

Health Care for Kids: How Wisconsin Lost and Could Regain Its National Prominence

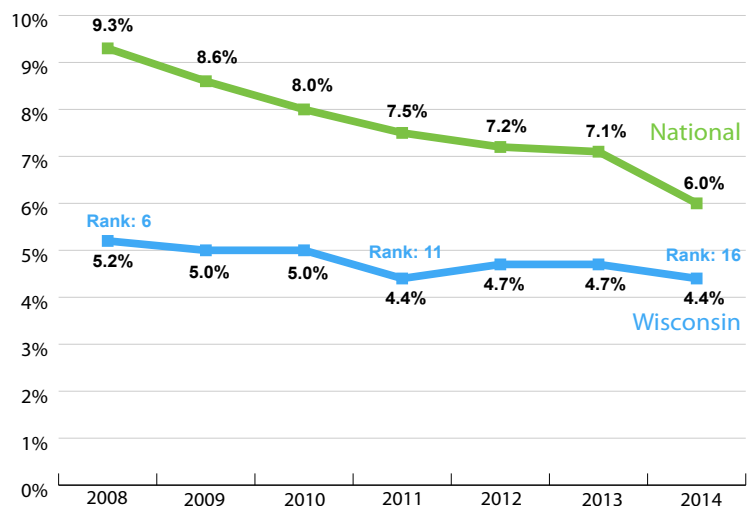
For most of the last 20 years, Wisconsin has been a national leader in the percentage of children with health insurance. Unfortunately, that leadership has slipped in recent years, and Wisconsin is no longer among the best states when it comes to ensuring that children have access to quality, cost-effective health care. Wisconsin went from sixth best in the percentage of children with health insurance in 2008 to 16th in 2014.

This report examines why Wisconsin is no longer near the top in the health insurance coverage rate for children, and it outlines a few ways that our state can substantially improve access to insurance for low-income children and thereby help improve their health and long-term success.

The most recent Census Bureau data from the American Community Survey (ACS) shows that there were about 58,000 uninsured children in Wisconsin in 2014, which was 4.4 percent of our state's kids. That's not bad, but the bar graph on page 3 helps illustrate that we could be doing much better.

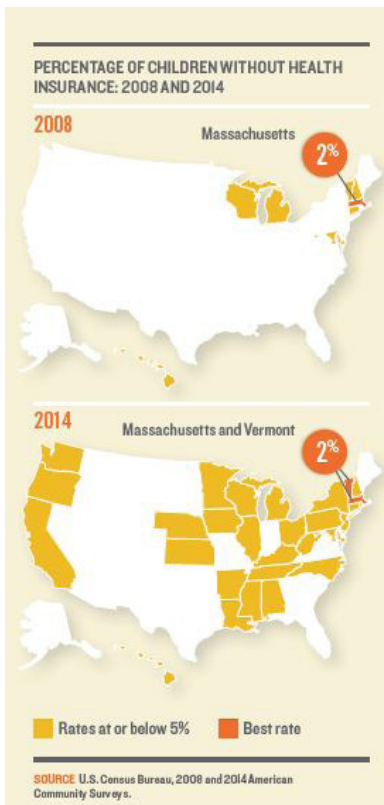
National Rate of Uninsured Children Declines Significantly Compared to Wisconsin

Rate of uninsured children ages 0 to 18, 2008 to 2014



Source: 2014 ACS

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A pair of maps produced by the Annie E. Casey Foundation

provide another vivid illustration of how other states have been catching up to Wisconsin's relatively high rate of insurance coverage for children, and in some cases surpassing that rate.

The first map shows that in 2008 Wisconsin was one of only seven states where less than 5 percent of children were uninsured. The second map shows that in 2014 there were 29 states where less than 5 percent of children were uninsured.

The average uninsured rate among our four neighbors is 3.5%. The difference between Wisconsin's 4.4 percent rate and that of our neighbors may not sound like much, but consider the following:

- If Wisconsin achieved the average uninsured rate for kids of our four neighbors (3.5%), we would have about 11,800 fewer uninsured children, which is a 20.5 percent reduction in the number of uninsured children.
- If we reached the 3.2 percent rate achieved by Iowa, Wisconsin would have about 15,800 fewer uninsured children.

MEDICAID/CHIP PARTICIPATION RATES

In Wisconsin, as in other states, a large percentage of uninsured children are eligible for Medicaid or the closely related Children’s Health Insurance Program (CHIP). That was the case 20 years ago, and it’s still the case.

An important reason why Wisconsin had been a leader in providing access to health insurance and health care for kids is that our state enrolled a very high percentage of the children who were eligible for BadgerCare or Medicaid. (The BadgerCare program is financed with a combination of funds from Medicaid and the Children’s Health Insurance Program – CHIP.)

