



DATE: April 11, 2013  
 TO: Members of the State Legislature  
 SUBJECT: Health Care Coverage in Wisconsin

The Supreme Court's ruling on the Affordable Care Act (ACA) reserves important decisions for state governors and legislators. As some of Wisconsin's largest and most respected health care, physician, nurse and business organizations, we urge you to use this opportunity to transform Wisconsin's Medicaid program, leveraging the flexibility to preserve our health care safety net and improve access to affordable coverage while saving Wisconsin taxpayers' money.

Wisconsin's health systems, hospitals, community health centers and physician practices are national leaders in access, coverage, quality and value. We are your partner, working with you to make our state attractive to employers looking to relocate or grow. High quality health care is an asset that attracts good employers. Efforts to preserve this asset must be paramount during the budget deliberations.

Coverage Expansion

Governor Walker's budget bill (AB 40) includes several very positive health care initiatives, including new funding for Medicaid, medical education, cancer research and behavioral health. We applaud these initiatives, and today urge you to build on and improve them by maintaining existing coverage in Medicaid for some of our lowest income childless adults, parents and caretakers.

For more than a decade, with bipartisan support and long before the ACA, Wisconsin sought waivers from the federal government to expand Medicaid coverage to parents and caretakers (BadgerCare Plus) and childless adults (BadgerCare Core) with incomes up to up to \$22,900 per year (200% of the federal poverty level/FPL). The Governor's budget includes several modifications to Medicaid, generally reducing eligibility to 100% FPL or \$11,500 per year. With these changes, the cap on Medicaid coverage for childless adults, set in 2009, would be lifted for those earning less than 100% FPL. Childless adults, parents and caretakers with incomes above \$11,500 per year would no longer be eligible for Medicaid.

We urge you to build on and improve the Governor's budget proposal by setting Medicaid coverage levels at 133% FPL or \$15,300 per year for low income childless adults, parents and caretakers. This change would still represent a reduction in the Medicaid eligibility levels compared to current law, but will help ensure that our lowest income residents, those without affordable insurance options, retain access to coverage and do not exacerbate growing uncompensated care levels or the "hidden tax" of cost shifting.

According to a February 15, 2013 memo from the Legislative Fiscal Bureau, this approach would also yield significant savings to the state, totaling over \$100 million GPR in the 2013-15 biennium and nearly \$550 million GPR through 2020. Wisconsin is in the favorably unique position of being able to leverage additional federal dollars without "expanding" Medicaid eligibility levels as other states would be required to do. This measured approach reduces both tax dollars devoted to Medicaid and maintains health coverage for Wisconsin's lowest income adults.

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MINISTRY HEALTH CARE



Coverage for Low Income Adults in the Exchange

We applaud the recent clarification that under AB 40 roughly 19,000 pregnant women currently covered by Medicaid will retain coverage. However, we remain concerned about the estimated 100,000 adults currently covered under Medicaid who will lose eligibility on January 1, 2014. This group, with incomes between 100% FPL and 200% FPL, is intended to transition to subsidized private coverage through an insurance exchange in January, but many details remain unknown and the timing and viability of exchanges is uncertain. We believe any transition of Medicaid enrollees into the exchange should occur only after a Wisconsin exchange is demonstrated to be properly functioning and able to serve this low income population.

It is equally critical that individuals losing Medicaid coverage have access to an insurance plan and have the means to maintain that coverage. Monthly premiums for this population will range from \$19/month to \$121/month and they will face steep out-of-pocket costs of up to \$2000 per year for an individual or \$4000 per year for a family. These out-of-pocket costs could equate to as much as 20% of total income and could cause this vulnerable group to fall out of coverage and into the ranks of the uninsured. This will increase uncompensated care and worsen cost shifting.

As we look to the near future, amidst unprecedented uncertainty surrounding health care coverage and financing, it is essential to ensure stability while pursuing gradual and sound reform. We believe the best route to achieving this goal is to maintain Medicaid eligibility for certain adults with incomes below \$15,300/yr (133% FPL) while proceeding extremely cautiously in transitioning the remaining Medicaid population onto the exchange.

These are difficult times and challenging decisions. We appreciate your service to Wisconsin and look forward to working with you and Governor Walker to build upon and improve AB 40 and keep Wisconsin health care the best in the nation.

