



Legislative Fiscal Bureau

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Joint Committee on Finance

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Post-Partum Eligibility Extension (Health Services -- Medical Assistance)

[LFB 2021-23 Budget Summary: Page 262, #12]

CURRENT LAW

BadgerCare Plus is a subcomponent of the medical assistance (MA) program that provides medical coverage for adults and children. Eligibility is determined based on household income. For most non-elderly adults, the income eligibility threshold is 100% of the federal poverty level (FPL), but for pregnant women, the income eligibility threshold is 306% of the FPL. The income that is considered the poverty level varies by household size. For the purpose of determining household size of a pregnant woman, the number of children that the woman is expecting are counted. So, for instance, a pregnant woman who is expecting one child and lives with one other adult and no other children is counted as having a household size of three. In 2021, 100% of the FPL for a three-person household equates to an annual income of \$21,960 and 306% of the FPL for a three-person household equates to an annual income of \$67,108.

To be eligible for BadgerCare Plus, an individual must meet certain nonfinancial criteria in addition to meeting the income criteria. Generally, the individual must be a resident of Wisconsin and be a U.S. Citizen or a qualifying immigrant. For the purposes of this provision a qualifying immigrant includes a person who was lawfully admitted at least five years prior to enrollment and has maintained residency in the U.S. during that time. However, this five-year waiting period for immigrants does not apply to pregnant women, meaning any pregnant woman who is a U.S. citizen or who is lawfully admitted immigrant is eligible for coverage. [Although not relevant to the pregnant woman eligibility category, there are certain other exceptions to the five-year waiting period, including for refugee status, victims of trafficking, and Cuban or Haitian immigrants.]

Once enrolled, a pregnant woman remains eligible until the last day of the month that falls 60 days following delivery. At that time, the woman will lose MA eligibility unless she qualifies for MA under another category, such as a parent.

The BadgerCare Plus prenatal program provides limited benefits to pregnant women who do not meet the criteria for full benefits under the BadgerCare Plus pregnant woman eligibility category. This includes pregnant prison or jail inmates and pregnant immigrants without legal presence in the United States. The prenatal program covers only certain services, including prenatal care, prescription drugs, and labor and delivery services. Prenatal program coverage is provided under provisions of the federal Children's Health Insurance Program (CHIP), and it is the unborn baby, rather than the mother, who is considered the recipient of health benefits. For this reason, unlike the full benefit BadgerCare Plus coverage for pregnant women, the prenatal program does not provide an extended period of coverage for the woman after the child is born.

DISCUSSION POINTS

1. Upon the expiration of the 60-day postpartum MA eligibility period, women may retain coverage in other eligibility categories, most often as a parent, if they meet the applicable income and nonfinancial eligibility criteria. In Wisconsin, a pregnant woman who is a U.S. citizen or a qualifying immigrant and who has a household income below 100% of the FPL can continue to be enrolled after the 60-day postpartum period expires.

2. Some women leave a job or reduce the number of hours worked for a period of time after giving birth. In these cases, a woman who had a household income above 100% of the FPL prior to the birth may continue to be eligible for MA coverage as a parent if the reduction in income places her household below that threshold.

3. For a woman whose household income remains above the 100% of FPL income eligibility threshold for non-pregnant adults, MA eligibility will end following the 60-day postpartum period. In these cases, her coverage status generally falls into one of three categories: (a) she may have employer-sponsored coverage, either through her employer or her spouse or partner's employer; (b) she may purchase an individual market policy often with the help of federal premium tax credits; or (c) she may become uninsured.

4. These three outcomes would also apply to women, of any household income level, who are immigrants within the five-year waiting period for Medicaid coverage. While these women are eligible for MA coverage during pregnancy and during the 60-day postpartum period, they are not eligible (with limited exceptions) for coverage under federal Medicaid law.

5. The Congressional Budget Office (CBO) estimates that of women who lose Medicaid coverage following the 60-day postpartum period (those not already under the income threshold for adults), 45% become uninsured, 30% move to employer-sponsored or individual market coverage, and 30% of women will transition to a non-pregnant adult Medicaid category due to a decrease in household income following the birth. Because these are nationwide estimates, these percentages may not reflect postpartum outcomes in Wisconsin. [It is unclear why CBO's percentage estimates add to more than 100%, but it may be due to some overlap in these categories or the nature of these estimates as rough approximations.]

