



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #381

BadgerCare Base Reestimate (DHFS -- MA -- General)

Bill Section

[LFB 2007-09 Budget Summary: Page 248, #3]

CURRENT LAW

BadgerCare funds health care services for certain individuals and families with dependent children who have countable household income at or below 185% of the federal poverty level (FPL). Once enrolled, recipients may remain eligible as long as their household income does not exceed 200% of the FPL. Individuals that are eligible for the state's medical assistance (MA) program are not eligible for BadgerCare. In 2007, 185% of the FPL equals \$31,765 annually for a family of three.

The program is supported with: (a) GPR; (b) federal funds, including federal MA matching funds and funds the state receives under the state children's health insurance program (SCHIP); and (c) program revenue, which is revenue from premiums paid by families with income above 150% of the FPL with members enrolled in the program. Base funding for the program is \$216,243,000 (\$78,131,000 GPR, \$130,861,100 FED and \$7,250,900 PR).

As of the end of April, 2007, there were approximately 97,800 individuals (68,700 adults and 29,100 children) enrolled in BadgerCare.

GOVERNOR

Provide \$19,997,900 (\$2,902,500 GPR, \$16,710,500 FED, and \$384,900 PR) in 2007-08 and \$46,952,200 (\$11,215,400 GPR, \$34,880,900 FED, and \$855,900 PR) in 2008-09 to reflect the administration's estimates of the amount of funding needed to support BadgerCare benefits in the 2007-09 biennium, based on current law.

This item is intended to fund the costs of supporting services for persons who are currently eligible for BadgerCare. The Governor's proposal to expand and modify BadgerCare ("BadgerCare Plus") is addressed in another LFB issue paper.

DISCUSSION POINTS

1. It is currently estimated that \$232,989,000 (\$78,862,400 GPR, \$146,490,800 FED, and \$7,635,800 PR) in 2007-08 and \$261,253,400 (\$88,830,200 GPR, \$164,316,400 FED, and \$8,106,800 PR) in 2008-09 will be needed to fund BadgerCare benefits in the 2007-09 biennium. Table 1 identifies the current estimates, by year and source, and the difference between this estimate and base funding for the program and the funding provided in the Governor's budget.

TABLE 1

BadgerCare Base and Cost-to-Continue Funding, 2007-09 Biennium

	2006-07 Base	Current Estimate		Change to Base		Change to SB 40	
		2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
GPR	\$78,131,000	\$78,862,400	\$88,830,200	\$731,400	\$10,699,200	-\$2,171,100	-\$516,200
FED	130,861,100	146,490,800	164,316,400	15,629,700	33,455,300	-1,080,800	-1,425,600
PR	<u>7,250,900</u>	<u>7,635,800</u>	<u>8,106,800</u>	<u>384,900</u>	<u>855,900</u>	<u>0</u>	<u>0</u>
Total	\$216,243,000	\$232,989,000	\$261,253,400	\$16,746,000	\$45,010,400	-\$3,251,900	-\$1,941,800

2. Compared with the funding provided in the bill for BadgerCare benefits, the current estimate represents a decrease of \$3,251,900 (-\$2,171,100 GPR and -\$1,080,800 FED) in 2007-08 and \$1,941,800 (-\$516,200 GPR and -\$1,425,600 FED) in 2008-09. This difference is due to updated caseload and expenditure information for both fee-for-service and managed care, and a slight change in the projected federal matching rate for 2008-09. This estimate assumes that approximately \$1.5 million GPR budgeted for the program in 2006-07 will be carried forward and available for expenditure in 2007-08.

3. Table 2 identifies actual and projected BadgerCare enrollment, based on the current estimates.

TABLE 2

**Actual and Projected Average Monthly Enrollment, by Eligibility Group
Fiscal Years 2005-06 through 2008-09**

	2005-06	Estimate			Percent Change		
	<u>Actual</u>	2006-07	2007-08	2008-09	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Adults	64,500	66,700	72,100	76,500	3.4%	8.1%	6.1%
Children	<u>29,600</u>	<u>29,700</u>	<u>31,800</u>	<u>33,800</u>	0.3	7.1	6.3
Total	94,100	96,400	103,900	110,300	2.4%	7.8%	6.2%

4. BadgerCare eligibility was expanded in 2005 Act 25, limited to coverage for prenatal care and delivery charges, for certain non-qualified immigrants and incarcerated women. These women began receiving services on January 1, 2006. The average projected annual enrollment for this group is 1,700 in 2006-07, 1,800 in 2007-08, and 1,900 in 2008-09. This group is included in Table 2 under the "Adults" category.

5. This item includes funding to support rate increases for health maintenance organizations (HMOs) that serve BadgerCare recipients. The Governor's proposed rate increase for HMOs reflects the administration's estimates of the annual rate increase that would be necessary for the state to comply with the federal requirement that capitation rates be actuarially sound and appropriate for the populations covered and the services furnished. The 3.4% annual rate increase that would be funded in the bill is equal to an aggregate rate increase that PricewaterhouseCoopers actuaries determined was actuarially sound for the MA/BadgerCare HMO rate increases the state provided to HMOs, effective January, 2007, for the 12-month period from January through December, 2007. It is not known what rate increases will be needed to provide actuarially sound rates to HMOs in the future.

6. DHFS has requested an extension of the waiver under which the BadgerCare program operates, effective April, 2008 through March 31, 2010. Initially, DHFS requested to extend the waiver from April 1, 2007, through June 30, 2008, but the Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) directed DHFS to request the extension for a three-year period. However, at this time, it is most likely that CMS will extend the current waiver until the date that the administration's BadgerCare Plus proposal would take effect.

MODIFICATION

Decrease funding in the bill by \$3,251,900 (-\$2,171,100 GPR and -\$1,080,800 FED) in 2007-08 and \$1,941,800 (-\$516,200 GPR and -\$1,425,600 FED) in 2008-09 to fund projected BadgerCare benefits costs in the 2007-09 biennium, based on current law.

	Change to Bill Funding	Change to Base Funding
GPR	- \$2,687,300	\$11,430,600
FED	- 2,506,400	49,085,000
PR	<u>0</u>	<u>1,240,800</u>
Total	- \$5,193,700	\$61,756,400

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