

Fiscal Estimate Narratives

DHS 3/5/2014

LRB Number	13-2899/1	Introduction Number	AB-0651	Estimate Type	Original
Description Assisting counties to request to expand Medical Assistance eligibility					

Assumptions Used in Arriving at Fiscal Estimate

The 2013-15 biennial budget provides Medicaid eligibility for parents, caretakers, and childless adults up to 100% of the FPL at the standard FMAP of 39% federal funds. This bill would allow counties to communicate to the Department of Health Services that they wish to change state BadgerCare Plus eligibility policy for adults in their county from 100% of the federal poverty level (FPL) to 133% of the FPL. The Department would be required to submit a waiver to the federal Centers for Medicare and Medicaid Services (CMS) to allow the eligibility change and request the highest available federal medical assistance matching percentage (FMAP) for Medicaid services.

Medicaid eligibility rules and benefits packages must be consistent across the entire state, according to federal law. While a state can apply for a waiver of the statewideness requirement, it is unlikely that the federal CMS would allow Wisconsin to have different Medicaid eligibility rules dependent upon the county a person resides in. If CMS did allow for differing eligibility rules by county, the FMAP rate it would allow for those services is unknown. It is known that parents and caretakers would only be eligible for the standard Federal matching rate (approximately 59%), because federal law provides for the standard matching rate for populations eligible for Medicaid in December 2009. The bill does not indicate the fund source for the non-federal share of benefits costs.

Even if it were known whether CMS would approve a waiver as described in this bill, it would not be possible to estimate the potential cost or savings of this bill because the counties who would request the state to submit a waiver and the size of the uninsured adult population with income between 100% and 133% of the FPL in those counties are unknown. To provide a high-level estimate of the potential impact of this bill, two scenarios are provided below.

If CMS did not approve the enhanced federal matching rate of 100% federal funds for newly eligible adults (and in 2017 and beyond, the applicable matching rate would be 97% or lower), this bill would have a significant cost. If counties totaling one-third of the state's population elected to expand eligibility as allowed in this bill, the cost would be approximately \$36 million GPR annually to cover adults without dependents and parents and caretakers between 100% and 133% of the FPL. This estimate assumes approximately 11,600 parents and caretakers and 13,300 adults without dependent children would enroll in the program. This estimate assumes the standard 39% federal matching funds for all populations.

If CMS approved a waiver to expand Medicaid eligibility to 133% of the FPL in select counties and allowed the enhanced rate of 100% of FPL for adults without dependent children, GPR expenditures in the Medicaid program would decrease. While increasing eligibility limits for parents and caretakers would increase GPR costs because they would only receive the standard federal matching rate, services to adults without dependent children would be 100% federally funded. If Medicaid eligibility were expanded in counties with one-third of the state's population, GPR expenditures would decrease by approximately \$71 million GPR per year. This estimate assumes the same number of participants as the prior estimate, but assumes a 39% federal matching rate for parents and caretakers and a 100% federal matching rate for adults without dependent children with income from \$0 to 133% of the FPL.

Last, if a county-based eligibility waiver were approved, there would be substantial system costs to modify the CARES eligibility system to take into account county residence as an eligibility factor. While the precise amount cannot be estimated at this time, it should be noted that multiple components of the eligibility system would need to be modified to accommodate this policy. In addition, the state's MMIS Medicaid payment system would need to be modified to accommodate this bill's eligibility policy provisions.

In summary, the fiscal effect of this bill is indeterminate because it is unknown whether CMS would approve a waiver allowing for different Medicaid eligibility policies dependent upon county of residence, the number of counties and size of uninsured populations affected by an increase in FPL levels, and the applicable federal matching rate are unknown.

Long-Range Fiscal Implications