

Fiscal Estimate Narratives

DHS 3/7/2014

LRB Number	13-2605/1	Introduction Number	AB-0365	Estimate Type	Original
Description Eliminating certain proposed changes to the Medical Assistance program and BadgerCare Plus that have not been approved by the federal government					

Assumptions Used in Arriving at Fiscal Estimate

This bill would repeal select provisions of the 2013 Wisconsin Act 20, the biennial budget act, which codified several Medicaid reform proposals initially passed in the 2011 Biennial budget. The provisions selected for repeal in this bill include language allowing the Department to institute Medicaid eligibility criteria that modifies current policies, including:

- 1) Health insurance access and crowd out provisions
- 2) Premiums
- 3) Re-enrollment after a period of non-payment of premiums
- 4) The inclusion of income for all members of a household when determining eligibility, except grandparents
- 5) Elimination of transitional medical assistance coverage
- 6) Elimination of retroactive eligibility for adults above 133% of FPL
- 7) Elimination of presumptive eligibility for children, if a real-time eligibility system is implemented

The bill would also repeal select Medicaid benefits provisions. These include:

- 8) An alternative benchmark plan for non-pregnant adults above 100% of the FPL
- 9) An alternative benchmark plan for the Birth to 3 program

Current law allows, but does not require, the Department to implement the provisions noted above following the receipt of any necessary Federal approvals for the change. The Department has not implemented many of these provisions at this time; the fiscal effect of most items is \$0. An exception is the proposed bill's requirement to continue transitional medical assistance coverage.

There are currently two Federal law provisions that require Medicaid eligibility to continue following an increase in income; the extension is termed transitional medical assistance. The first is Section 1925 of the Social Security Act, which provides a 12 month extension of Medicaid benefits for individuals with income below the AFDC standard (in Wisconsin, 100% of the Federal Poverty Level [FPL]) who exceed the standard as a result of earnings from work, regardless of the household's new income level. This provision of the law is currently scheduled to expire March 31, 2014, unless Congress renews it.

The second transitional medical assistance provision in Federal law is in Section 1931 of the Social Security Act. Section 1931 provides a four-month extension to families who were eligible for Medicaid with income below the AFDC standard and receive child support income or income from earnings that elevates their income above the AFDC standard. When the Affordable Care Act is implemented, child care income will not be used in the eligibility determination, and therefore the extension would solely apply to individuals with an increase in income from earnings.

Under current policy, non-disabled individuals may be charged a premium during the year-long transitional medical assistance eligibility period. This bill would disallow the premium policy. The estimated impact of this change is an additional 7,900 to 11,500 more adults who would participate in BadgerCare Plus per month at an approximate cost of \$253 per member per month, or \$24 million AF (\$9.6 million GPR) to \$34.9 million AF (\$14 million GPR) per year. In addition, program revenue could decrease by approximately \$6.6 million to \$9.6 million per year, assuming the average monthly premium payment is \$70 per member.

If the transitional medical assistance benefit under Section 1925 of the Social Security Act ends on March 31, 2014, families would still be eligible for a four month extension under Section 1931 of the Social Security Act. While federal law specifies a four month limit, AB 365 would extend transitional medical assistance benefit from a four month to a six month benefit. It is unclear whether the Department could receive federal matching funds under a waiver for the 5th and 6th month of the benefit. If Federal funding were not available, the cost of extending this benefit for two months would be \$798,800 GPR. If Federal funding were available, the cost for two additional months of benefits would be \$798,800 AF (\$333,350 GPR).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Eliminating certain proposed changes to the Medical Assistance program and BadgerCare Plus that have not been approved by the federal government			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	23,984,400		
TOTAL State Costs by Category	\$23,984,400		\$
B. State Costs by Source of Funds			
GPR	9,593,800		
FED	14,390,600		
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS (premiums)			-6,600,000
SEG/SEG-S			
TOTAL State Revenues	\$		\$-6,600,000
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$23,984,400		\$
NET CHANGE IN REVENUE	\$-6,600,000		\$
Agency/Prepared By		Authorized Signature	Date
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