



# MEDICAID & HEALTH CARE

Investing in Health Care and Medicaid Coverage for People with Disabling Conditions

## BACKGROUND

Wisconsin currently faces an important decision about the future of health care for all Wisconsin residents, including people with disabilities. The combination of changes required by the federal Affordable Care Act (ACA) to the private insurance market, along with opportunities to expand Medicaid, have the potential to guarantee health care coverage to more people with disabling conditions than ever before.

Beginning in 2014, people with pre-existing conditions can no longer be denied insurance. The federal government's offer to pay all Wisconsin costs for the next three years to provide care for people under 133% of the Federal Poverty Level (FPL) - calculated for the ACA to be \$32,499 for a family of four - would support an estimated additional 175,000 people, one-quarter of whom have mental health disorders, depression and other chronic disabling conditions, such as multiple sclerosis or seizure disorders.

## WHO ARE THE PEOPLE WITH DISABILITIES WHO BENEFIT BY EXPANDING COVERAGE?

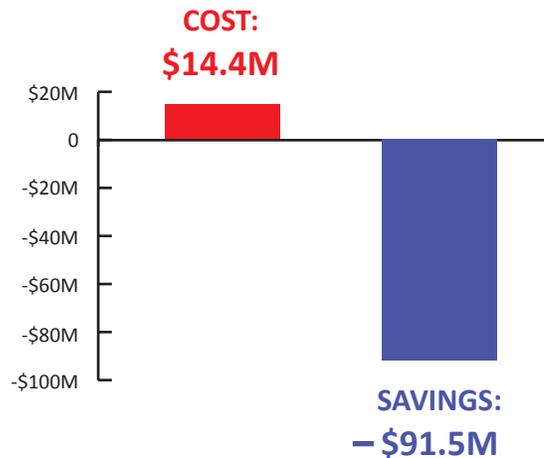
Many people with disabilities qualify for Medicaid programs because of the severity of their disability and because they have low income. Other people with chronic conditions or less severe disabilities struggle to afford premiums and extremely high co-pays and deductibles for medical care and prescription drug costs that are necessary for them to stay healthy and keep working. For example, a person with spina bifida may not meet eligibility for Wisconsin long-term care programs, but may still require daily medical supplies and medications not typically covered by private insurance. The co-pays for certain necessary supplies (e.g. bowel and catheter supplies for a person with spina bifida) can reach between \$500-\$5,000/month. Deductibles can also be too high to meet.

If people cannot afford coverage, they often wait until their condition deteriorates and seek expensive care in the emergency room, which ultimately raises premiums for everyone. According to the most recent Wisconsin Family Health Survey, 60% of all uninsured low-income adults have not had a check-up in the last two years.<sup>1</sup>

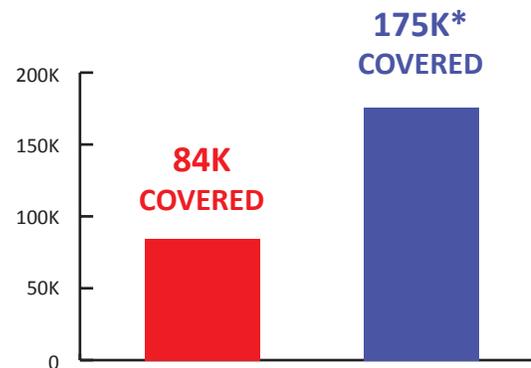
<sup>1</sup> Wisconsin Division of Public Health, 2012

## COMPARING PLANS TO EXPAND MEDICAID: HOW TO COVER MORE PEOPLE & SAVE MONEY

- SAVING WISCONSIN TAXPAYER FUNDS -



- COVERING MORE PEOPLE -



- Governor Walker's Plan (covers 84,000 people)
- Expanding Coverage to 133% FPL (covers estimated 175,000 people\*)

The Legislative Fiscal Bureau indicates that providing coverage to all childless adults up to 133% of the poverty level and using federal funds for expansion (while also reducing coverage for parents above 133% of the poverty level) would save more state tax dollars.

\*When compared to the Governor's plan, the LFB also estimates more potential enrollees under expansion to 133% FPL.