The line graph compares the Medicaid/CHIP participation rate in Wisconsin with the percentage of eligible children enrolled in Medicaid or CHIP in other states. As it shows, Wisconsin was well above the national average for many years in the percent of eligible children who are enrolled in either Medicaid or CHIP. However, as other states improved in recent years and Wisconsin did not, it fell below the 50-state average in 2014.

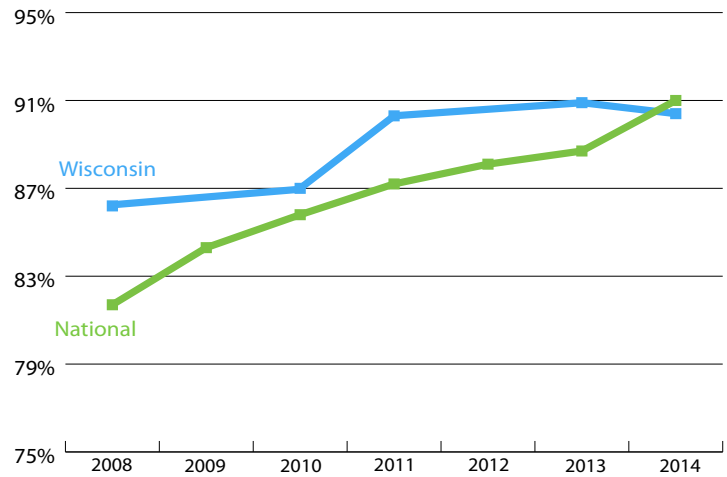
The change in Wisconsin’s Medicaid/CHIP participation rate relative to other states was especially pronounced from 2013 to 2014. That’s when many other states were expanding Medicaid eligibility for parents and childless adults, but Wisconsin cut the income eligibility limit for parents in half – from 200 percent of the federal poverty level (FPL) to 100 percent of FPL.

The bar graph compares the change in Wisconsin from 2013 to 2014 with the change in five states in the upper Midwest that expanded Medicaid coverage for adults in 2014. As it shows, the Medicaid/CHIP participation rate for children in Minnesota and Iowa had been well below the Wisconsin rate, but they leapfrogged ahead of Wisconsin in 2014, when they expanded Medicaid coverage of parents, and Wisconsin significantly reduced it. The connection between coverage of parents and the participation rate for children is explained in the next section.

The data in these graphs come from the Urban Institute’s analysis of the 2014 American Community Survey (ACS). Despite the large size of that survey, the children’s coverage estimates have a fairly large margin of error in most states, and the change in Wisconsin from 2013 to 2014 was not statistically significant. For that reason and others, we are anxiously awaiting the 2015 ACS data, which should help clarify the insurance coverage trends in our state.

As National Medicaid/CHIP Participation Rate Grows, Wisconsin’s Progress Stalls

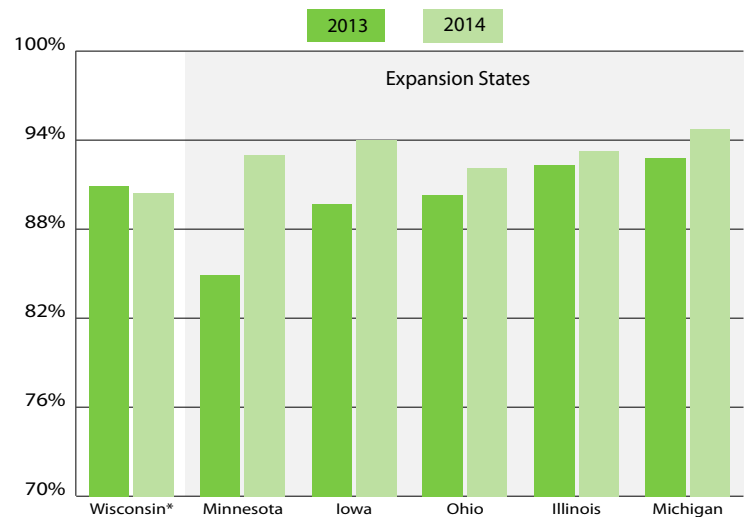
Medicaid and CHIP participation rates of eligible children ages 0 to 18, 2008 to 2014



*2009 and 2012 data not available for WI.
2010 and 2014 WI rate not significantly different from national value
Source: Urban Institute tabulations of 2008-2014 ACS data from IPUMS
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Wisconsin’s Neighbors Who Expanded Medicaid Exceed Wisconsin’s 2014 Medicaid/CHIP Participation Rate for Kids

