



State of Wisconsin
Department of Health Services

Scott Walker, Governor
Kitty Rhoades, Secretary

April 16, 2013

Honorable Jennifer Shilling
State Senate
20 South State Capitol
Madison, WI 53707

Honorable Bob Wirth
State Senate
127 South State Capitol
Madison, WI 53707

Honorable Cory Mason
State Assembly
6 North State Capitol
Madison, WI 53707

Honorable Jon Richards
State Assembly
118 North State Capitol
Madison, WI 53707

Dear Senators Shilling, and Wirth, and Representatives Mason and Richards:

Thank you for your letter of April 4, 2013 and the opportunity to testify before the Joint Finance Committee last month.

Governor Walker has made historic commitments to the state's Medicaid program to ensure it is available for people who need it the most. During the 2011-13 Biennial Budget, the Governor invested \$1.2 billion of state tax dollars in Medicaid while balancing a \$3.6 billion state budget deficit. In his current budget, the Governor is investing another \$650 million of state tax dollars in Medicaid to ensure long-term sustainability and predictability for a program that serves those most in need.

Governor Walker's Entitlement Reform will strengthen health care in Wisconsin. It will provide more Wisconsin residents with opportunities in the commercial health care market and will reduce the uninsured rate in half. For the first time in state history, every Wisconsin resident will have access to affordable health care coverage. We should not lose sight of this historic decision.

The Governor believes that having more people dependent on government-run Medicaid should not be our goal. It is better for individuals to be able to purchase a plan of their own choosing in the private market that provides care where and when they need it. The Governor's proposal is based on what will provide the best outcome for our citizens, not on obtaining short-term financial assistance for the State.

Moreover, the more people we have who are purchasing their insurance through the exchange and the more providers we have being paid the commercial rates, the greater the overall economic impact of the Governor's decision.

The Governor's proposal reduces the number of uninsured adults by an estimated 224,580, cutting the uninsured rate nearly in half. The Affordable Care Act will create significant changes to health care coverage in Wisconsin and nationwide. Regardless of the income level the state chooses for Medicaid coverage, people will be moving to and from Medicaid and the federal health exchange. The Governor's Budget invests \$53 million All Funds into the Medicaid eligibility system so that County Consortia and the Milwaukee Eligibility System can add staff resources to deal with the influx of individuals seeking answers to health coverage questions.

Your letter mentions the out-of-pocket costs for premiums, co-pays, and deductibles that individuals may pay in the health exchange. The amounts you cite are the maximums, and most people will likely pay much less in a given year. Individuals can choose bronze, silver, gold, or platinum plans with varying levels of premiums, co-pays, and deductibles. The co-pays and deductibles that individuals will pay will depend on the level of plan they choose and the services they use.

The cost sharing requirements were those deemed acceptable by the President and Congress when they passed the law. We will see what choices individual consumers make.

You ask a number of questions about the Family Planning Only benefit. The Governor's Budget makes no changes to current benefits or eligibility. In 2014, the Affordable Care Act requires Qualified Health Plans offered on the federal health exchange to cover the full list of recommended preventive services free of cost-sharing. For this reason, the Governor's Budget assumes enrollment in the benefit will decrease from 77,000 to 1,000 over the biennium as people transition to the federal health exchange or into new Medicaid eligibility categories. Individuals would, however, be able to enroll in the Medicaid benefit if they choose, even if they would be eligible under their parents' insurance plan or for subsidies in the federal health exchange.

The Governor's Budget makes no changes to the income calculation rules under the current Family Planning Only state plan amendment. Once the 2013-15 Biennial Budget is approved, and Medicaid population categories and federal poverty levels finalized at the state level, the Department will submit a new Family Planning Only waiver for federal approval, as directed in current state statutes.

The following table summarizes current enrollment in the program.

| Medicaid Family Planning Only Enrollees by % of Federal Poverty Level and Gender February 2013 | | | | | | |
|---|------------------|----------------|-----------------|-----------------|-----------------|---------------|
| | 50% and Below | 51% to 100% | 101% to 133% | 133% to 150% | 150% to 200% | Above 200% |
| Female | 27,823 | 10,783 | 6,676 | 3,508 | 8,011 | 6,416 |
| Male | 9,802 | 1,546 | 958 | 412 | 981 | 887 |

The Governor's Budget continues current funding for Children's Long-Term Supports Waiver programs. Funding totals \$27.4 million All Funds in FY14 and \$28.2 million in FY15 for non-autism waiver services and \$42.4 million All Funds annually for autism waiver services. As of March 2013, the waitlist for non-autism services is 2,488 and for autism services it is 482. It would take more detailed analysis to determine the average length of stay for children on the waitlist.

Regarding your questions about the Medical Assistance Purchase Plan (MAPP), the program is intended to provide incentives for individuals with disabilities to work and increase their earnings without fear of losing Medicaid coverage. The Governor's Budget is making changes to the MAPP premium calculation so that it no longer penalizes individuals for increasing their earnings.

In return for these premium reforms, the Governor's Budget will strengthen work requirements, requiring MAPP participants to engage in work for which they are paying taxes. Income and asset standards for MAPP are more generous than other Medicaid categories for people with disabilities, as MAPP is meant for people who are working and want to save money. It is appropriate to ask participants to demonstrate that they are working.

DHS assumes that MAPP participants meet functional eligibility criteria for Medicaid, and many already meet the income standards for other Medicaid programs. Those that do not yet meet income criteria for other Medicaid programs can obtain other Medicaid eligibility by spending down or, if they have long-term care needs, through cost sharing. Examples of Medicaid programs that individuals would be eligible for include Medicaid Categorically Needy and Medicaid Medically Needy. The amount of out-of-pocket costs will vary by individual.

In October 2012, 16,309 MAPP recipients or 74 percent of total recipients were also Medicare recipients under age 65. Of those, 2,053 or 12.6 percent had gross income between 135 percent and 150 percent FPL for an individual. According to an April 2012 evaluation, 88 percent of individuals who entered MAPP from January 2009 through September 2011 had been enrolled in another Medicaid program previously. In addition, 75 percent of those enrolled during this period left MAPP at some point to join another Medicaid program.

Regarding health coverage for veterans, the Governor's proposal ensures every Wisconsin resident has access to affordable health coverage either in Medicaid or the health exchange, including veterans. The Department is also engaged in a number of efforts to help veterans access the health coverage they need.

For example, with additional positions provided in the 2011-13 Biennial Budget, the Department has expanded its use of the federal Public Assistance Reporting Information System (PARIS), which allows states to identify when Medicaid recipients are enrolled or eligible for other health programs. In the near future, we will begin using the system to identify when Medicaid members are eligible for veterans health benefits and to connect them with those services.

In addition, Governor Walker recently sent a letter in support of a strategic planning process led by the federal Substance Abuse and Mental Health Service Administration to address the mental health and substance abuse needs of service members, veterans and their families. The Department will be partnering with the Department of Veterans Affairs on this important initiative.

Thank you for your letter. Feel free to contact me if you have further questions about the Governor's Budget for the Department of Health Services.

Sincerely,



Kitty Rhoades
Secretary

cc: Senator Alberta Darling, Joint Finance Committee Co-Chair
Rep. John Nygren, Joint Finance Committee Co-Chair
Director Robert Wm. Lang, Legislative Fiscal Bureau