6. A woman who loses all coverage or who switches to other coverage after the 60-day

postpartum period may experience an interruption in care. This would be the case for a woman who becomes uninsured, but may also be the case with a switch to employer-sponsored plan or individual market plan. These insurance policies often have higher deductible, coinsurance, and copayment requirements than Medicaid coverage, and so may cause a woman to stop going to postpartum appointments to save money.

7. In recent years, several health care professional associations, advocacy groups, and health researchers have called for a change to federal Medicaid policy to extend postpartum eligibility from 60 days to 12 months following delivery. As an example, the Equitable Maternal Health Coalition (EMHC), representing several groups recently issued a recommendation for 12 months of postpartum Medicaid coverage. The organizations in this coalition are the American College of Obstetricians and Gynecologists, the Association of Maternal and Child Health Programs, the March of Dimes, and the Society for Maternal-Fetal Medicine.

8. In making the case for extended postpartum care, the EMHC points out that maternal mortality is higher in the United States than in other highly developed countries, and is the only such country where the mortality rate has been increasing. The mortality rate went from 10.3 deaths per 100,000 births in 1991 to 17.4 deaths per 100,000 births in 2018. The rates of maternal death and serious health complications are particularly high for women for certain racial and ethnic minorities. For instance, black and American Indian mortality rates are 2.5 to 3.0 times greater than for non-Hispanic white women.

9. Of particular concern for the discussion of extending postpartum coverage are conditions and adverse health events that occur later in the postpartum period. The EMHC notes that 30% of maternal deaths (excluding suicide and drug overdose) occur between 43 days and 365 days following delivery. In addition, it is estimated that one in seven women experience perinatal mood and anxiety disorders, which frequently extend beyond Medicaid's 60-day postpartum coverage period.

10. In its most recent report to Congress (March, 2021), the Medicaid and CHIP Payment and Access Commission (MACPAC), also recommended a 12-month postpartum coverage period. The MACPAC report identifies various postpartum health conditions, such as cardiomyopathy (heart muscle disease), aneurysms, and kidney failure, which are some of the leading cause of postpartum maternal death and serious illness. In addition, the report notes that some preexisting chronic conditions, such as diabetes and hypertension may become worse with pregnancy and following delivery. Finally, the stresses associated with caring for an infant can lead to or worsen various health conditions, including anxiety, depression, and substance abuse.

11. The advocates of this policy argue that a longer period of postpartum coverage ensures coverage stability during a time when health problems may arise, while avoiding transitions between insurers and primary care providers. In addition, because Medicaid coverage generally has lower cost sharing requirements than employer-sponsored or individual market insurance, the coverage extension can relieve some of the financial stress on a family during the infant's first year.

12. A 12-month postpartum coverage policy would match the current law treatment of infants born to a mother who is enrolled in Medicaid. The child, regardless of other family circumstances, is automatically eligible for MA coverage for the first year after birth. Establishing a

similar 12-month policy for the mother would allow both mother and child to have a stable source of coverage for the same period of time.

13. Assembly Bill 68 and Senate Bill 111 would establish a 12-month postpartum coverage period for the medical assistance program. This extension proposal has two components. First, it would apply to women enrolled in the BadgerCare Plus pregnant women eligibility category, providing a 10 month extension to the current postpartum period. Second, it would offer full benefits postpartum coverage for women whose pregnancy-related care is covered under the prenatal program, which currently does not provide any postpartum coverage.

14. AB 68/SB 111 would require the Department to request federal approval for the postpartum coverage extension for BadgerCare Plus pregnant women, but to initiate the coverage extension regardless of the federal decision. The administration's fiscal estimate assumes that the state would request and receive approval of a federal waiver for the BadgerCare Plus coverage extension, meaning that the state would be eligible to receive federal matching funds for the associated costs. However, the administration assumed that the state would not receive federal approval for the postpartum coverage for the prenatal program enrollees, meaning that the full cost would be a state responsibility.

15. In developing the budget proposal, the administration estimated that providing 12-month postpartum coverage would increase the average monthly enrollment in the BadgerCare Plus pregnant woman enrollment category by 6,200, once the policy is fully phased in. The monthly average number of women whose pregnancy was covered under the prenatal program and who would gain postpartum coverage under the proposal is estimated at 1,900.

