



Wisconsin's Path to Shared Prosperity Protecting and Improving Health through BadgerCare

Wisconsinites need quality, affordable health insurance coverage to be healthy and productive, and to have the economic security to know that they won't go bankrupt because of a medical emergency. Too often in Wisconsin, a person's health depends on their zip code, race and ethnicity, or income level. We need to make sure that everyone can see a doctor when they need one, regardless of where they live, the color of their skin, or how much they have in their bank account.

Increasing the number of people who have access to affordable health care doesn't just help those who gain insurance; it also strengthens a state's economy. For much of Wisconsin's history, our state has been a national leader in providing access to health insurance, but over the last few years Wisconsin has been slipping in its commitment to that critical foundation of our shared prosperity.

One way to improve access to affordable healthcare for many Wisconsinites, especially people of color, is to improve and expand BadgerCare. Due to systemic racism and inequities in housing, employment, health care, and education, people of color are more likely to be low-wage earners who qualify for and rely on BadgerCare. In addition, BadgerCare is crucial for children and families living in rural communities who are also more likely to rely on it for access to health care. BadgerCare provides health insurance for more than one million Wisconsinites, including one in three children.

We recommend that state policymakers pursue the following changes to protect and strengthen BadgerCare for children and families:

Fully Expand BadgerCare to cover thousands more people and save hundreds of millions in state funds

Through the Affordable Care Act, Wisconsin has had a great opportunity to close a very large gap in BadgerCare—coverage for adults who aren't custodial parents of a dependent child. However, instead of fully expanding BadgerCare and qualifying for 90-percent federal reimbursement of the cost of covering all childless adults, state lawmakers and Governor Walker approved a smaller expansion of coverage for childless

adults (limited to those below the federal poverty level). To offset part of the cost, they halved the BadgerCare eligibility limit for parents, and more than 60,000 people lost their health insurance coverage.

By extending BadgerCare eligibility to more low-income workers and thereby qualifying for additional federal funding, state lawmakers could improve access to critically important health services for many Wisconsinites, relieve economic hardship for thousands of households, yield large savings in the state budget, and reduce the very substantial racial disparities in health insurance access in our state.

- **Expanding BadgerCare would improve coverage for adults and children.** Increasing eligibility for BadgerCare would significantly improve access to health care in our state. The Legislative Fiscal Bureau estimates that about 76,000 additional adults would be covered in BadgerCare if it is expanded to 138% of the federal poverty level. That would substantially reduce Wisconsin's uninsured rate because many of those working adults cannot afford the premiums or other cost-sharing for private insurance plans.

BadgerCare expansion would also increase coverage for children because coverage of parents directly impacts coverage of kids. Knocking tens of thousands of parents out of BadgerCare in 2014 resulted in a significant drop in enrollment of kids above the poverty level. Wisconsin was once a national leader in insuring children, but is now in the middle of the pack because Medicaid expansion states have made substantial progress in coverage of kids.

- **Expanding BadgerCare would significantly reduce spending of state tax dollars.** A September 2018 Legislative Fiscal Bureau estimate concluded that covering adults to 138% of FPL and accepting the full federal funding would yield a net savings for state taxpayers of about \$185 million per year.
- **Expanding BadgerCare will help to reduce insurance coverage disparities between white people and people of color.** The ACA resulted in significant coverage gains among all Wisconsinites, regardless of race or ethnicity, but coverage rates for people of color still lag behind white people. Despite gains, Latinx and Native Americans still have high uninsured rates. Fully expanding Medicaid would substantially increase coverage for people under 138% of FPL, and would lead to more people of color being covered, especially among Latinx Wisconsinites, who are uninsured at rates three times higher than white people.
- **Red and Blue states across the country voted decisively in favor of Medicaid Expansion.** Utah, Nebraska, and Idaho all passed ballot initiatives calling for expansion of Medicaid. Across the country states elected Democratic governors who campaigned on protecting and expanding access to health care. The will of the voters is clear; they support increasing access to health care by expanding Medicaid.

Mitigate harmful impacts of the recently approved BadgerCare waiver

The BadgerCare waiver approved in late October of 2018 creates barriers for childless adults to access

the health care that they need. Through premiums, a required health risk assessment prior to enrollment, and time limits connected to work requirements, thousands of low-wage earners are likely to lose the coverage that keeps them healthy. These changes will also make BadgerCare much more complicated for people to navigate, and more costly to administer.

The Department of Health Services (DHS) is striving to be able to implement the waiver changes in October 2019. Whether that is realistic could depend on how long it takes to make extensive changes to the state's computer eligibility system to be able to implement the changes, and whether policymakers give intake workers the resources needed to administer the more complicated enrollment processes.

Thus far, there has been no public disclosure or debate about the costs of making BadgerCare much more difficult to administer. As policymakers write the state budget bill, which will have to include adequate administrative funding, we need a much more careful and transparent discussion of what the changes will cost and whether it makes sense to incur those costs.

Over the next few months, we urge DHS and legislators to consider the following:

- Whether the waiver is likely to succeed in its stated objectives;
- The likely impact of the BadgerCare changes on the state's uninsured rate and on uncompensated care, as well as on the cost of administering BadgerCare;
- Whether the change that requires BadgerCare applicants to complete a health risk assessment and give it to a public official prior to enrollment is consistent with federal privacy requirements in the ADA and HIPAA; and
- Whether there are ways that state policymakers could and should change the waiver to prevent or limit the likelihood of adverse impacts on the budget and on low-income Wisconsinites.

Repeal the "zombie" changes to BadgerCare, which will negatively impact coverage for children

The 2011-13 budget bill authorized the state to make a number of BadgerCare changes that were expected to cause roughly 29,000 children to lose eligibility. Those changes include expanding the number of low-income families that have to pay premiums and tightening eligibility standards for families with an offer of employer-sponsored coverage. These are sometimes referred to as the "zombie" changes because

“maintenance of effort” (MOE) requirements in the Children’s Health Insurance Program prevent them from being implemented, but they will come to life if the MOE requirements expire.

We urge DHS, the Governor’s Office, and Legislature to repeal these damaging changes before they can harm any children or families in Wisconsin.