

Fiscal Estimate Narratives

DHS 1/7/2014

LRB Number	13-3908/1	Introduction Number	SB-475	Estimate Type	Original
Description Changing the timing of eligibility changes and other changes to BadgerCare Plus					

Assumptions Used in Arriving at Fiscal Estimate

Under current law as amended by 2013 Act 116, Medicaid eligibility for parents and caretakers will change from 200% of the Federal Poverty Level (FPL) to 100% of the FPL on April 1, 2014. Parents and caretakers above 100% of the FPL will transition to coverage in the federal health insurance Marketplace. On the same date, the Department will begin to use the new income calculation rules required by federal law, termed the Modified Adjusted Gross Income (MAGI) methodology, when determining an individual's Medicaid eligibility.

The Department has completed final negotiations with the federal Centers for Medicare and Medicaid Services (CMS) regarding the necessary federal approvals to implement the current law provisions. Federal CMS approval is tied to modification of planned eligibility changes including: 1) applying the MAGI methodology for eligibility determinations for all new BadgerCare Plus applicants beginning February 1, 2014; and 2) establishing an income limit of 100% FPL for all new parent and caretaker applicants beginning February 1, 2014. Individuals found eligible for BadgerCare Plus on February 1, 2014, or later will be enrolled in the Standard benefit plan.

This bill would modify current law to align Wisconsin statutes with the agreement between the State of Wisconsin and CMS. If this bill is not passed, state law would require the Department to provide coverage to all parents and caretakers who submit an application between February 1 and March 31, have income between 100% and 200% of the FPL under the current income calculation methodology, and meet other eligibility requirements. This option is not in compliance with the agreement between the federal CMS and Wisconsin, and therefore federal matching funds could not be claimed for this population. This would result in the state paying 100% GPR for Medicaid benefits for this group. The estimated cost for 2 months of benefits is \$722,300 GPR. This estimate assumes approximately 1,222 adults apply for benefits each month and incur an average benefits expense of \$197 per member per month.

If this bill is passed, the estimated savings to the state compared to current law is \$722,300 GPR.

Additionally, if this bill is not passed, state law will not permit the use of MAGI to determine eligibility for BadgerCare Plus applicants until April 1, 2014. If this were to occur, the state's Medicaid plan would be out of federal compliance, and the federal CMS could deny the state's claims for federal funding for Medicaid services and administration for the BadgerCare Plus population. The amount of GPR needed to replace federal funding cannot be estimated because the exact scope of CMS' denial is unknown; CMS has discretion over which federal claims they could deny or accept.

In order to implement the eligibility and income methodology changes in this bill, the Department must make changes to the Client Assistance for Re-employment and Economic Support (CARES) eligibility system. These changes can be absorbed within the current budget.

Long-Range Fiscal Implications