



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #406

### **Postpartum Eligibility Extension (Health Services -- Medical Assistance -- Eligibility and Benefits)**

[LFB 2023-25 Budget Summary: Page 238, #4]

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#### **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 primarily upon household income level. 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.

Once enrolled in BadgerCare Plus, a pregnant woman remains eligible for a period of time following delivery. Currently that postpartum eligibility period extends until the last day of the month that falls 60 days following delivery. Under a provision of 2021 Act 58, DHS is required to submit a request for federal approval of a state Medicaid plan amendment or federal waiver to extend postpartum eligibility for pregnant women until the last day of the month in which the 90<sup>th</sup> day following the pregnancy falls. Until such a request is approved, or if such a request is denied, the 60-day postpartum eligibility standard remains in effect. The Department submitted a federal waiver request in June of 2022, but the federal Centers for Medicare and Medicaid Services (CMS), which has responsibility for administering the Medicaid program, has not yet acted on the request.

#### **DISCUSSION POINTS**

1. During the 2021-23 legislative session, the Committee and Legislature considered proposals to extend postpartum coverage under BadgerCare Plus to 12 months, both as part of biennial budget deliberations and as part of separate legislation introduced in both houses. In the end, the Committee elected to include a one-month extension to the current law 60-day period in the budget act. Since this 90-day period was conditioned upon federal approval of a waiver request, and the

federal government has not yet acted upon the state's waiver application, the 60-day period remains in effect.

2. Since March of 2020, state Medicaid programs have been operating under a "continuous enrollment" policy, as a condition of receiving enhanced federal matching rate provided under Families First Coronavirus Response Act of 2020. This policy requires states to maintain eligibility for any enrolled person, regardless of household income or other changes that would otherwise result in disenrollment. Consequently, MA has, in practice, provided extended postpartum coverage during the 2021-23 biennium, even though the federal government has not approved the state's waiver application for a 90-day postpartum eligibility period. For some women, this policy has provided postpartum coverage exceeding 12 months.

3. The continuous enrollment policy ended as of March 31, 2023, as the result of a change included in the federal 2023 budget appropriations act. This change will result in a resumption of the 60-day postpartum eligibility limit.

4. Upon the expiration of the 60-day postpartum MA eligibility period, a woman may retain coverage in other MA eligibility categories, most often as a parent, if she meets the applicable income and nonfinancial eligibility criteria. For a woman whose household income is above the 100% of FPL income eligibility threshold for non-pregnant adults, MA coverage is terminated and her coverage status then 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.

5. Prior to the changes in enrollment patterns resulting from the continuous enrollment policy, approximately 28% of pregnant women enrolled in BadgerCare Plus had a household income above 100% of the FPL. In both 2018-19 and 2019-20, this share of the pregnant woman enrollment category accounted for a monthly average of approximately 5,300 women.

6. Advocates of a 12-month postpartum Medicaid coverage policy maintain that extended coverage could help reduce the maternal death rate, which has historically been higher in the United States than in other high-income countries. A 12-month policy ensures coverage stability during a time when maternal health problems may arise, while avoiding transitions between insurers and primary care providers. Some postpartum conditions, such as cardiomyopathy (heart muscle disease), aneurisms, kidney failure, and perinatal mood and anxiety disorders, frequently extend beyond a 60-day postpartum coverage period.

7. In addition to the potential benefits of stable medical care, a postpartum extension may help provide greater financial stability for low income families. Because Medicaid coverage does not charge a premium for pregnant women and 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.

8. 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.

9. The federal American Rescue Plan Act of 2021 included a provision that gives states the option to extend coverage to postpartum women for 12 months following delivery. As initially passed, this option was available to states for five years, from April 1, 2022, until March 31, 2027. However, Congress subsequently passed legislation making the 12-month coverage a permanent state option.