Medicaid and CHIP participation rates of eligible children Ages 0 to 18, 2013 and 2014



*Change not significant
Source: Urban Institute tabulations of 2013 and 2014 ACS data from IPUMS
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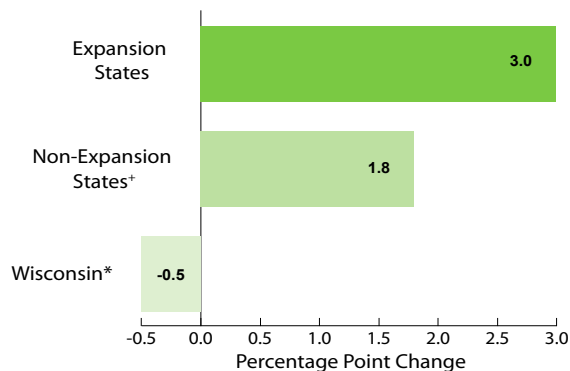
THE “WELCOME MAT” EFFECT

A key factor in Wisconsin’s higher Medicaid/CHIP participation rate in past years was a decision made by Governor Tommy Thompson in 1997. At a time when legislators were pushing to increase eligibility for children, using the new CHIP funding approved that year by Congress, Thompson argued that welfare reform would be more effective and participation of eligible kids would be higher if the state approved a new program, called BadgerCare, covering parents and children up to 185 percent of the federal poverty level (FPL).

Thompson argued that parents who get BadgerCare coverage would be more likely to enroll their children. That was a new theory at the time, but has subsequently been well documented in Wisconsin and other states.

Coverage of Children Improves in States that Expanded Medicaid for Parents, and Declines in State that Cut Parent Eligibility

Percentage point change in Medicaid and CHIP participation rates of eligible children ages 0 to 18, 2013 and 2014



*Includes Wisconsin

*Change not significant

Source: Urban Institute tabulations of 2013 and 2014 ACS data from IPUMS

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Our state and many other states have found that when they expand eligibility for Medicaid they get a jump in enrollment that isn’t just from newly eligible people; it also stems from increased participation among people who had already been eligible but not enrolled. This phenomenon, which is sometimes referred to as the “welcome mat effect,” seems to result from a couple of factors. First, as newly eligible parents sign up for coverage, they are more likely to sign up their uninsured children. Second, expansions in coverage often increase awareness of the existing eligibility categories and provide a boost to enrollment among already-eligible people.

The “welcome mat effect” is illustrated in both of the bar graphs, which show how the percentage of eligible children who participate

in Medicaid and CHIP increased the most in 2014 in states that have expanded eligibility for adults. Getting more parents into Medicaid increased the participation of already-eligible children. The Urban Institute’s analysis of ACS data show that “the 10 states with the largest participation gains in 2014 all expanded Medicaid that year.”¹

Although the largest increase in the percentage of eligible kids who enroll in Medicaid or CHIP was in the expansion states, it’s worth noting that there was also a significant increase (1.8 percentage points) in the average participation rate in non-expansion states. That can be attributed to many aspects of the Affordable Care Act (ACA), including the creation of the new insurance Marketplace, having a new online system for applying for insurance, the individual mandate, and all the outreach and publicity around the ACA. Those factors have helped reduce the uninsured rate by increasing Medicaid and CHIP participation among already eligible children.

In Wisconsin, on the other hand, the Medicaid/CHIP participation rate for children decreased – notwithstanding the many aspects of the ACA that increased participation in other states. The most likely explanation for that is that Wisconsin decreased eligibility for parents. As almost all the other states were increasing or maintaining the Medicaid income limits for parents, Wisconsin cut the BadgerCare income limit for parents in half in 2014, and roughly 60,000 parents lost their BadgerCare coverage. It appears that some of those parents did not renew the BadgerCare coverage for their children, which was essentially the reverse of the welcome mat effect that occurred in many other states. Although the sharp cut in BadgerCare eligibility for parents did not take effect until 2014, notices of the change were sent to families in September 2013. From that month until the end of 2014, the number of children enrolled

1 Kenney, GM, Haley, J, Pan, C, Lynch, V, and Buettgens M. “Children’s Coverage Climb Continues: Uninsurance and Medicaid/CHIP Eligibility and Participation Under the ACA.” Urban Institute. May 2016. http://www.urban.org/research/publication/childrens-coverage-climb-continues-uninsurance-and-medicaid-chip-eligibility-and-participation-under-aca/view/full_report

in BadgerCare (or Transitional Medicaid) fell by about 15,500, a drop of 3.3 percent at a time when the ACA was increasing Medicaid/CHIP participation among eligible children in other states. Looking more closely at what happened during that 15-month period, we found that the number of children in BadgerCare with family incomes below the poverty level increased by 9,370, while the number in families above the poverty level dropped by more than 24,900.

