



WISCONSIN COUNCIL ON

**children
& families**

Raising Voices to Make Every Kid Count

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Providing Health Coverage for All Kids in Wisconsin: The BadgerCare Plus Proposal

Wisconsin has always been a national leader in providing innovative health care solutions for our children and families. Continuing that leadership and taking the final step to offer health care coverage for every child in the state is something we can achieve.

Wisconsin enjoys a relatively high rate of health insurance coverage, though in 2005 there were still about 110,000 children in our state who were uninsured for at least part of the year. That's a group of children larger than the entire population of Green Bay. The significant and growing number of uninsured children not only causes severe hardships for the families that have to go without needed health care, but it's also a significant problem for the quality and cost-effectiveness of our health care system. However, among all the health care challenges facing our state, this is one of the easiest to resolve.

A plan proposed by Governor Doyle, known as BadgerCare Plus, will make health insurance available to virtually all children in our state, with little or no increase in state funding. Health insurance for children costs just \$63 per month per child and is one of the most cost effective investments we can make in our health care system. Increasing access to preventative care saves money by avoiding more expensive treatments, and it also improves children's success in school. By adopting the Governor's plan, Wisconsin can join Illinois, Massachusetts and Pennsylvania in covering all kids.

The BadgerCare Plus plan, which is part of the Governor's budget bill (SB 40), would expand eligibility to health insurance to the following groups, starting in 2008:

- All children whose coverage is eligible for federal cost-sharing (which excludes undocumented immigrants);

- Pregnant women between 185 and 300 percent of the poverty level;
- Farm families and other self-employed parents with incomes up to 200 percent of poverty (many of whom are currently excluded because BadgerCare and Medicaid use a less generous definition of income than is used for tax purposes);
- Youths who have to leave the foster care system when they turn age 18; and
- Parents with children in foster care and caretaker relatives with income less than 200 percent of poverty.

In 2009 BadgerCare Plus would begin a Medicaid expansion to cover childless adults below 200 percent of poverty. That group is currently ineligible, regardless of income.

The proposal also contains other improvements that would help reach the large number of uninsured families who already meet eligibility standards but are deterred from BadgerCare participation by red tape or premiums. These enhancements include:

- Replacing the current employer verification requirements with a less burdensome process for verifying income and health insurance status;
- Streamlining the enrollment process for children (by adopting presumptive eligibility for kids below 150 percent of poverty); and
- Revisions to the current premiums in order to lower costs for families if the coverage is only for the children.

The Department of Health and Family Services (DHFS) anticipates that BadgerCare Plus would yield net biennial savings of about \$17.4 million in total funding. Those savings would result primarily from increasing the use of managed

care and to a lesser extent from reducing administrative costs by consolidating and streamlining the different categories of family coverage.

The department proposes reinvesting those savings in a number of ways to improve access to health care. The largest chunk of the reinvested funding, \$8.8 million, would be used for initiatives to improve access to dental care. Some of the other ways in which the anticipated savings would be reinvested include \$3.5 million to promote healthy living behaviors and \$2 million for HMO expansion incentives. Increased use of HMOs reduces program costs and is a critical part of the plan to make BadgerCare Plus cost-neutral.

The changes made to consolidate programs and create a more efficient process for determining eligibility will have some tradeoffs. Adjustments in how family income is defined will simplify the program but will exclude a small number of parents. But on balance, BadgerCare Plus will benefit tens of thousands of children and many parents in our state, and will generate savings that will make the plan a very affordable and

cost effective step forward for Wisconsin's health care system.

Conclusion

The Governor's BadgerCare Plus plan makes a number of important changes that improve access to health care. In addition to expanding eligibility – particularly for children and childless adults – it will reduce barriers to enrollment for thousands of currently eligible children and parents.

If approved by the legislature, the plan would go a long way toward reducing the number of uninsured people in Wisconsin; but it does so in a way that DHFS expects to have no net cost. However, even if the plan does not prove to be cost-neutral, the price tag should be modest and it will be a great investment. Ensuring that children get timely preventive care reduces long-term spending and prevents cost shifting in the health care system.

It is time for Wisconsin to follow in the steps of state like Illinois and Pennsylvania in making health insurance accessible for all the state's children.