10. Since the creation of the 12-month coverage option, 43 states have implemented or are in the process of implementing a 12-month postpartum coverage policy. Wisconsin and Texas are the only two states that passed legislation authorizing a postpartum coverage extension shorter than 12 months (although the Texas Legislature recently adopted a 12-month extension instead). While states can adopt a 12-month postpartum coverage policy with a state Medicaid plan amendment, a coverage period that is less than the full 12 months requires a federal waiver. 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.

11. DHS submitted its federal waiver request in June of 2022, but the federal Centers for Medicare and Medicaid Services has not yet acted on the request. CMS also did not act on the Texas 6-month waiver request before the Texas Legislature adopted a 12-month postpartum extension bill.

12. Given that over one year has elapsed since Wisconsin submitted the waiver application to CMS for a 90-day postpartum period, and that 43 states have already adopted a 12-month postpartum extension, it is possible that CMS may not approve Wisconsin's waiver application. Among other features, federal Medicaid waivers are generally intended to demonstrate new, state-specific policy approaches to the Medicaid program. CMS may determine that a one-month extension to the current 60-day postpartum policy does not offer a sufficiently novel approach to warrant approval.

13. AB 43/SB 70 would implement a 12-month postpartum eligibility extension. The statutory changes in AB 43/SB 70 related to postpartum coverage are identical to two companion bills, AB 114 and SB 110, which were introduced subsequent to the introduction of the Governor's bill.

14. AB 43/SB 70 would provide funding increases of \$16,949,900 (\$5,674,800 GPR and \$11,275,100 FED) in 2023-24 and \$17,464,000 (\$5,960,500 GPR and \$11,503,500 FED) in 2024-25 to reflect the estimated cost of providing one-year postpartum coverage. The Administration estimates that the 12-month postpartum extension, once fully phased in, would increase enrollment of pregnant women by 6,700 in 2023-24 and 4,300 in 2024-25, above the baseline enrollment projection. These funding and enrollment estimates were developed under the assumption that the state would also adopt full Medicaid expansion. Without adopting full expansion, the Administration estimated that the funding needed for a 12-month postpartum extension would be \$20,783,800 (\$7,997,600 GPR and \$12,786,200 FED) in 2023-24 and \$21,414,200 (\$8,379,400 GPR and \$13,034,800 FED) in 2024-25.

15. The following table shows a reestimate of implementing the postpartum extension. This estimate, which is not based on adopting full Medicaid expansion, is similar to the comparable estimate developed by the Administration for 2024-25, but is somewhat lower than the Administration's estimate for 2023-24. The difference is primarily due to the use of different assumptions regarding the number of women who would otherwise lose coverage under the current 60-day policy. It assumes that once fully phased in, a 12-month postpartum policy would increase the monthly average MA enrollment by approximately 5,300.

**Estimated Cost of 12-Month Postpartum Extension for Pregnant Women**

<u>Fund Source</u>	<u>2023-24</u>	<u>2024-25</u>
GPR	\$5,000,000	\$8,400,000
FED	<u>8,000,000</u>	<u>12,900,000</u>
Total	\$13,000,000	\$21,300,000

16. The Committee could determine that since the federal option for a 12-month postpartum period is now permanent, and that most other states have already adopted the extension, Wisconsin could also now adopt the policy, with funding increases as shown in the table above. [Alternative 1]

17. Although CMS may or may not approve of the state's 90-day postpartum eligibility waiver, the Committee may determine that continuing to wait for CMS to review the waiver application is preferable to adopting the full 12-month policy, in which case no change to state statute of funding would be needed. [Alternative 2]

**ALTERNATIVES**

1. Provide \$13,000,000 (\$5,000,000 GPR and \$8,000,000 FED) in 2023-24 and \$21,300,000 (\$8,400,000 GPR and \$12,900,000 FED) in 2024-25 to support the cost of implementing a 12-month postpartum eligibility extension under the MA program. Adopt statutory changes included in AB 43/SB 70 to adopt the 12-month postpartum extension.

<b>ALT 1</b>	<b>Change to Base</b>
GPR	\$13,400,000
FED	<u>20,900,000</u>
Total	\$34,300,000

2. Take no action.

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