Those figures reinforce the conclusion that the elimination of BadgerCare coverage for parents over the poverty level resulted in a significant reduction in BadgerCare participation of their children. Fortunately, BadgerCare participation among children has partially recovered since 2014. The May 2016 total of children in BadgerCare and Transitional Medicaid was 11,163 below the total in September 2013, a decline of 2.4 percent.

REMOVING BARRIERS TO PARTICIPATION

Another important factor in improving Medicaid participation is the removal of barriers to enrollment and to renewal of coverage. Wisconsin took some strides in that area when it implemented BadgerCare Plus in 2008, but has not continued to improve.

The ACA gave states some new tools for improving the enrollment and renewal processes. Many states have been taking advantage of those, but Wisconsin has not. Our state could improve the BadgerCare participation rate and resume progress in cutting the number of uninsured children by implementing the following changes:

- Fully implement the ACA requirement to process Medicaid and CHIP renewals “ex-parte” (i.e., without requiring proactive involvement of the enrollee) by using reliable electronic data matching to re-determine eligibility. (This has been adopted by about 34 states.)
- Apply a “reasonable compatibility” standard for BadgerCare when income self-attestation is below but data pulled from electronic data sources is above the income limit (adopted by 33 states).
- Improve coordination of BadgerCare and FoodShare (SNAP) eligibility and data systems to take advantage of the option to:
 - use FoodShare data to facilitate Medicaid enrollment (adopted by 5 states for Medicaid), or
 - use FoodShare data through the Express Lane Eligibility option to enroll (adopted by 8 states) and renew Medicaid eligibility (7 states) for children.
- Reduce churning of kids on and off BadgerCare by providing 12-month continuous eligibility, which would allow children to remain enrolled for a full year regardless of changes in circumstances (adopted by 24 states for Medicaid and 26 states for CHIP).

LOOKING AHEAD TO THE 2015 DATA

The Medicaid/CHIP participation figures in this report come from an Urban Institute analysis of data from the Census Bureau’s 2014 American Community Survey (ACS). Comparable data for 2015 will be released by the Census Bureau in mid-September.

Even though the BadgerCare participation rate among eligible Wisconsin children appears to have dropped in 2014, there was a sharp drop in the number of uninsured adults – stemming from the new health insurance Marketplace and the expansion of BadgerCare coverage for childless adults. Some preliminary survey results from 2015 suggest that there was another significant drop in uninsured adults in Wisconsin in 2015. However, we do not have any survey data yet on changes in coverage of Wisconsin children last year.

We are looking forward to seeing the 2015 data on coverage of children for a couple of reasons. First, data specifically for children represents a smaller sample size, so there is a higher margin of error. Having an additional year of data about how coverage of children has changed since 2013 will provide a clearer and more reliable picture of the trend line.

In addition, 2014 was a year of transition, and the changes in coverage that began to be implemented in April are not fully reflected in the average results from surveys conducted during every month of the year. There was also some confusion about the BadgerCare changes that might have reduced the participation rate among eligible children. For those reasons, we think the 2015 Census Bureau data might show a higher BadgerCare participation rate, and the results should be a better reflection of the changes in coverage for Wisconsin kids during ACA implementation.

CONCLUSION

Wisconsin is no longer the leader it once was in getting children insured. Our analysis of Census Bureau data from 2014 shows there would have been about 11,800 fewer uninsured children in Wisconsin if our state achieved the average uninsured rate for kids in the four neighboring states (3.5 percent).

A key reason why other states have been climbing ahead of Wisconsin is that in the last couple of years they have been doing a better job of increasing the percentage of Medicaid-eligible children who are actually participating. In 2014 Wisconsin dropped slightly below the national average in the percentage of eligible kids who are participating in Medicaid or CHIP.

Wisconsin policymakers, health care providers and advocates need to rededicate themselves to making Wisconsin once again a national leader in ensuring that children have access to quality, affordable health insurance. A great place to start would be to tap the tools that many other states utilize to make enrollment and renewal processes more efficient and less burdensome for families.

Another way to increase the percentage of BadgerCare-eligible children who are enrolled is to expand eligibility for adults – thereby undoing part of the cut in parent eligibility made in 2014. The effectiveness of covering parents as a strategy for improving kids' participation was demonstrated almost twenty years ago when Governor Thompson and the legislature created BadgerCare. By heeding that lesson, state lawmakers could significantly improve access to affordable health care for Wisconsin children.