

The Costs of Governor Walker's Proposed Medicaid Changes

The Walker administration is seeking federal approval to make sweeping changes to BadgerCare, Wisconsin's Medicaid program. What will those changes mean for Wisconsin?

Increase in the Number of Uninsured

A proposal to charge premiums for almost all childless adults participating in BadgerCare will likely cause low-income participants to lose their coverage. With little income and often no access to checking accounts or credit cards, many of these adults are likely to become uninsured and rely on emergency rooms, costing us all more in the long run.



Make Our State Less Healthy

Increasing the number of uninsured people in our state will leave many without the health care they need. In addition, the proposal to cut care off after 48 months will likely cut care for some of the people who need Medicaid the most—adults with chronic conditions.



Prevent Wisconsin's Workforce from Growing

With more people uninsured, Wisconsin's workforce would be less healthy. In addition, state funds that could be used to expand Wisconsin's workforce by removing barriers to work will be wasted.



Proposed Medicaid Changes

Changes

Implications

Monthly Premiums

BadgerCare members will be charged monthly premiums

- Based on household income and ranging from \$1-\$10
- BadgerCare members with incomes below 20% of the federal poverty line will be exempt
- Failure to pay premiums within a certain period can result in ineligibility, for up to six month, with re-enrollment allowed upon payment of outstanding premiums.
- After six-month period of ineligibility members can enroll again even if they have unpaid premiums.

BadgerCare Members: Even small premium requirements can cause sharp drops in Medicaid participation, especially for people below the poverty level. Many individuals who do not have access to bank accounts or credit cards will struggle to pay monthly premiums.

Bottom Line: Likely to cause many people to lose coverage, and very difficult to administer.

Time Limits on Medicaid Eligibility

BadgerCare members will be subject to a 48 month cumulative eligibility limit

- Will not count the time that a BadgerCare member is working or participating in a job training program if the time spent is at least 80 hours a month
- Individuals with mental illness, disabilities, and full-time students are exempt (same as FSET)
- Members over 49 years of age are exempt

BadgerCare Members: Patients with chronic conditions, including substance abuse disorders, would be negatively impacted by the limit.

Bottom Line: This would deny BadgerCare coverage to some of the people who need it the most.

Substance Abuse Tests and Treatment

Requires individuals to take a drug screening assessment, and if the screening is positive requires a drug test

- Failure to complete the drug screening assessment or drug test results in ineligibility for BadgerCare
- Individuals testing positive will be referred to a treatment program
- Individuals refusing treatment will be ineligible for BadgerCare benefits for six months

BadgerCare Members: Increased stigma around BC+ benefits, resulting in unwillingness to enroll and ultimately receive treatment. Longer waiting lists for treatment services.

Bottom Line: This would reduce access to BadgerCare for people who sorely need those services. It would result in costly expenditures for screening at a time when WI already has waiting lists for treatment, which is where the state needs to invest its scarce resources.

Healthy Behavior Incentives

Premium reductions for BadgerCare members engaging in “healthy behaviors”, standard premiums for those not, and copays for those utilizing ERs for treatment

- No premium reduction for members engaging in behaviors deemed as a “health risk”
- Up to 50% in premium reductions for members engaging in healthy behaviors
- \$8 copay for members utilizing the ER for their first visit, and \$25 copay for subsequent visits over a 12-month period

BadgerCare Members: Research is mixed on whether these health behavior programs improve health, and the few studies that have evaluated the effectiveness of these incentives in the Medicaid program have found the participants are more likely to participate in short-term or one-time activities with immediate pay out of incentives vs permanent changes to lifestyle.¹

Bottom Line: Administratively cumbersome for the state. Because the incentives are likely to be too small to change behavior, it’s unlikely that the additional administrative spending would be cost effective.

Health Risk Assessment (HRA)

Implementation of a questionnaire to assess healthy behavior and health risks

- While eligibility for BadgerCare will not be conditional on the completion of an HRA, eligibility for premium reductions will be contingent on its completion.

BadgerCare Members: This will complicate BadgerCare for participants and far more so for program administrators.

Bottom Line: Completing the assessment is worthwhile, but using sanctions to accomplish this adds to program complexity and costs, and has not worked in states that have tried it.

¹ Medicaid and CHIP Payment and Access Commission, “The Use of Healthy Behavior Incentives in Medicaid.” August 2016.