



Legislative Fiscal Bureau

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April 8, 2013

TO: Senator Jennifer Shilling
Room 20 South, State Capitol

FROM: Eric Peck, Fiscal Analyst

SUBJECT: State Medicaid Expansion Question

This memorandum responds to your question about whether the state could expand coverage of nonpregnant, nondisabled adults without dependent children in families with incomes up to 133% of the federal poverty level (FPL) under the BadgerCare Plus program, qualify for enhanced federal matching funds to support costs of services to these newly eligible adults as provided under the federal Patient Protection and Affordable Care Act (ACA), then later decide to discontinue coverage for this group of adults.

As originally enacted, the ACA required states to provide medical assistance (MA) to virtually all non-elderly adults with family incomes up to 133% of the FPL. Following the U.S. Supreme Court's decision in *National Federation of Independent Business v. Sebelius*, the ACA's MA expansion became optional for states. States that choose to implement the expansion are eligible for the higher federal matching rates the ACA provides for benefit costs associated with individuals deemed "newly eligible" for MA under such an expansion. Those enhanced federal matching rates are as follows: 100% in calendar years 2014, 2015, and 2016; 95% in 2017; 94% in 2018; 93% in 2019; and 90% in 2020 and thereafter. The federal Department of Health and Human Services (DHHS) has indicated that these enhanced federal matching rates are only available to states that implement a full ACA expansion (an expansion to newly eligible individuals with incomes up to 133% of the FPL).

In a document dated December 10, 2012, the federal Centers for Medicare and Medicaid Services (CMS) responded to a series of frequently asked questions regarding the ACA's health insurance exchanges, market reforms, and MA expansion. Question 25 in that December 10th document asked whether, if a state accepts the [ACA Medicaid] expansion, the state could later drop out of the expansion program. CMS responded to that question as follows: "Yes. A state may choose whether and when to expand, and, if a state covers the expansion group, it may decide later to drop the coverage."

I hope this information is helpful.

EP/sas