16. The federal American Rescue Plan Act of 2021 (ARPA) includes a provision that gives states the option to extend coverage to post-partum women for 12 months following delivery. This option begins April 1, 2022, and would be available to states for five years, until March 31, 2027. With the creation of the postpartum extension under ARPA, the state could adopt this coverage with a state Medicaid plan amendment and receive federal matching funds under Medicaid. Establishing a coverage extension under a plan amendment, instead of a federal waiver, allows for more streamlined approval process, avoiding the need to develop and submit a waiver application, propose an experimental purpose for the coverage, an evaluation design, and demonstrate that the state is in compliance with federal budget neutrality rules.

17. The ARPA provision would not apply to the proposed postpartum coverage for women whose care is covered under the prenatal program. Consequently, the full cost of this part of the proposal would remain a state responsibility.

18. The following table presents a reestimate of the cost of implementing a 12-month postpartum coverage period, for women enrolled in BadgerCare Plus (pregnant women eligibility category) and for women enrolled under the prenatal program. For the purposes of this estimate, it is assumed that coverage extension would first apply on April 1, 2022, corresponding to the date that federal optional coverage would begin.

**Estimated Cost of Postpartum Extension for Women Covered through
BadgerCare Plus and Prenatal Program**

Extension for Pregnant Women Enrollees (Alternative A1)

	<u>2021-22</u>	<u>2022-23</u>
GPR	\$500,000	\$8,260,000
FED	<u>750,000</u>	<u>12,390,000</u>
Total	\$1,250,000	\$20,650,000

Postpartum Coverage for Prenatal Program Enrollees (Alternative A2)

	<u>2021-22</u>	<u>2022-23</u>
GPR	\$260,000	\$4,570,000

19. These estimates were developed using data on the number of women whose MA pregnancy coverage expired and who were no longer enrolled following the current postpartum period. Once fully phased in, it is estimated that the postpartum provision would increase the monthly average enrollment by 6,750 for women enrolled as pregnant women and would increase enrollment by 1,650 for women whose coverage is provided through the prenatal program.

20. Because the full impact on the caseload would not occur until approximately 10 months after implementation, the fiscal estimates shown above do not reflect the full annualized fiscal effect. Once fully phased in, the annual cost of the postpartum coverage would be approximately \$25 million (\$10 million GPR and \$15 million FED) for women enrolled in the pregnant women category and approximately \$6 million GPR for women enrolled through the prenatal program.

21. The ARPA provision was passed under Congressional budget reconciliation procedures, which limits federal spending outside a budget window. This is likely the reason that the postpartum provision included an expiration date in 2027. The coverage option could be extended or the sunset eliminated in the future, although this would require a separate act of Congress. If the Committee adopts the postpartum coverage extension, the statute should specify whether the state continue coverage continues regardless of whether a federal waiver is approved, at 100% state cost (Alternative B1), or whether the coverage should only be provided contingent on federal approval (Alternative B2).

ALTERNATIVES

A. 12- Month Postpartum Coverage

Adopt one or more of the following alternatives:

1. Provide \$1,250,000 (\$500,000 GPR and \$750,000 FED) in 2021-22 and \$20,650,000

(\$8,260,000 GPR and \$12,390,000 FED) in 2022-23 to reflect the estimated cost of extending benefits, for women enrolled in MA as pregnant women, until the last day of the month in which the 365th day after the last day of the pregnancy falls. Specify that this coverage extension first applies to women whose coverage would otherwise expire on March 31, 2022.

ALT A1	Change to Base
GPR	\$8,760,000
FED	<u>13,140,000</u>
Total	\$21,900,000

2. Provide \$260,000 GPR in 2021-22 and \$4,570,000 GPR in 2022-23 to reflect the estimated cost of providing full benefits MA coverage for women covered under the MA prenatal program, until the last day of the month in which the 365th day after the last day of the pregnancy falls. Specify that this coverage extension first applies to women whose pregnancy ends after April 1, 2022.

ALT A2	Change to Base
GPR	\$4,830,000

3. Take no action.

B. Federal Approval and Coverage Option

If Alternative A1 is adopted, Require DHS to request federal approval of a state Medicaid plan amendment or federal waiver to extend postpartum eligibility for pregnant women enrolled in BadgerCare Plus. In addition, adopt one of the following provisions:

1. Request the Department to extend postpartum coverage regardless of whether federal approval is granted.

2. Specify that the Department may only extend postpartum coverage under BadgerCare Plus if the federal government approves a state plan amendment or waiver providing for such coverage.

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