

Fiscal Estimate Narratives

DHS 2/16/2012

LRB Number	11-3673/1	Introduction Number	AB-0474	Estimate Type	Original
Description Changing the deadline for approval of a certain federal law waiver request affecting the Medical Assistance program					

Assumptions Used in Arriving at Fiscal Estimate

The Federal PPACA (Patient Protection and Affordable Care Act) requires states to maintain Medical Assistance eligibility provisions that are equal to, or less restrictive than, those which were in place on March 23, 2010. This maintenance of effort is applicable to adults in the state Medicaid program until the state has an operational benefit exchange for adults (January 1, 2014) and until October 1, 2019, for children. PPACA provides an exception to the maintenance of effort requirement for adults above 133% of the federal poverty level (FPL) if a state demonstrates that its state budget will be in deficit. The 2011-13 biennial budget, Wisconsin Act 32, required the Department to request a waiver from the federal Centers for Medicaid and Medicare Services (CMS) in order to implement eligibility requirements which are more restrictive than those in place on March 23, 2010. If the waiver was not approved by December 31, 2011, the provisions of Act 32 require the Department to reduce BadgerCare Plus income eligibility levels on July 1, 2012 to adults with income at or below 133% of the FPL, unless the individual is a pregnant or disabled.

The Department of Health Services submitted a waiver of several provisions of the federal law, including the maintenance of effort requirement, to CMS on November 10, 2011. The waiver would make changes to eligibility requirements, crowd out provisions, premiums and cost sharing; implement real-time eligibility; and establish new benchmark plans for select populations. On December 9, 2011, CMS sent a letter to DHS Secretary Smith indicating that while CMS would be unable to fully review the waiver prior to December 31, 2011, they are prepared to approve certain items in the Department's application related to non-disabled, non-pregnant adults:

- 1) Revise Wisconsin's BadgerCare Plus crowd out provisions for adults with income above 133% of FPL to exclude individuals with access to employer sponsored insurance which requires the family to pay premiums of 9.5% or less of household income
- 2) Increase premiums for adult family members to not more than 5% of family income in households with income greater than 150% of FPL
- 3) Institute a 12-month restrictive re-enrollment period for Medicaid eligibility in households with income over 133% of FPL if premium payments are not paid on time
- 4) Cease coverage for BadgerCare Plus participants with income over 133% of FPL 10 days after the individual is informed coverage will end

The Department has indicated that the December 9th letter constitutes approval of the waiver application for the purposes of Wisconsin Act 32. Therefore, the Act 32 provisions requiring disenrollment of adults with income above 133% of FPL will not be invoked. The Department will continue to discuss the approval of all waiver provisions with CMS. CMS has committed to providing the state with an expeditious review of the Department's full waiver proposal.

This bill would extend the timeline for CMS to grant waiver approval to March 1, 2012. Extending the timeline is unnecessary because of the approvals received from CMS on December 9.

Long-Range Fiscal Implications