## CAN WISCONSIN ENSURE COVERAGE FOR MORE PEOPLE WITH DISABILITIES IN A COST-EFFECTIVE WAY?

Yes. Because the federal government would fund the entire first three years of Wisconsin's expansion of coverage to all childless adults under 133% FPL, the state will actually save money. The Governor has proposed not taking additional federal money and only expanding coverage to people under 100% FPL. The plan also means an estimated 100,000 people currently covered in BadgerCare above this income level will lose their coverage on January 1, 2014 and be expected to transition to private insurance. Hospitals and other medical providers are concerned that the new private insurance market will not be ready to support these low-income people who will also now have steep out-of-pocket costs equating to as much as 20% of their total income.

Preliminary Legislative Fiscal Bureau (LFB) analysis indicates that Wisconsin could cover more uninsured adults (80,000 vs. 175,000) at far less state expense by expanding eligibility of childless adults to 133% FPL and qualifying for the full federal funding.

While some have expressed concerns about instability of federal funding, states are not locked into the program; they can change their income eligibility levels at any time. Federal reimbursement will continue to be at least 90% of costs. Many other states have chosen this route as the smart way to balance their state budgets and free up funds to meet other state priorities, such as education. These states and many Wisconsin health organizations, including the Wisconsin Hospital Association, also believe Medicaid expansion to 133% FPL is the best way to reduce uncompensated care, which cost Wisconsin \$1.2 billion in 2011.

Expanding Medicaid for low-income adults also helps employers, like Medicaid personal care providers, who cannot afford the tax penalty for their low-income workers when they are unable to offer employer-sponsored insurance. A 2013 study from a national tax-prep company shows Wisconsin employers will face up to \$36 million in higher tax penalties under health care reform if Wisconsin doesn't expand its Medicaid program.<sup>2</sup>

Ultimately, universal access for people with disabilities to basic health care can promote independence and allow people to maintain employment. This allows people to contribute to the economy, while making better use of public funds and decreasing pressure on the local property tax levy which currently funds many necessary mental health services.

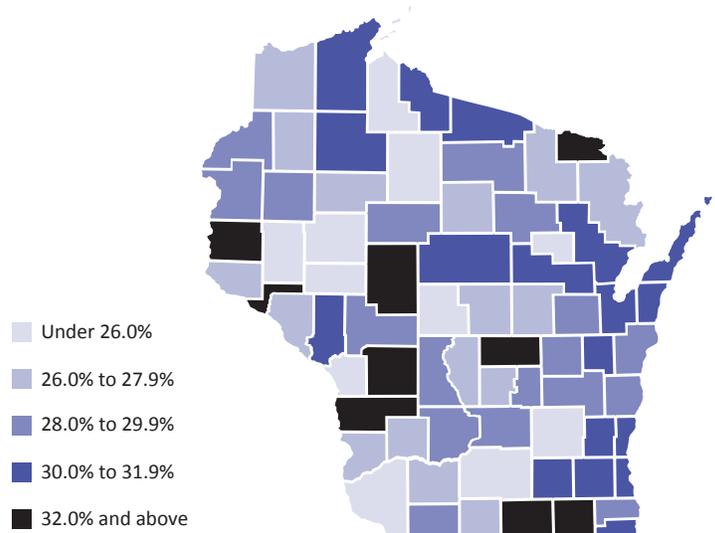
<sup>2</sup> Jackson Hewitt Tax Service Report, 2013

## REDUCING the NUMBER of UNINSURED PEOPLE in WISCONSIN



If Wisconsin expands Medicaid to 133% FPL, **123,000 more people** would be insured.<sup>3</sup>

### Percent of Non-Elderly Adults Under 138% of Poverty Who Are Uninsured, 2010



<sup>3</sup> Urban Institute projects 123,000 more people insured if Wisconsin expands Medicaid to 133% FPL. At least one-quarter of uninsured are estimated to have disabling conditions.

Map courtesy of Wisconsin Council on Children and Families

## RECOMMENDATIONS

- Maintain current eligibility standards and services provided by Medicaid, instead of lowering BadgerCare eligibility to 100% FPL.
- Make sure Wisconsin gets its fair share of federal funds, like other states, and free up state tax dollars for education and other priorities.
- Expand Wisconsin Medicaid to cover adults with incomes below 133% FPL.
- Actively enroll individuals with mental illness or substance abuse and other chronic conditions who are currently untreated. This will reduce costs for everyone.