



**FACT SHEET: Joint Finance Committee
Hearing on Revised BadgerCare Changes
(March 14, 2012)**

Background

The Wisconsin Department of Health Services (DHS) submitted proposals to the Centers for Medicare and Medicaid Services (CMS) that would affect BadgerCare coverage for more than 300,000 Wisconsinites. According to DHS estimates, the initial set of proposals was expected to cause more than 64,000 Wisconsinites, including over 29,000 children to lose their BadgerCare coverage. Among those expected to remain in BadgerCare, some would have higher premiums, and an estimated 263,000 would go into an “Alternative Benchmark Plan,” which would cover fewer services and would have much higher co-pays.

Deliberations with Federal Officials

Over the course of the last few months DHS modified its proposal, as it became apparent that CMS would not allow the state to alter the coverage and pricing for children’s coverage, but would allow Wisconsin to make a number of changes relating to adults with income over 133 percent of the federal poverty level (FPL). State and federal officials seem to be close to an agreement on the following changes to BadgerCare:

- Sliding scale premiums for adults over 133% of FPL.
- Forcing adults off the program if they have access to private coverage and their portion of the premium would cost less than 9.5% of family income.
- Dropping adults for a year if they fail to make a premium payment.
- Stopping the payment of claims for all participants 10 days after their eligibility ends, instead of allowing them to continue on BadgerCare until the end of the month.

CATEGORY	ORIGINAL DHS PROPOSAL (# of people expected to lose coverage)	REVISED DHS PROPOSALS (# of people expected to lose coverage)
Parents	33,750	17,756
Children	29,120	2,940
Childless Adults	1,392	1,755
Pregnant women & newborns	486	384
Total expected to lose coverage	64,748	22,835

There are several parts of the original DHS proposal that are no longer on the table:

- Nearly all the proposals directly affecting kids have been removed.
- The proposal to determine family income using all members of the household except grandparents (rather than just the income of family members) has been removed.

However, there are still important changes being negotiated. The following two provisions will be discussed during the March 14th Joint Finance Committee Hearing on the BadgerCare Changes:

- **Increasing premiums** – The original proposal would have allowed DHS to increase premiums to up to 5% of household income for coverage of adults and children in families above 150% of the poverty level. In addition to increasing premiums for adults between 150% and 200% of poverty, it would also have initiated premiums for kids in that income range, who are currently exempt from premiums. The proposal has now been changed in several respects:
 1. Premiums won't be applied to children in families below 200% of FPL (a change that was projected to knock more than 12,000 children out of BadgerCare).
 2. The premiums for adults will begin at 133% of FPL and will be changed to a sliding scale, ranging from 3% of income at 133% of FPL to 6.3% at 200% of FPL.
 3. The revised proposal would apply premiums of 6.3% to 9.5% of income for childless adults over 200% of FPL.

- **Ending Transitional Medicaid** – The department proposed eliminating the Transitional Medical Assistance (TMA) category of eligibility, which is a welfare reform initiative that enables families below the poverty level to remain in the same category of BadgerCare coverage for 12 months after their income increases above the poverty level. Eliminating it would adversely affect roughly 81,000 BadgerCare participants. The proposal has been changed in the following ways:
 1. DHS has withdrawn the original proposal to eliminate TMA.
 2. DHS has proposed a new option that presumes TMA will be retained. The department is seeking CMS approval to apply the new BadgerCare premiums to adults in TMA if the family income is over 133% of FPL.

Additional changes are also being proposed but will not be discussed during the JFC hearing including an alternative Benchmark Plan with reduced benefits and much higher co-pays that would affect 263,000 Wisconsinites' economic well-being and access to health care.