494,000	60,389,000
Percentage of Children Families with Income			
Below 100% of the FPL	81.4%	18.6%	100.0%
Families with Income Above 100% of the FPL	90.9%	9.1%	100.0%

TABLE 6**March, 2007, HMO Enrollment Totals and CY 2007 Maximum Enrollment Levels
by HMO**

Health Maintenance Organization	March, 2007 Enrollment Total	CY 2007 Maximum Enrollment
Abri Health Plan	8,181	70,000
Children's Community Health Plan	7,031	60,000
Compcare	26,736	40,000
Dean Health Plan/Dane	6,286	11,000
Dean Southeast	1,022	100,000
Dean Health Plan/All Other	3,859	5,000
GHC - Eau Claire	17,206	22,000
GHC - South Central WI	3,842	4,000
Health Tradition	5,811	7,500
Managed Health Services	91,153	175,000
MercyCare Health Plan	9,679	20,000
Network Health Plan	45,577	85,000
Security Health Plan	23,800	25,000
UHC/THP (Obsolete/phasing out)	0	40,000
UnitedHealthcare	115,064	160,000
Unity Health Plans	3,544	3,500
Total	368,791	828,000