State of Wisconsin
Department of Health and Family Services

Jim Doyle, Governor
Kevin R. Hayden, Secretary

February 27, 2008

TO:	Senate Committee on Health, Human Services, Insurance and Job Creation
FROM:	Jim Johnston, Director of the Bureau of Fiscal Management, DHFS Division of Health Care Access and Accountability
RE:	Senate Bill 518

Good afternoon Senator Erpenbach and committee members. I'm Jim Johnston, director of the Bureau of Fiscal Management in the Division of Health Care Access and Accountability at the Department of Health and Family Services.

Thank you for the opportunity to testify in favor of SB 518, which makes a number of clarifications to improve the operation of the BadgerCare Plus expansion. Thank you also to Senator Erpenbach for introducing this bill at the Department's request.

In completing the implementation plan for BadgerCare Plus, the department identified some changes necessary to clarify statutes related to the program's operation and to bring state law into compliance with the federal approvals DHFS received for the program. CMS gave authority for the expansion through State Plan Amendments to the State's existing agreements with the federal Centers for Medicare and Medicaid Services (CMS) for Medicaid and for the State Child Health Insurance Program (SCHIP).

When the Governor introduced his 2007-09 biennial budget, neither he nor the Legislature could have foreseen the need for these changes. The statutory changes became evident through the process to get federal approval and through the Department's own implementation process.

These changes fall roughly into the following categories: clarification in eligibility for pregnant women, interactions with child support or child welfare and CMS-required changes.

The first three points clarify how BadgerCare Plus will coordinate and provide coverage for pregnant women including:

- Clarifies that a pregnant woman with presumptive eligibility whose income is not greater than 200 percent of the federal poverty level will receive prenatal care services under the Standard Plan. For a pregnant woman with presumptive eligibility whose income is greater than 200 percent but not greater than 300 percent of the FPL, prenatal care services will be provided under the Benchmark Plan.

- Clarifies that backdating of eligibility for pregnant women is not limited to those with incomes below 150 percent of the FPL.

- Clarifies that unborn children may not become eligible for BadgerCare Plus through meeting a spend-down policy, where medical expenses are used to reduce the child's income to the program limit. This change is made to comply with eligibility rules for unborn children under the SCHIP, which does not have a spend-down policy.

Some of the changes clarify how BadgerCare Plus will coordinate with child support and/or child welfare including:

- Clarifies that DHFS will deduct a child support obligation up to the amount of the individual's income. The Department is not limiting the deduction to actual payments. Such a policy simplifies program administration and is consistent with our approved Medicaid State Plan.

- Clarifies that a parent or caretaker relative of a child may be eligible for BC+ if the child is absent from the home but the parent or caretaker relative is complying with a permanency plan prepared under the juvenile justice code provisions of the statutes, as well as under the children's code provisions of the statutes.

- Clarifies that eligibility for children through a deductible is limited to children whose family income is more than 150 percent of FPL and who are ineligible for BC+ solely because of access or coverage to an employer's health insurance plan.

Some of the changes needed to conform to state law or to synch state law to the federal approvals we have received:

- Clarifies that nonpayment of BC+ premiums will not affect the eligibility of families with incomes below 150 of the FPL, who would not otherwise be responsible for a premium.

- Limits transitional assistance to 12 months because CMS only permits 12 months of transitional benefits for persons who lose eligibility for their current Family Medicaid benefits, instead of the 18 months that we originally requested.

- Grants Medicaid extensions because CMS told the Department that Medical Assistance Eligibility extensions must be granted under BadgerCare Plus. These are extensions of Medicaid coverage for persons and families whose Medicaid would have ended because of excess earnings or child support payments. Under the program, the extensions will apply to recipients when family incomes exceed 100 of the FPL due to increases in earnings, child or family support.

- Clarifies that BadgerCare Plus implementation could proceed upon federal approval through state plan amendments and possibly some waivers, but that we did not require an approved waiver for every provision of the program. Through the federal approval process, CMS informed DHFS that it did not need to approve every provision through a state plan amendment.

BadgerCare Plus background

BadgerCare Plus provides access to affordable, comprehensive health care coverage for all children in Wisconsin and their parents. BadgerCare Plus is a single health care safety net that merged Family Medicaid, BadgerCare (SCHIP), and Healthy Start and significantly expanded the Health Insurance Premium Payment (HIPP) program to increase effective use of employer-sponsored insurance. In addition, BadgerCare Plus dramatically simplified the eligibility determination process by eliminating needless complexity that created barriers to enrollment, increased administrative costs and limited access to services. In short, BadgerCare Plus is the most sweeping reform of the low-income portion of Medicaid in Wisconsin since its inception in

1967. BadgerCare Plus is simple to understand, simple to enroll in, and simple to administer. It promotes and supports healthy living for low-income children, families, and pregnant women.

BadgerCare Plus has two benefit plans for different coverage groups. All children; parents and caretaker relatives; youths aging out of foster care; and pregnant women with incomes up to 200 percent of the FPL are enrolled in the Standard Plan. The Standard Plan mirrors the Medicaid benefit that Wisconsin has offered in the past. The Standard Plan covers all mandatory and optional health care services for which federal matching funds are available. Covered services include: prescription drugs; physician services; inpatient and outpatient hospital services; intermediate care facility services; laboratory and x-ray services; medical supplies and equipment; dental and vision services; Early, Periodic, Screening, Diagnosis, and Treatment services; Mental Health and Alcohol and Other Drug Abuse (MHAODA) services; day treatment services; nursing services; personal care services; physical, occupational, and speech therapy; and transportation to obtain medical care.

Children and pregnant women with incomes above 200 percent of the FPL and self-employed parents with incomes under 200 percent of the FPL (as a result of the depreciation test) are enrolled in the Benchmark Plan. The Benchmark Plan covers prescription drugs, physician services, inpatient and outpatient hospital services, laboratory and x-ray services, early childhood development services, dental services, limited therapies, and limited mental health/alcohol and drug addiction services. The Benchmark Plan is adapted from the largest commercial, low-cost health care plan available in Wisconsin which is provided by United Healthcare. The Benchmark Plan is available to children and pregnant women with incomes above 200 percent of the FPL. Certain farmers and other self-employed parents are also enrolled in the Benchmark Plan. The Benchmark Plan includes: prescription drugs, early childhood development services, dental services, and mental health/alcohol and drug addition services. In addition, the plan includes two preventive benefits targeted to pregnant women including smoking cessation and mental health and substance abuse counseling.

Thank you again for the opportunity to testify in favor of SB 518, and thank you again to the Senator Erpenbach for authoring it. I am available to answer any questions you may have about the bill.